

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: “AA” (Stable Outlook) (Insured)
S&P: “A” (Stable Outlook) (Underlying)
(See Ratings herein)

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants in the Resolution and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”) as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth’s Personal Income Tax and the Commonwealth’s Corporate Net Income Tax.

\$36,000,000
Northern Lebanon School District
Lebanon County, Pennsylvania
General Obligation Bonds, Series of 2022

Dated: Date of Delivery

Interest Due: March 1 and September 1

Principal Due: September 1, see inside cover

First Interest Payment: September 1, 2022

The General Obligation Bonds, Series of 2022 (the “Bonds”) in the aggregate principal amount of \$36,000,000 will be registered in the name of Cede & Co., as the registered owner and nominee of the Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See **“BOOK-ENTRY ONLY SYSTEM”** herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners, when due, upon presentation and surrender of the Bonds to Fulton Bank, N.A (the “Paying Agent”), acting as paying agent and sinking fund depository, at its specified corporate trust office in Harrisburg, Pennsylvania. Interest on the Bonds is payable initially on September 1, 2022 and thereafter semiannually on March 1 and September 1 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by check drawn on the Paying Agent mailed to the registered owners of the Bonds as of the Record Date (see **“THE BONDS”** *infra*).

The Bonds are general obligations of the Northern Lebanon School District, Lebanon County, Pennsylvania (the “School District”) payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District, subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See **“SECURITY FOR THE BONDS”** and **“TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT”** *infra*). **The Bonds are subject to redemption prior to maturity as described herein.**

Proceeds of the Bonds will be used for the planning, design and construction of a new elementary school and additions, improvements and renovations to athletic facilities, and installation of related equipment, machinery and furnishings, and paying the cost of issuance of the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM”).



MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Stock and Leader, LLP, of York, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Stock and Leader, LLP, of York, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about May 25, 2022.



Official Statement Dated: April 20, 2022

\$36,000,000
Northern Lebanon School District
Lebanon County, Pennsylvania
General Obligation Bonds, Series of 2022

Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: September 1, as shown below
First Interest Payment: September 1, 2022

Maturity Date (September 1)	Principal Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices	CUSIP Number⁽¹⁾
2023	\$265,000	5.000%	2.100%	103.603%	665337PD7
2024	260,000	5.000	2.350	105.812	665337PE5
2025	275,000	5.000	2.450	107.954	665337PF2
2026	285,000	5.000	2.550	109.841	665337PG0
2027	300,000	5.000	2.600	111.737	665337PH8
2028	315,000	5.000	2.700	113.174	665337PJ4
2029	970,000	5.000	2.800	114.370	665337PK1
2030	1,015,000	5.000	2.850	115.731	665337PL9
2031	1,060,000	5.000	2.900	116.953	665337PM7
2032	1,110,000	4.000	3.100**	107.197**	665337PN5
2033	1,155,000	4.000	3.150**	106.781**	665337PP0
2034	1,205,000	4.000	3.280**	105.709**	665337PQ8
2035	1,255,000	4.000	3.360**	105.055**	665337PR6
2036	1,310,000	4.000	3.410**	104.649**	665337PS4
2037	1,365,000	4.000	3.480**	104.084**	665337PT2
2038	1,420,000	4.000	3.520**	103.763**	665337PU9
2039	1,480,000	4.000	3.560**	103.442**	665337PV7
2040	1,540,000	4.000	3.580**	103.283**	665337PW5
2041	1,605,000	4.000	3.590**	103.203**	665337PX3
2042	1,680,000	4.000	3.610**	103.044**	665337PY1
2045*	5,455,000	4.000	3.700**	102.330**	665337QB0
2050*	10,675,000	4.000	3.750	101.937	665337QG9

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Term Bond

**Yield/Priced to Optional Redemption Date: September 1, 2031

NORTHERN LEBANON SCHOOL DISTRICT

Lebanon County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Barry Naum	President
Nathan Erdman	Vice-President
Pat Martin	Secretary*
Michael Marlowe	Treasurer
Michelle Bucks	Member
Rev. Robb Faller	Member
Kate Kimble-Tuszynski	Member
David Kline	Member
Stacy Murray	Member
Robbie England	Member

*Non-Member

SUPERINTENDENT
GARY MESSINGER, JR.

ASSISTANT TO THE SUPERINTENDENT
BRADLEY REIST

DIRECTOR OF BUSINESS AFFAIRS
LEANNE MARTIN

SCHOOL DISTRICT SOLICITOR
STOCK AND LEADER, LLP
York, Pennsylvania

BOND COUNSEL
STOCK AND LEADER, LLP
York, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT
FULTON BANK
Lancaster, Pennsylvania

UNDERWRITER
MESIROW FINANCIAL

SCHOOL DISTRICT ADDRESS
345 School Drive
Fredericksburg, Pennsylvania 17026

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “Bond Insurance” and “Appendix E - Specimen Municipal Bond Insurance Policy

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OFFICIAL STATEMENT

\$36,000,000 **Northern Lebanon School District** **Lebanon County, Pennsylvania** **General Obligation Bonds, Series of 2022**

INTRODUCTION

This Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Northern Lebanon School District, Lebanon County, Pennsylvania (the "School District"), in connection with the offering of \$36,000,000 aggregate principal amount of its General Obligation Bonds, Series of 2022 (the "Bonds") dated the delivery date of the Bonds (the "Delivery Date"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on April 12, 2022 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth") , 53 Pa. CS Chs. 80-82, as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for the planning, design and construction of a new elementary school and additions, improvements and renovations to athletic facilities, and installation of related equipment, machinery and furnishings, and paying the cost of issuance of the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

	Total
<u>Sources of Funds</u>	
Bond Proceeds.....	\$36,000,000.00
Original Issue Premium.....	1,628,496.50
<i>Total Sources of Funds.....</i>	<i>\$37,628,496.50</i>
<u>Uses of Funds</u>	
Construction Fund Deposit.....	\$36,572,194.50
Costs of Issuance ⁽¹⁾	1,056,302.00
<i>Total Uses of Funds.....</i>	<i>\$37,628,496.50</i>

⁽¹⁾Includes legal, financial advisor, printing, rating, total bond discount, CUSIP, paying agent, and miscellaneous costs.

THE BONDS

Description

The Bonds will be issued only as fully registered Bonds and registered in the denominations of \$5,000 and integral multiples thereof. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "Book-Entry Only System" herein. The Bonds will be dated as of the date of delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable initially on September 1, 2022, and thereafter, semiannually on March 1 and September 1.

Payment of Principal and Interest

Subject to the provisions described under "Book-Entry Only System" below, principal of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the designated corporate trust office of the Paying Agent.

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2022, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bond. Interest shall be paid initially on September 1, 2022, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a day on which the paying agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "Book-Entry Only System" see ("Discontinuation of Book-Entry Only System" therein). Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its specified corporate trust office accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required (a) to issue or transfer or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to issue or transfer or exchange any portion of any Bond selected for redemption until after the redemption date or (c) to issue or transfer any Bonds during a period beginning with the close of business on the Record Date next preceding any interest payment date and ending at the close of business on the interest payment date.

SECURITY FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District and are payable from its taxes and other general revenues. The School District has covenanted in the Resolution that it will, to the fullest extent permitted under applicable law, provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds in such year, and will duly and punctually pay or cause to be paid from the Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy for such purpose an annual *ad valorem* tax on all taxable property within the School District, within the limits provided by law (see “**Taxing Powers of the School District**” herein). The Debt Act presently provides for the enforcement of debt service payments as hereinafter described (see “**Defaults and Remedies**” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “**Commonwealth Enforcement Debt Service Payments**” below).

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” hereinafter.

Pennsylvania Budget Adoption

For the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and Governor signed into law additional tax and revenue package, known as Act 85 of 2016, which was needed to balance the 2016-17 state budget.

For the 2017-18 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Act 1A of 2017 did not have any accompanying legislation regarding the potential revenue that would be needed to fund the balance of the 2017-18 Budget at the time of its enactment. On October 25, 2017, the General Assembly adopted House Bill 542 which contained the necessary revenue to fund the balance of the previously adopted Act 1A of 2017. On October 30, 2017 the Governor approved and signed House Bill 542 and it became known as Act 43 of 2017.

The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Governor approved a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. The legislation was sent to the Governor’s desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state’s 2021-2022 fiscal year budget that directs more money to public schools on June 30, 2021. The budget includes an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that includes some in both urban and rural areas of the state. Special education would receive a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs will receive a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reaches a record high of \$13.55 billion in the new budget.

During a state budget impasse, school districts in Pennsylvania cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code, however recent legislation included in Act 85 of 2016 has attempted to address the

timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” hereinafter.

Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) (“Act 85 of 2016”), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code (“Fiscal Code”). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled “School District Intercepts for the Payment of Debt Service During Budget Impasse”, which provides for intercept of subsidy payments by the Pennsylvania Department of Education (“PDE”) to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The School District’s general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement “shall be appropriated” to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated “Sinking Fund, General Obligation Bonds, Series of 2022” (the “Sinking Fund”), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other fund available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Funds the principal of and interest on the Bonds, as and when due and payable.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At December 31, 2021:

- The policyholders' surplus of AGM was approximately \$3,053 million.
- The contingency reserve of AGM was approximately \$877 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,127 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the “Issuer”) and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC

and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on September 1st of the years 2045 and 2050 are subject to redemption prior to maturity as required by the Resolution, in the amounts and on September 1 of the years shown below, from moneys in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature September 1, 2045:

2043	\$1,750,000
2044	1,815,000
2045*	1,890,000

*Final Maturity

Bonds stated to mature September 1, 2050:

2046	\$1,965,000
2047	2,045,000
2048	2,130,000
2049	2,220,000
2050*	2,315,000

*Final Maturity

Optional Redemption

The Bonds stated to mature on or after September 1, 2032 shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on September 1, 2031, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of the same series, maturity and interest rate and in authorized denominations in the aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The School District is located in the northern portion of Lebanon County and encompasses an area of 144 square miles. The School District is located approximately 25 miles west of the City of Reading, 10 miles north of the City of Lebanon and 30 miles east of the City of Harrisburg and 20 miles east of the City of Hershey. The School District is comprised of the Borough of Jonestown and the Townships of Bethel, Cold Spring, East Hanover, Swatara and Union.

Administration

The School District is governed by a nine member Board of School Directors (the "School Board"), elected for four-year terms. The superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Director of Business Affairs is responsible for budgeting and financial operations. Both of these officials are selected by the School Board.

School Facilities

The School District operates four elementary schools and one high school all as described on the following table.

TABLE 1
NORTHERN LEBANON SCHOOL DISTRICT
SCHOOL DISTRICT FACILITIES

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2021-22 Enrollment
<i>Elementary:</i>					
East Hanover Elementary	1957/1958	1956/1996	K-6	390	136
Fredericksburg Elementary	---	1962/1963/2002	K-6	520	219
Jonestown Elementary	1957/1958	1956/1996/2001	K-6	810	462
Lickdale Elementary	1957/1958	1956/1996	K-6	480	153
<i>Secondary:</i>					
Northern Lebanon High	1957/1958	1966/2002	7-12	1,439	1,231

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

TABLE 2
NORTHERN LEBANON SCHOOL DISTRICT
ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary ⁽¹⁾	Secondary ⁽²⁾	Total	School Year	Elementary ⁽¹⁾	Secondary ⁽²⁾	Total
2017-18	1,110	1,236	2,346	2022-23	845	1,238	2,083
2018-19	1,081	1,221	2,302	2023-24	957	1,021	1,978
2019-20	1,052	1,247	2,299	2024-25	928	1,018	1,946
2020-21	970	1,215	2,185	2025-26	915	983	1,898
2021-22	905	1,237	2,142	2026-27	926	918	1,844

Source: School District Officials.

⁽¹⁾ 2017-18 through 2022-23 fiscal years includes K-5th grade. From 2023-24 and ongoing includes K-6th grade.

⁽²⁾ 2017-18 through 2022-23 fiscal years includes 6th-12th grade. From 2023-24 and ongoing includes 7th-12th grade.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Director of Business Affairs and submitted to the School Board for approval prior to the beginning of the fiscal year.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. Crowley & Halloran, CPAs, P.C., serve as the School District's auditor.

Budgeting Process in School Districts under the Taxpayer Relief Act

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Act No. 1 of the Special Session of 2006, as amended entitled the Taxpayer Relief Act ("Act 1" or the "Taxpayer Relief Act"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget. Guidance from PDE suggests that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (*see "The Taxpayer Relief Act"* herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under Act 1.

With respect to the utilization of any of the three Act 1 referendum exceptions, for which PDE approval is required (*see "The Taxpayer Relief Act"* herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by Act 1 to rule on the school district's request and inform the school district of its decision no later than 55 days

prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Act 1, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures if Index will not be Exceeded. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, Act 1 requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years and the budget for 2021-22. The School District budget for 2021-22 as adopted June 1, 2021, budgeted revenues of \$42,662,271 and expenditures of \$42,276,640, with a budgetary reserve of \$200,000.

TABLE 3
NORTHERN LEBANON SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS					
Cash and Cash Equivalents.....	\$5,107,488	\$5,991,513	\$5,340,439	\$5,173,700	\$5,267,935
Taxes Receivable.....	1,059,185	1,064,069	1,306,075	1,254,183	1,137,908
Due from Other Funds.....	1,031,922	909,693	1,150,060	1,173,495	1,943,564
Due from Other Governments.....	1,684,954	169,282	412,933	1,857,596	1,390,460
State Revenue Receivable	0	1,182,580	1,316,266	0	0
Federal Revenue Receivable	0	544,725	0	0	0
Prepaid Expenses/Expenditures	87,200	0	27,314	3,750	3,750
Other Receivables	10,831	65,406	91,418	68,482	9,603
TOTAL ASSETS.....	\$8,981,580	\$9,927,268	\$9,644,505	\$9,531,206	\$9,753,220
LIABILITIES					
Accounts Payable	\$514,502	\$560,357	\$428,344	\$594,313	\$361,342
Due to Other Governments.....	285,719	363,513	0	108,619	\$159,412
Accrued Salaries & Benefits.....	3,078,125	3,591,450	3,795,737	3,792,649	3,832,211
Interfund Payables.....	0	0	0	0	0
Payroll Deductions & Withholdings.....	143,695	0	0	151,428	172,673
Unearned Revenues.....	0	55,770	27,919	5,198	6,900
Other.....	42,790	0	0	43,424	0
TOTAL LIABILITIES	\$4,064,831	\$4,571,090	\$4,252,000	\$4,695,631	\$4,532,538
Deferred Inflows of Resources.....	\$504,294	\$419,840	\$543,031	\$536,741	\$469,938
FUND EQUITIES					
Assigned Fund Balance	\$0	\$500,188	\$500,188	\$500,188	\$500,188
Committed Fund Balance	4,412,455	4,436,150	4,349,286	3,798,646	4,250,556
TOTAL FUND EQUITIES.....	\$4,412,455	\$4,936,338	\$4,849,474	\$4,298,834	\$4,750,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	\$8,981,580	\$9,927,268	\$9,644,505	\$9,531,206	\$9,753,220

Source: School District Annual Financial Reports.

TABLE 4
NORTHERN LEBANON SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	<u>Actual</u>					<u>Budget</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽¹⁾</u>
Beginning Fund Balance	\$3,865,619	\$4,412,453	\$4,936,336	\$4,849,473	\$4,298,831	\$4,750,740
Revenues over (under) Expenditure	546,834	523,883	(86,863)	(550,642)	451,909	385,631
Ending Fund Balance	\$4,412,453	\$4,936,336	\$4,849,473	\$4,298,831	\$4,750,740	\$5,136,371

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 1, 2021.

Source: School District Annual Financial Reports and Budget.

Revenue

The School District received \$41,501,937 in revenue in 2020-21 and has budgeted for \$42,662,271 in 2021-22. Local sources decreased as a share of total revenue in the past five years, at 58.3 percent in 2016-27 to 57 percent in 2020-21. Revenue from State sources decreased as a share of the total revenue from 40 percent to 39 percent over this period. Federal and other sources increased as a share of the total revenue from 1.6 percent to 2 percent during this period.

TABLE 5
NORTHERN LEBANON SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES* TABLE 5
(For years ending June 30)

REVENUES:	Actual					Budgeted
	2017	2018	2019	2020	2021	2022 ⁽¹⁾
Local Sources:						
Current Real Estate Taxes.....	\$17,068,055	\$17,442,627	\$17,902,078	\$18,532,213	\$19,316,648	\$20,400,559
Interim Real Estate Taxes.....	64,909	59,224	76,031	79,086	87,741	45,000
Total Act 511 Taxes.....	2,266,348	2,617,216	3,163,528	2,512,091	3,048,646	2,363,000
Per Capita (Sec. 679) Taxes.....	36,213	33,182	33,749	33,794	32,776	33,000
Public Utility Realty Tax.....	21,253	20,416	20,523	19,145	21,286	21,000
Payment in Lieu of Taxes.....	30,891	30,932	29,276	31,272	29,534	31,000
Delinquency on Taxes Levied.....	639,531	720,329	632,202	695,699	923,643	610,000
Earnings from Investments.....	64,057	153,751	248,384	139,560	15,182	50,000
Revenue from Student Activities.....	36,154	47,249	26,209	23,578	0	17,500
Funds Rec'd from Other Intermediate Sources.....	0	2,958	17,936	3,536	4,258	0
Federal IDEA Revenue Received as Pass Through.....	482,742	511,147	550,595	563,333	555,491	636,898
State Revenue Rec'd from Other PA Public LEAs.....	0	0	707	0	0	0
Federal Rec'd from Other PA Public LEAs.....	31,119	46,085	56,345	41,486	83,097	0
Receipts from Other LEAS in PA – Education.....	28,204	0	3,250	0	0	0
Transportation Services Provided Other PA LEAs.....	0	0	3,387	0	0	0
Other Services Provided Other PA LEAs.....	0	0	2,238	0	13,295	0
Rentals.....	18,845	18,945	17,596	16,909	5,000	15,000
Contributions & Donations from Private Sources.....	24,114	24,362	1,888	13,357	10,881	4,000
All Other Services Provided Other Governments.....	0	4	13,238	0	0	0
Tuition.....	0	23,576	0	4,866	47,456	0
Refunds of Prior Years' Expenditures.....	185,738	11,013	28,598	45,771	21,927	9,000
Other Sources.....	5,435	5,721	434,857	102,323	17,380	0
Total Local Sources.....	\$21,003,606	\$21,768,737	\$23,262,612	\$22,858,018	\$24,234,241	\$24,235,957
State Sources:						
Basic Instructional Subsidy.....	\$7,585,518	\$7,659,100	\$7,760,261	\$7,909,276	\$7,909,270	\$7,760,261
Tuition for Orphans & Children in Private Homes.....	88,513	102,382	53,993	34,651	33,202	55,000
Vocational Education.....	110,382	73,213	81,496	114,701	213,724	70,000
Migratory Children.....	0	0	0	0	0	0
Special Education.....	1,265,351	1,293,338	1,318,632	1,400,257	1,400,202	1,416,930
Revenue Not Listed Previously in the 7200 Series.....	0	124	0	0	0	0
Transportation.....	1,381,943	1,618,989	1,735,480	1,835,343	1,672,257	1,481,982
Rentals and Sinking Fund Payments.....	381,354	36,150	385,284	431,143	431,172	429,880
Health Services.....	42,298	41,219	44,872	43,047	41,971	42,000
State Property Tax Reduction Allocation.....	648,215	648,187	647,253	647,187	646,903	647,765
School Safety and Security Grants.....	0	5,233	25,000	26,174	7,386	0
Ready to Learn Block Grant.....	305,011	305,011	305,011	305,011	305,011	305,011
Other Revenue Not Listed Elsewhere in the 7000 Series.....	972	0	0	0	206,070	0
Revenue for Social Security.....	546,087	548,820	560,532	520,078	642,835	613,400
Revenue for Retirement.....	2,082,414	2,372,239	2,504,003	2,576,783	2,868,607	2,725,421
Total State Sources.....	\$14,438,058	\$14,704,004	\$15,421,817	\$15,843,651	\$16,378,609	\$15,547,650
Total Federal Sources.....	\$560,150	\$546,644	\$562,901	\$529,146	\$888,650	\$2,878,664
Total Other Sources.....	\$3,000	\$9,007	\$0	\$0	\$438	\$0
TOTAL REVENUE.....	\$36,004,814	\$37,028,391	\$39,247,331	\$39,230,815	\$41,501,937	\$42,662,271
EXPENDITURES:						
Instruction.....	\$20,776,975	\$22,284,804	\$24,513,184	\$24,539,819	\$26,171,702	\$25,827,062
Pupil Personnel.....	1,255,053	1,314,101	1,477,865	1,426,157	1,441,349	1,513,446
Instructional Staff.....	481,580	543,700	566,710	584,499	587,573	622,563
Administration.....	2,202,503	2,213,346	2,417,450	2,335,696	2,500,851	2,537,537
Pupil Health.....	459,644	360,922	385,023	382,791	369,324	397,580
Business.....	494,239	488,026	549,756	560,640	548,996	469,103
Operation and Maintenance.....	3,625,961	2,913,947	3,178,553	3,189,771	3,136,136	3,041,154
Student Transportation.....	2,253,145	2,446,618	2,529,306	2,328,122	2,322,419	2,698,125
Central.....	897,968	915,605	837,443	1,109,955	1,180,480	1,786,303
Other Support Services.....	18,569	18,858	17,764	20,323	23,556	0
Operation of Noninstructional Services.....	691,756	746,362	715,728	705,677	713,323	728,712
Facilities, Acquisition, Constr. & Improvement.....	0	0	0	18,045	35,995	0
Debt Service.....	90,779	87,670	86,510	86,119	65,105	87,500
Special and Extraordinary Items.....	0	0	0	0	0	0
Fund Transfers.....	2,209,808	2,170,550	2,058,900	2,493,843	1,953,219	2,367,555
Budgetary Reserve.....	0	0	0	0	0	200,000
TOTAL EXPENDITURES.....	\$35,457,980	\$36,504,508	\$39,334,193	\$39,781,458	\$41,050,028	\$42,276,640
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES.....	\$546,834	\$523,883	(\$86,863)	(\$550,642)	\$451,909	\$385,631

*Totals may not add due to rounding.

⁽¹⁾Budget, as originally adopted June 1, 2021.

Source: School District Annual Financial Reports and Budget.

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or Bond issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not levy any new tax for the support of the public schools or raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (“PDE”):

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district’s petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the next, current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index</u>
2022-23	4.3%
2021-22	4.0%
2020-21	3.5%
2019-20	3.0%
2018-19	3.2%

In accordance with Act 1, the School District put a referendum question on the ballot at the May 1, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

A board of school directors may submit, but is not required to submit, a referendum question to the voters in a future municipal election seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

Status of the Bonds under Act 1

The Bonds described in this Official Statement do not represent debt that is eligible for an exception to the Index limits of Act 1.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

"Estimated ending unreserved fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

*Applicable to the School District.

Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the municipalities and Lebanon County.

TABLE 6
NORTHERN LEBANON SCHOOL DISTRICT TAX RATES

	Real Estate (mills)	Per Capita (\$)	Income (%)	Transfer (%)
2016-17	12.998	10.00	0.50	0.50
2017-18	13.117	10.00	0.50	0.50
2018-19	13.510	10.00	0.50	0.50
2019-20	13.781	10.00	0.50	0.50
2020-21	14.125	10.00	0.50	0.50

Source: School District Officials.

TABLE 7
NORTHERN LEBANON SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2017-18	2018-19	2019-20	2020-21	2021-22
School District.....	13.117	13.51	13.781	14.125	14.662
	2017	2018	2019	2020	2021
Bethel Township	0.706	0.706	0.706	0.690	0.690
Cold Spring Township	0.000	0.000	0.000	0.000	0.000
East Hanover Township	0.183	0.183	0.183	0.183	0.183
Jonestown Borough.....	1.500	1.500	1.800	1.800	1.800
Swatara Township.....	1.065	1.065	1.065	1.065	1.065
Union Township.....	0.229	0.229	0.229	0.229	0.229
Lebanon County.....	3.292	3.292	3.292	3.292	3.292

Source: Department of Community & Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$19,316,648, approximately 47 percent of total revenue in 2020-21. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

Lebanon County changed the predetermined ratio of assessed to market value of real property for tax purposes within the County; the first year in which the School District will levy taxes based upon such revised valuation was fiscal year beginning July 1, 2005. The County has conducted a court ordered reassessment that was effective in the 2013 calendar year.

TABLE 8
NORTHERN LEBANON SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Common Level Ratio
2016-17*	\$1,352,271,593	\$1,409,067,000	104.20%
2017-18*	1,563,189,938	1,522,547,000	97.40%
2018-19*	1,571,121,676	1,453,287,550	92.50%
2019-20*	1,655,335,576	1,451,729,300	87.70%
2020-21*	1,798,491,510	1,476,561,530	82.10%
Compound Average Annual Percentage Change.....	5.87%	0.94%	

Source: PA State Tax Equalization Board (STEB) / Tax Equalization Division (TED)

* Market Values based on Common Level Ratio

TABLE 9
NORTHERN LEBANON SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2019 Market Value	2019 Assessed Value	2020 Market Value	2020 Assessed Value
School District.....	\$1,286,824,815	\$1,451,729,300	\$1,435,008,186	\$1,476,561,530
Bethel Township	408,047,124	448,257,000	477,783,811	460,045,520
Cold Spring Township	3,960,432	4,550,600	4,087,096	4,745,900
East Hanover Township	211,269,131	230,684,000	219,266,322	232,965,400
Jonestown Borough.....	79,400,146	93,933,900	82,279,265	93,777,400
Swatara Township.....	282,621,631	314,896,600	294,290,936	317,311,700
Union Township.....	301,526,351	359,407,200	357,300,756	367,715,610
Lebanon County	8,887,151,519	10,141,494,505	9,352,534,486	10,252,736,668

Source: PA State Tax Equalization Board (STEB) / Tax Equalization Division (TED)

TABLE 10
NORTHERN LEBANON SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2016	2017	2018	2019	2020
Residential.....	\$858,318,200	\$863,705,400	\$867,667,500	\$871,290,400	\$877,768,000
Trailers	35,022,700	34,708,100	35,271,600	35,215,600	34,836,400
Seasonal	7,204,700	7,078,100	7,133,500	6,775,700	6,578,800
Lots	16,431,100	15,797,500	14,753,700	14,867,900	13,819,600
Industrial	81,970,300	82,263,600	82,263,600	82,403,200	82,246,000
Commercial	198,730,100	183,203,500	225,389,450	218,803,800	234,948,030
Agriculture	213,733,600	213,970,500	212,768,100	214,837,700	219,204,000
Land	9,157,600	8,340,300	8,040,100	7,535,000	7,160,700
Total.....	\$1,420,568,300	\$1,409,067,000	\$1,453,287,550	\$1,451,729,300	\$1,476,561,530

Source: PA State Tax Equalization Board (STEB) / Tax Equalization Division (TED)

TABLE 11
NORTHERN LEBANON SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Year	Adjusted Levy⁽¹⁾	Current Year Collections	Current Year and Delinquent Collections	Percent Current Collections	Total Collections as Percent
2016-17	\$18,521,590	\$16,973,467	\$17,863,037	91.6%	96.4%
2017-18	18,740,518	17,442,627	18,148,946	93.1%	96.8%
2018-19	20,570,980	17,902,078	18,534,280	87.0%	90.1%
2019-20	21,357,982	18,532,213	19,193,951	86.8%	89.9%
2020-21	22,674,629	19,316,648	20,212,468	85.2%	89.1%

⁽¹⁾Flat billing plus penalties, less discounts, rebates and exonerations.

Source: School District Financial Reports.

The ten largest real property taxpayers, together with 2020-21 assessed values are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 1.5 percent of total assessed value.

**TABLE 12
NORTHERN LEBANON SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2020-21**

Owner	2020-21 Assessed Value
Logistics CTR, LLC	\$48,440,800
Prologis-A4 PA IV LLC	39,500,000
LIT/MRPI Lickdale Owner LLC	25,005,000
DCT Fredericksburg LLC	23,505,800
Gvest Fredericksburg LLC	22,138,000
78-81 Logistics Center LLC	19,020,500
Sid Tool Co Inc	17,355,500
LIT/MRPI Lickdale Owner LLC	12,500,000
RRP SCF Jonestown Property LP	11,947,000
Bell & Evans Realty LLC	11,860,500
Total	\$231,273,100

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$3,048,646 in other taxes in 2020-21. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax, and Per Capita Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property was \$17,220,098.

Real Estate Transfer. A tax of 0.5 percent of the value of real estate transfers yielded an estimated \$917,615 in 2020-21, or 2 percent of the School District's total revenue.

Earned Income Tax. The School District levies a tax of 1 percent of the earned income of residents. In 2020-21 the current collected portion of this tax yielded an estimated \$2,098,255 or 5 percent of the School District's total revenue.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident over 18 years old yielded an estimated \$32,775 in 2020-21, or less than one percent of the School District's total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (63.43%) or the wealth based Market Value Aid Ratio ("MVAR") currently (47.62%) whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 (“Act 25”), which contains authorization for the Commonwealth Finance Authority (“CFA”) to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 1, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year.

To date, the CFA has issued \$1,170,705,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, as well as its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District’s anticipated receipt of PlanCon reimbursements.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the School District as of April 20, 2022, including the issuance of the Bonds.

TABLE 13
NORTHERN LEBANON SCHOOL DISTRICT
DEBT STATEMENT
(As of April 20, 2022) *

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2022 (last maturity 2050).....	\$36,000,000
General Obligation Bonds, Series of 2021 (last maturity 2050).....	24,995,000
General Obligation Notes, Series B of 2020 (last maturity 2029).....	6,847,000
General Obligation Notes, Series A of 2020 (last maturity 2024).....	1,866,000
TOTAL NONELECTORAL DEBT	\$69,708,000
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$69,708,000

*Includes the Bonds offered through this Official Statement.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$69,708,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$69,170,526.

TABLE 14
NORTHERN LEBANON SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of April 20, 2022) *

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$69,708,000	\$69,170,526
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$69,708,000	\$69,170,526
OVERLAPPING DEBT		
Lebanon County, General Obligation Bonds ⁽²⁾	\$1,687,568	\$1,687,568
Municipal Debt.....	13,130,996	13,130,996
TOTAL OVERLAPPING DEBT	\$14,818,564	\$14,818,564
TOTAL DIRECT AND OVERLAPPING DEBT	\$84,526,564	\$83,989,090
DEBT RATIOS		
Per Capita	\$6,217.47	\$6,177.94
Percent 2020-21 Assessed Value.....	5.72%	5.69%
Percent 2020-21 Market Value.....	4.70%	4.67%

*Includes the Bonds offered through this Official Statement.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "Commonwealth Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount of debt service.

⁽²⁾Pro rata 15.34 percent of \$48,641,000 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2018-19.....	\$38,851,608
Total Revenues for 2019-20.....	38,799,672
Total Revenues for 2020-21.....	<u>41,070,328</u>
Total	<u>\$118,721,608</u>
Annual Arithmetic Average (Borrowing Base)	\$39,573,869

Under the Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and net lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Non electoral Debt Limit:			
225% of Borrowing Base.....	\$89,041,206	\$69,708,000	\$19,333,206

*Includes the Bonds described herein. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth aid.

Debt Service Requirements

Table 15 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 16 presents data on the extent to which State Aid provides coverage for debt service and lease rental requirements.

The School District has never defaulted on the payment of debt service.

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TABLE 15
NORTHERN LEBANON SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

<u>Year</u>	<u>Other General Obligation Debt</u>	<u>Series of 2022</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2022-23	\$2,339,948	\$0	\$0	\$0	\$2,339,948
2023-24	2,501,043	0	1,140,378	1,140,378	3,641,421
2024-25	2,281,565	265,000	1,480,825	1,745,825	4,027,390
2025-26	2,186,436	260,000	1,467,700	1,727,700	3,914,136
2026-27	2,183,241	275,000	1,454,325	1,729,325	3,912,566
2027-28	2,183,500	285,000	1,440,325	1,725,325	3,908,825
2028-29	2,184,106	300,000	1,425,700	1,725,700	3,909,806
2028-29	2,178,244	315,000	1,410,325	1,725,325	3,903,569
2029-30	1,505,150	970,000	1,378,200	2,348,200	3,853,350
2030-31	1,498,050	1,015,000	1,328,575	2,343,575	3,841,625
2031-32	1,494,150	1,060,000	1,276,700	2,336,700	3,830,850
2032-33	1,488,650	1,110,000	1,228,000	2,338,000	3,826,650
2033-34	1,487,475	1,155,000	1,182,700	2,337,700	3,825,175
2034-35	1,485,550	1,205,000	1,135,500	2,340,500	3,826,050
2035-36	1,482,875	1,255,000	1,086,300	2,341,300	3,824,175
2036-37	1,479,450	1,310,000	1,035,000	2,345,000	3,824,450
2037-38	1,480,200	1,365,000	981,500	2,346,500	3,826,700
2038-39	1,480,050	1,420,000	925,800	2,345,800	3,825,850
2039-40	1,479,000	1,480,000	867,800	2,347,800	3,826,800
2040-41	1,477,050	1,540,000	807,400	2,347,400	3,824,450
2041-42	1,474,200	1,605,000	744,500	2,349,500	3,823,700
2042-43	1,465,525	1,680,000	678,800	2,358,800	3,824,325
2043-44	1,465,950	1,750,000	610,200	2,360,200	3,826,150
2044-45	1,470,250	1,815,000	538,900	2,353,900	3,824,150
2045-46	1,468,425	1,890,000	464,800	2,354,800	3,823,225
2046-47	1,470,475	1,965,000	387,700	2,352,700	3,823,175
2047-48	1,471,325	2,045,000	307,500	2,352,500	3,823,825
2048-49	1,470,975	2,130,000	224,000	2,354,000	3,824,975
2049-50	1,469,425	2,220,000	137,000	2,357,000	3,826,425
2050-51	1,466,675	2,315,000	46,300	2,361,300	3,827,975
Total	\$50,568,958	\$36,000,000	\$27,192,753	\$63,192,753	\$113,761,711

*Totals may not add due to rounding.

TABLE 16
NORTHERN LEBANON SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID*

2020-21 State Aid Received.....	\$16,378,608
2020-21 Debt Service Requirements.....	2,018,324
Maximum Future Debt Service Requirements after Issuance of Bonds.....	4,027,390
Coverage of 2020-21 Debt Service Requirements	8.11 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	4.07 times

*Assumes current State Aid Ratio. See "Commonwealth aid to School Districts."

Future Financing

The School District is considering issuing additional long term (non-refunding) debt for capital projects in the next 1-3 years.

LABOR RELATIONS

School District Employees

There are presently 294 employees of the School District, including 189 teachers and administrators and 105 support personnel. The support personnel include administrative assistants, cafeteria staff, custodians, maintenance, transportation and teachers' aides.

The School District's teachers are represented by the Northern Lebanon Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2023. The School District believes its current labor relations with unionized personnel are good.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.94% for the fiscal year 2021-22. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transition rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

2017-18	\$2,031,010
2018-19	1,715,790
2019-20	2,568,314
2020-21	2,725,577
2021-22 (budgeted)	2,792,903

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

As of June 30, 2021, the PSERS plan was 59.6% funded, with an unfunded actuarial accrued liability of approximately \$45.5 billion. PSERS' rate of return for fiscal year ended June 30, 2021 was 24.58%. The Fund had plan net assets of \$72.5 billion at June 30, 2021. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District has become subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the School District's Postemployment Healthcare Plan, please refer to Appendix C – Audited Financial Statements.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pennsylvania Governor Tom Wolf ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8:00 p.m. March 19, 2020 to slow the spread of COVID-19. On March 23, 2020, the Pennsylvania Department of Education (PDE) announced that all schools in the Commonwealth would be required to remain closed through at least April 6, 2020 as a result of the COVID-19 response efforts. On April 9, 2020, the closure order was extended by the Governor through the remainder of the 2019-20 academic year. On April 1, 2020, the Governor issued a Stay at Home order effective for all Pennsylvania counties, including Lebanon County. Governor Wolf announced the beginning of the phased reopening of businesses and easing of restrictions in certain Pennsylvania counties. Lebanon County and all neighboring counties are now green. On December 10, 2020, Governor Wolf announced additional temporary COVID-19 protective mitigation measures throughout the Commonwealth, including the prohibition of all in-person indoor dining, indoor gatherings and events of more than 10 persons (excluding churches, synagogues, temples, mosques, and other places of congregational worship), outdoor gatherings and events of more than 50 persons, indoor operations at gyms and fitness facilities, as well as many other restrictions or prohibitions aimed at reducing the spread of COVID-19. These orders went into effect at 12:01 am on December 12, 2020 and remained in effect until 8:00 am on January 4, 2021. On March 15, 2021, Governor Wolf announced the lifting of some targeted restrictions on restaurants and other businesses, as well as increased gathering limits. These restrictions eased effective April 4, 2021. On May 4, 2021, the Governor announced effective May 31, 2021, all COVID mitigation orders will be lifted. The masking order was lifted on June 28, 2021. Nonetheless, a surge in the transmission of the Delta variant of COVID-19 prompted Governor Wolf to issue a statewide mask mandate for students, teachers and other persons in and about public school buildings, effective September 7, 2021. The Pennsylvania Supreme Court voided the mask mandate by order dated December 10, 2021.

Prior to reopening schools for in-person learning, health and safety plans must be approved by each school entity's governing body (i.e. board of directors). School entities must submit their approved health and safety plans (and any questions) to the Pennsylvania Department of Education. The plans must also be posted on the school entity's publicly available website prior to the reopening of the school and providing services to students. On August 11, 2020, the School District approved a health and safety plan for the 2020-2021 academic year and on July 13, 2021, the School District approved a health and safety plan for the 2021-22 academic year.

On March 27, 2020, Act No. 13 of 2020 was signed into law by the Governor to amend the School Code concerning the Pandemic. Act No. 13 permits the Pennsylvania Secretary of Education to further order the closure of all school entities until the threat to health and safety caused by the Pandemic has ended. Act No. 13 also waives the requirement that school entities be open for at least 180 days of instruction and provides for, inter alia, compensation of school entity employees, school subsidies and reimbursements from the Commonwealth as a result of actions taken by the Secretary of Education pursuant to Act No. 13, and continued payments to charter schools, intermediate units, career and technical centers, and approved private schools and residential rehabilitative institutions where public schools have placed students.

Act No. 13 requires each school entity to make a good faith effort to develop a plan to offer continuity of education using alternative means during the closure period. To assist schools during the extended closure, the Commonwealth's 29 intermediate units will provide technical assistance to help develop continuity of education plans for all students. During the 2019-20 academic year, the School District employed remote instructional resources for its students. The School District currently offers a Hybrid model of instruction which includes virtual learning and in person instruction for students. The School District is continuing to monitor the Pandemic and will make the necessary changes to the model of instructional delivery as needed.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. To secure the payment of the principal of and interest on the Bonds, the School District has pledged its full faith, credit and all available taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable real property within the School

District, within the limits provided by law as to rate or amount for such purpose. A reduction in property values may require an increase in the ad valorem tax rate required to pay the Notes as well as the School District's share of operations and maintenance expenses payable from ad valorem taxes. See "TAXING POWERS -The Taxpayer Relief Act (Act 1)" herein for a discussion of the limitations on the School District's ability to increase the ad valorem tax rate.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the School District cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to School District. The School District cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in Commonwealth funding or an increase in operational costs incurred to implement strategies to clean, sanitize and maintain its facility either before or after an outbreak of an infectious disease. The School District received or anticipates receiving approximately \$3,952,370 of federal and state relief funding under the CARES Act and the American Rescue Plan Act of 2021 to respond to the COVID-19 pandemic and address its economic effects.

The financial and operating data contained herein are the latest available, but are as of the dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they may not be indicative of the current financial condition or future prospects of the School District.

The School District continues to monitor the spread of COVID-19 and is working with federal, state, and local agencies to address the potential impact of the Pandemic upon the School District and its employees. While the potential impact of the Pandemic on the School District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the School District's operations and financial condition, and the effect could be material.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor's office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). The School District has not incorporated by reference the information on such websites and the School District does not assume any responsibility for the accuracy of the information on such websites.

LITIGATION

At closing, the President of the Board of School Directors and the Solicitor will certify that there is no presently pending or threatened litigation which would materially and adversely affect the validity of the Bonds or the proceedings for issuance of same.

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

EXEMPTION FROM TAXATION

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code") in order to preserve the Federal income tax exemption on the interest on the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under existing statutes, regulations, rulings and court decisions.

The School District will issue its certificate to the effect that on the basis of the facts, estimate and circumstances in existence on the date of delivery of the Bonds it will make no use of the proceeds of the Bonds if such use on the date of issuance reasonably had been expected to cause the Bonds to be "arbitrage bonds" under Section 148 of the Code or the United States Treasury regulations relating to "arbitrage bonds" or corresponding provisions of any Federal tax laws or regulations from time to time proposed or enacted and at the time applicable or proposed to be applicable to the Bonds.

Failure of the School District to comply with certain provisions of the Code, including the requirements to pay certain arbitrage profits to the United States Treasury (unless the School District qualifies for exemption from such requirement) may result in the interest on the Bonds becoming includable in the gross income of the Bondholders. In certain circumstances, such taxability of the interest on the Bonds may be retroactive to the date of the original issuance. It is not anticipated that it will be necessary to rebate any arbitrage profits under the Code.

Deductions for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

Under the Internal Revenue Code of 1986, as amended (the “Code”), financial institutions are disallowed 100 percent of their interest expense deductions that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which reduces the amount of the disallowance, is provided for certain tax-exempt obligations that are designated or “deemed designated” by the issuer as “qualified tax-exempt obligations” under Section 265 of the Code.

The Bonds shall **not** be qualified tax-exempt obligations for purposes of Section 265 of the Code (relating to expenses and interest rating to tax-exempt income of certain financial institutions.)

Financial institutions intending to purchase Bonds should consult with their professional tax advisors to determine the effect of the interest expense disallowance on their federal income tax liability.

Other Federal Tax Matters

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including, but not limited to, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and subchapter C earnings and profits, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. No opinion or representation concerning these matters is being given or made by the School District, Bond Counsel or any other party associated with the issuance, offering or sale of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors concerning these matters.

Changes in Law

From time to time, certain legislative proposals may be introduced, or may now be pending, in the Congress of the United States, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent any beneficial owner of a Bond from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that under existing laws of the Commonwealth, the Bonds are exempt from personal property taxes in the Commonwealth and the interest thereon is exempt from the Commonwealth’s personal income tax and the Commonwealth’s corporate net income tax; however, any profits, gains, or income derived from the sale, exchange, or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth. Bond Counsel will express no opinion regarding other state consequences arising with respect to the Bonds.

Original Issue Premium

The Bonds that mature on September 1, 2023, through 2042, inclusive, September 1, 2045 and September 1, 2050 have been sold at an original issue premium (the “Premium Bonds”). Under the Code, the premium on the Premium Bonds is an adjustment to basis and must be amortized. No deduction is allowable on account of such premium. The method of amortization may be the method regularly employed by the taxpayer if such method is reasonable, or, in all other cases, must be the method prescribed by applicable Treasury Regulations, which provide that the amortizable bond premium is an amount which bears the same ratio to the premium on the Premium Bonds as the number of months in the taxable year during which the bond or note was held by the taxpayer bears to the number of months from the beginning of the taxable year (or, if the bond or note was acquired in the taxable year, from the date of acquisition) to the date of maturity. The basis of the Premium Bonds is reduced by the amount of the amortizable premium.

Holders of Premium Bonds purchased with an original issue premium (the “Acquisition Premium”) should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation as to the treatment of Acquisition Premium for state tax purposes.

Information Reporting

Under 2006 amendments to the Internal Revenue Code, payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an “exempt person” under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder’s taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The Paying Agent will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any “reportable payments” during such year and the amount of tax, if any, with respect to payments made on the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide the following to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

- (A) Annually, not later than **270 days** following the end of each fiscal year, beginning with the fiscal year ending June 30, 2022, the following financial information and operating information for the School District:
 - (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units
 - (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
 - (7) modifications to rights of holders of the Bonds, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the School District;

- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
 - (15) incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties and
- (D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The events listed in (C) above are those specified in the Rule, not all of which may be relevant to the Bonds. The School District may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in (C) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (C) above.

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District's continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons" with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access ("EMMA") System, which may be accessed on the internet at <http://www.emma.msrb.org>.

Certain operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future bond issues as well as publicly available information.

Existing Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2017	12/27/2017	12/27/2017 ^[3]	ES843858	1/16/2017	ER852242	12/21/2017	ES840660
6/30/2018	12/27/2018	1/07/2019	ER918353	12/20/2018	ER913729	12/20/2018	ER913729
6/30/2019	12/27/2019	12/18/2019	ER990804	12/13/2019	ER988320	12/13/2019	ER988335
6/30/2020	12/27/2020	12/30/2020 ^[4]	P21088757	12/30/2020	P21088757	12/30/2020	P21088757
6/30/2021	03/27/2022	12/23/2021 ^[5]	P11178339	12/23/2021	P11178339	12/23/2021	P11178339

Notes

^[1] For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:
<http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

^[3] Interim filing of the District's PDE-2057 Annual Financial Report and Failure to File Notice. Audited Financial Statements on 12/27/2017 (EMMA ID:ES843858)

^[4] Interim filing of the District's PDE-2057 Annual Financial Report and Failure to File Notice. Audited Financial Statements on 12/30/2020 (EMMA ID:P21088757)

^[5] Interim filing of the District's PDE-2057 Annual Financial Report and Failure to File Notice. Audited Financial Statements on 12/23/2021 (EMMA ID:P11178339)

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2017, the School District filed its audited financial statements late on December 27, 2017, the budget late on January 16, 2017, and the operating data timely on December 21, 2017.

For fiscal year ending June 30, 2018, the School District filed its audited financial statements late on January 07, 2019, the budget timely on December 20, 2018, and the operating data timely on December 20, 2018.

For fiscal year ending June 30, 2019, the School District filed its audited financial statements timely on December 18, 2019, the budget timely on December 13, 2019, and the operating data timely on December 13, 2019.

For fiscal year ending June 30, 2020, the School District filed its audited financial statements late on December 30, 2020, the budget late on December 30, 2020, and the operating data timely on December 30, 2020.

For fiscal year ending June 30, 2021, the School District filed its audited financial statements, the budget, and the operating data timely on December 23, 2021.

Failure to Provide Annual Financial Information

As outlined in the table above, the School District failed to provide certain annual financial information in a timely manner during the past (5) five years. The School District filed a "Failure to Provide Annual Financial Information" notice to EMMA on December 27, 2017, and December 30, 2020.

Future Continuing Disclosure Compliance

The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date.

In an effort to augment the School District's procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB's EMMA's internal notification system whereby the School District will receive timely email reminders a month in advance for all of the School District's annual disclosure filings and coordinating with the School District's financial advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District's business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District's business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its financial advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

RATINGS

S&P Global Ratings is expected to assign its municipal bond rating of "AA" (Stable Outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by AGM. S&P Global Ratings has assigned its underlying rating of "A" to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased.

The Bonds will be purchased by the underwriter for a purchase price of \$36,809,856.50 equal to the par value of the Bonds less an underwriters' discount of \$818,640, plus an original issue premium of \$1,628,496.50.

LEGAL OPINION

The Bonds are offered with the approving legal opinion of Stock and Leader, LLP, Bond Counsel of York, Pennsylvania. Certain legal matters will be passed upon for the School District by Stock and Leader LLP, of York, Pennsylvania, School District Solicitor.

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as financial advisor (the "Financial Advisor") in connection with the preparation, authorization, and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Official Statement had been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Bonds.

The School District has authorized the distribution of this Official Statement.

NORTHERN LEBANON SCHOOL DISTRICT
LEBANON COUNTY, PENNSYLVANIA

By: /s/ Barry Naum
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Northern Lebanon School District

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Population

Table A-1 which follows shows recent population trends for the School District, Lebanon County and the Commonwealth of Pennsylvania. The School District's population increased between 2010-2020. Table A-2 shows 2020 age composition in Lebanon County and for the State.

TABLE A-1
POPULATION TRENDS

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
Lebanon County.....	133,568	143,257	0.27%
Pennsylvania	12,702,379	13,002,700	0.11%

Source: U.S. Census Bureau, Census 2010 and Census 2020.

TABLE A-2
AGE COMPOSITION

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>
Lebanon County.....	22.7%	59.9%	19.9%
Pennsylvania	20.6%	59.4%	18.7%

Source: U.S. Census Bureau, Census 2020.

The larger employers located within Lebanon County for Quarter 3, 2021 are as follows:

<u>Employer</u>
Federal Government
Farmers Pride
The Good Samaritan Hospital
State Government
Wal-Mart Associates Inc.
Lebanon School District
Cornwall-Lebanon School District
Bayer US LLC
Ace Hardware Distribution Center
Lebanon County

Source: Quarterly Census of Employment and Wages

Employment

Table A-3 shows Nonfarm Jobs for the Lebanon Metropolitan Statistical Area (MSA) for March 2021.

TABLE A-3
LEBANON METROPOLITAN STATISTICAL AREA
(Lebanon County)
NONFARM JOBS

	Industry Employment				Net Change From:	
<u>ESTABLISHMENT DATA</u>	<u>Feb 2022</u>	<u>Jan 2022</u>	<u>Feb 2021</u>	<u>Feb 2020</u>	<u>Jan 2022</u>	<u>Feb 2021</u>
TOTAL NONFARM	52,700	52,300	51,100	53,700	400	1,600
TOTAL PRIVATE	44,300	44,000	42,800	45,200	300	1,500
GOODS-PRODUCING	11,200	11,200	1,100	11,500	0	200
Manufacturing	9,100	9,100	9,000	9,400	0	100
SERVICE-PROVIDING	41,500	41,100	40,100	42,200	400	1,400
PRIVATE SERVICE-PROVIDING .	33,100	32,800	31,800	33,700	300	1,300
Trade, Transportation, and Utilities .	1,280	12,700	12,400	1,230	100	400
Retail Trade	6,700	6,600	6,200	6,400	100	500
Educational and Health Services	8,400	8,100	8,300	9,200	300	100
Government	8,400	8,300	8,300	8,500	100	100
Federal Government	3,600	3,600	3,400	3,300	0	200
State Government	700	700	700	700	0	0
Local Government	4,100	4,000	4,200	4,500	100	-100
Data benchmarked to March 2021 ***Data changes of 100 may be due to rounding***						

Source: Pennsylvania Department of Labor & Industry - Center for Workforce & Information Analysis website.

Table A-4 shows recent trends in employment and unemployment for Cumberland County and the Commonwealth. The unemployment rate for the County has been lower than the Commonwealth average for the past five years.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>	Compound Average Annual % Rate
<i>Lebanon County</i>							
Civilian Labor Force (000) ...	70.6	70.7	71.4	72.6	70.5	71.1	0.11%
Employment (000)	67.4	67.8	68.7	69.8	66.7	66.2	-0.48%
Unemployment (000)	3.2	2.9	2.7	2.8	3.8	4.9	11.06
Unemployment Rate	4.50%	4.10%	3.70%	3.90%	5.50%	6.90%	
<i>Pennsylvania</i>							
Civilian Labor Force (000) ...	6,472.0	6,427.0	6,424.0	6,492.0	6,240.0	6,337.0	-0.28%
Employment (000)	6,120.0	6,112.0	6,149.0	6,208.0	5,842.0	5,875.0	-0.79%
Unemployment (000)	352.0	316.0	276.0	284.0	398.0	462.0	7.89%
Unemployment Rate	5.40%	4.90%	4.30%	4.40%	6.40%	7.30%	

⁽¹⁾As of December 2021.

Source: Pennsylvania Department of Labor & Industry.

Income

The data on Table A-5 show trends in per capita income for the School District, the County and Pennsylvania over the 2000-2010 period. Per capita income in the School District is lower than per capita income in the County and the Commonwealth, and it increased at a slower rate over this period than per capita income for the County and the Commonwealth.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	<u>2000</u>	<u>2010</u>	Compound Average Annual Percentage Change 2000-2010
<i>School District</i>	\$19,465	\$23,205	1.77%
<i>Lebanon County</i>	19,773	25,525	2.59%
<i>Pennsylvania</i>	20,880	26,678	2.48%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: Pennsylvania State Data Center and U.S. Census Bureau, 2006-2010 American Community Survey.

Commercial Activity

Table A-6 shows retail sales over a recent five-year period for the County and the State.

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Lebanon County....	\$2,050,894	\$2,513,567	\$2,356,220	\$2,361,679	\$2,010,642
Pennsylvania.....	213,005,476	188,389,810	244,709,540	251,185,116	274,685,600

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Lebanon County	\$1,881,98	\$1,836,16	\$1,826,64	\$2,050,89	\$2,513,56
.....	9	6	1	4	7
	199,975,2	198,215,1	207,887,9	213,005,4	188,389,8
Pennsylvania .	57	35	42	76	10

Source: The Nielson Company.

Educational Institutions

The MSA has a number of institutions of higher learning, including Messiah College, the Milton S. Hershey Medical Center, located in Hershey, the Harrisburg Area Community College, located in Harrisburg, University of Harrisburg Science and Technology, located in Harrisburg, Pennsylvania State University Capitol Campus, Middletown, Dickinson College, and Dickinson School of Law of Pennsylvania State University, located in Carlisle, Widener University School of Law, located in Harrisburg.

Medical Facilities

Residents are served by several hospitals located in the Harrisburg area less than 20 miles away, including:

Institution

UPMC Pinnacle Carlisle
Penn State Health Milton S. Hershey Medical Center
UPMC Pinnacle Harrisburg
Polyclinic Medical Center
UPMC Pinnacle Community Osteopathic
Geisinger Holy Spirit

Housing

According to the 2010 census figures there are 99,988 housing units in the County as opposed to 102,046 housing units in 2015, which represents an increase in housing units of 2,058 or an increase of 2.05 percent.

Transportation Facilities

An extensive network of roads runs through the area including the Pennsylvania Turnpike. U.S. Routes 11 & 15 traverses the School District. Interstate 83 provides direct access into the City of York, Harrisburg and surrounding municipalities while U.S. Route 11 leads west to Interstate 81. The long planned 581 beltway now connects Interstate Routes I-81 and I-83 as well as State Route 11. The strategic location of the County and School District has resulted in the growth of a transportation network to all points in the Industrial East.

A system of crisscrossing competitive rail lines provides the area with bulk freight services to anywhere in the U.S. or Canada. Rail lines such as Norfolk Southern and Western Maryland Railroad offer transportation to points north, south, east and west. These lines are served by Conrail Enola Freight Sorting Yards. Rail passenger service is available just across the river in Harrisburg on the Amtrak passenger system to a number of major cities including New York, Pittsburgh, Philadelphia, Baltimore and Washington D.C.

Air service, both passenger and cargo, is available at the nearby Harrisburg International Airport. Continental, Delta, USAir, United, American, Northwest, Air Tran and various commuter airlines provide regular scheduled flights to major cities.

A regional municipal authority, the Capital Area Transit Authority, provides public bus transportation to the area. Greyhound and Trailways provide regular bus transportation within the state and nationally.

Utilities

Electric service throughout the area covered by the School District is provided by Pennsylvania Power and Light Company and Metropolitan Edison Company. Natural gas is supplied by UGI Corporation and Columbia Gas Company, Inc. Telephone service is provided by GTE and Verizon.

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APPENDIX B
Opinion of Bond Counsel

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**RE: \$36,000,000 Northern Lebanon School District
General Obligation Bonds, Series of 2022**

We have acted as bond counsel in connection with the issuance by Northern Lebanon School District, Lebanon County, Pennsylvania (the “Issuer”) of \$36,000,000 General Obligation Bonds, Series of 2022 (the “Bonds”) dated May 25, 2022. The Bonds have been issued pursuant to a Resolution (the “Resolution”) adopted by the Board of School Directors on April 12, 2022, are issuable in the denomination of \$5,000 and whole multiples thereof and are in fully registered form.

As Bond Counsel, we have examined, among other things, originals or certified copies of the approval of the Issuer’s incurrence of non-electoral debt by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, constitutional and statutory provisions and other certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated April 20, 2022 (the “Official Statement”), or other offering material relating to the Bonds (except to the extent, if any, stated the Official Statement, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement).

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Issuer in accordance with their terms.
2. The Issuer has covenanted, by way of the Resolution, to and with registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, pursuant to the Resolution, that the Issuer, subject to statutory restrictions and limitations: (i) shall include the amount of the debt service for the Bonds, for each fiscal year of the Issuer in which such sums are payable, in its budget for that year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of and interest on each of the Bonds at the dates and place and in the manner stated in the Bonds, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Issuer has pledged, irrevocably, its full faith, credit and taxing power.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer

comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

4. Under existing law of the Commonwealth of Pennsylvania, the Bonds are exempt from personal property taxes in the Commonwealth and the interest thereon is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. We express no opinion regarding other state tax consequences arising with respect to the Bonds.

5. The Bonds are authorized investments for fiduciaries within the Commonwealth of Pennsylvania.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement dated April 13, 2022 (the “Preliminary Official Statement”), or the Official Statement, dated April 20, 2022 (the “Official Statement”), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by School District Officials. We express no opinion with respect to whether the School District, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, have made any untrue statement of a material fact necessary in order to make any statement made therein not misleading

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

STOCK AND LEADER, LLP

APPENDIX C
Audited Financial Statement

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**NORTHERN LEBANON
SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
INFORMATION**

YEAR ENDED JUNE 30, 2021

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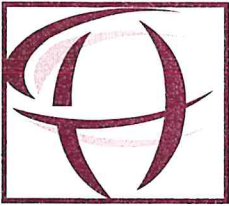
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AICPA
NYSSCPA

Government Audit Quality Center
Employee Benefit Plan Audit Quality Center

* Licensed in NY & PA

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

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

Emphasis of Matter

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Lebanon School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



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

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the Northern Lebanon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Northern Lebanon School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Lebanon School District's internal control over financial reporting and compliance.

Crowley & Halloran, CPAs, P.C.

 CPA

By: Pamela J. Halloran, CPA

Watertown, NY

October 29, 2021

Northern Lebanon School District
AUN: 113385003
Management's Discussion & Analysis
For the Fiscal Year Ending June 30, 2021

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

Financial Highlights

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

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

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

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

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

Entity-Wide Financial Analysis

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

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

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

Table 1

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

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

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Table 1A

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

Table 1B

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

Table 1C

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

Governmental Activities

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

Table 2

<u>Program Expenses</u> <u>6/30/2021</u>	2021 Total Costs of Services	2021 Net Costs of Services	2020 Total Costs of Services	2020 Net Costs of Services	2021 Net Costs of Services
Governmental Activities:					Increase(Decrease)
Instruction	\$26,751,871	\$ 19,592,634	\$25,994,508	\$ 19,968,477	-1.88%
Instructional Student Support	2,470,655	2,318,639	2,549,146	2,411,957	-3.87%
Administration	4,200,317	4,200,317	3,873,792	3,873,792	8.43%
Maintenance	3,101,479	3,096,479	2,608,634	2,591,725	19.48%
Pupil Transportation	2,322,419	650,162	2,328,050	492,707	31.96%
Student Activities	704,635	704,635	704,050	680,622	3.53%
Community Services	8,689	8,689	1,627	1,627	434.05%
Interest and Debt Issuance Costs on Long-Term Debt	738,108	306,936	374,136	(57,007)	638.42%
Unallocated Depreciation	1,114,549	1,114,549	1,094,075	1,094,075	1.87%
Total Governmental Activities	<u>\$41,412,722</u>	<u>\$31,993,040</u>	<u>\$39,528,018</u>	<u>\$31,057,975</u>	3.01%
Business-Type Activities:					
Food Services	\$ 860,925	\$ 105,869	\$ 821,643	\$ 90,554	16.91%

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

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

Table 3
Changes in Net Position
6/30/2021

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

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Reporting the District's Most Significant Funds

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Fund Financial Statements

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

Table 4

Fund Balance

Governmental Funds

6/30/2021

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

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

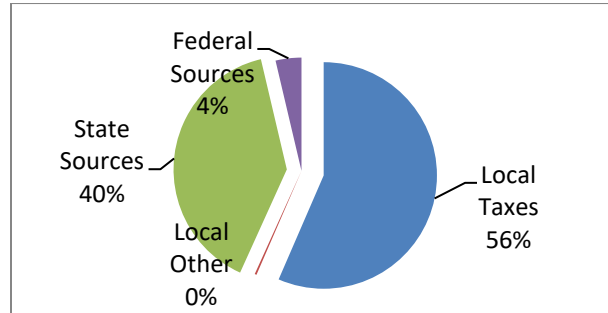


Table 5

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

General Fund

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

Table 6

General Fund

Revenue

6/30/2021

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

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Other Funds

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

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

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

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

Business-Type Activities

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

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General Fund Budget

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

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

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

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

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

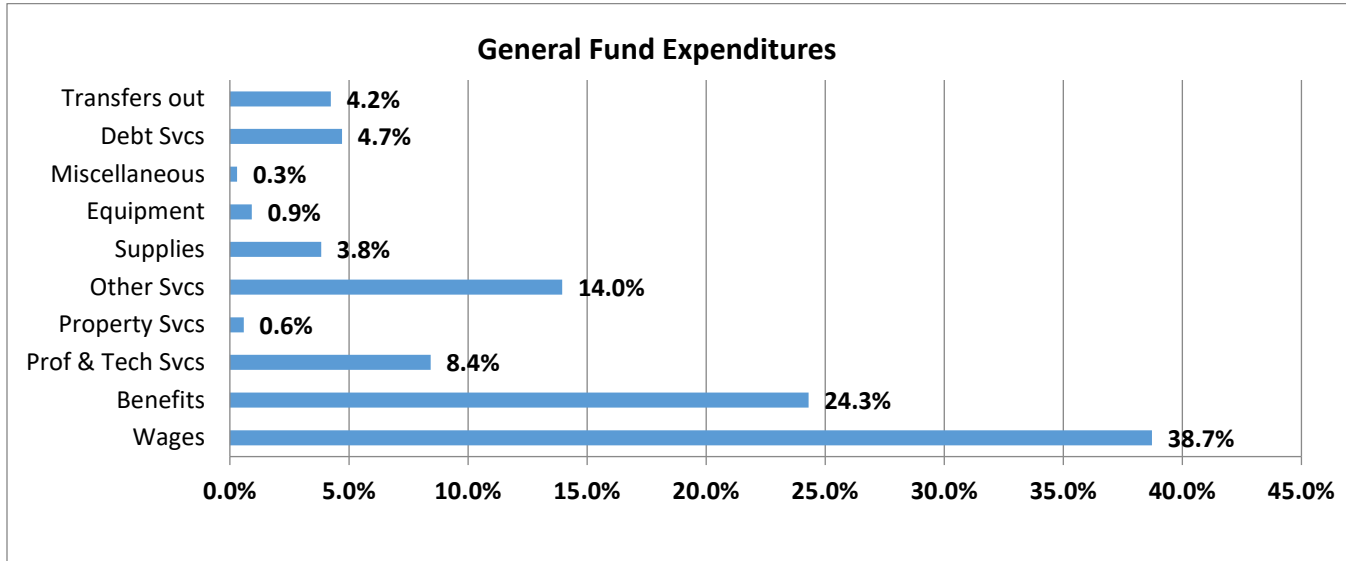
<u>Table 9</u> <u>Spending Variances</u> <u>6/30/2021</u>	Original Budget	Final Budget	Change Increase (Decrease)	Change %	Actual Period Ending 6/30/2021	Actual Period Ending 6/30/2020	Change Increase (Decrease)	Change %
<u>Expenditures</u>								
Regular Programs	\$ 16,663,120	\$ 16,659,107	\$ (4,013)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

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

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

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The following chart graphs 2020-2021 expenditures by objects.



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

CAPITAL ASSETS AND DEBT

Capital Assets

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

Table 11

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

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Debt

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

<u>Table 12 Debt 6/30/2021</u>					
<u>Maturity</u>	<u>Description</u>	<u>Series</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P&I</u>
2/15/2024	General Obligation Notes	Series 2020A	\$ 3,339,000	\$ 56,419	\$ 3,395,419
2/15/2029	General Obligation Notes	Series 2020B	6,889,000	608,998	7,497,998
6/30/2051	General Obligation Bonds	Series 2021	24,995,000	14,680,541	39,675,541
Balance 6/30/2021			<u>\$ 35,223,000</u>	<u>\$15,345,958</u>	<u>\$ 50,568,958</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total net change in fund balance - governmental funds \$ 24,082,968

Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation expense	\$ (1,114,549)	
Capital outlays, net	<u>3,337,169</u>	2,222,620

Proceeds from bond premiums are reported in governmental funds as revenues. However, in the statement of activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense.

This is the amount that current year premiums received exceeds the amortization in the period. 21,839

Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit) 62,003

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. (66,803)

Bond proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which principal payments exceeded debt issued. (25,957,048)

In the statement of activities, deferred inflows of resources - pension, deferred outflows of resources - pension, and pension expense are recognized in conjunction with net pension liability. Whereas in the governmental funds, pension expense is recorded when required contributions are payable. (168,119)

In the statement of activities, deferred inflows of resources - OPEB, deferred outflows of resources - OPEB, and OPEB expense are recognized in conjunction with net OPEB. Whereas in the governmental funds, OPEB expense is recorded when required contributions are payable. (359,254)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. They consist of:

Increase in compensated absences		(61,341)
Decrease in healthcare retirement benefits payable		5,937

OTHER

Decrease in accrued interest expense on bonds/notes payable		<u>(75,745)</u>
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Change in net position of governmental activities **\$ (292,943)**

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

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

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 274,506
Other Receivables	139,791
Inventories	<u>31,647</u>
Total Current Assets	<u>445,944</u>

Noncurrent Assets

Furniture and Equipment, net of accumulated depreciation	<u>28,664</u>
Total Noncurrent Assets	<u>28,664</u>

TOTAL ASSETS	<u>474,608</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources	<u>-</u>
--------------------------------	----------

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	91,861
Due to other Funds	375,917
Unearned Revenue	<u>17,982</u>
Total Current Liabilities	<u>485,760</u>

Noncurrent Liabilities:

Long-Term Portion of Compensated Absences	<u>-</u>
Total Noncurrent Liabilities	<u>-</u>

TOTAL LIABILITIES	<u>485,760</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources	<u>-</u>
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TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>
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NET POSITION

Net Investment in Capital Assets	28,664
Unrestricted	<u>(39,816)</u>
TOTAL NET POSITION	<u>\$ (11,152)</u>

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

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

OPERATING REVENUES:

Food Service Revenue	\$ 37,093
Charges for Services	<u>7,180</u>

TOTAL OPERATING REVENUES	<u>44,273</u>
---------------------------------	---------------

OPERATING EXPENSES:

Purchased Property Service	-
Other Objects	-
Other Purchased Service	777,997
Supplies	78,084
Depreciation	<u>4,844</u>

TOTAL OPERATING EXPENSES	<u>860,925</u>
---------------------------------	----------------

OPERATING (LOSS)	<u>(816,652)</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES):

Earnings on Investments	275
Loss on Disposal of Fixed Assets	-
State Sources	23,303
Federal Sources	<u>687,480</u>

TOTAL NONOPERATING REVENUES	<u>711,058</u>
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GAIN (LOSS) BEFORE CONTRIBUTIONS	<u>(105,594)</u>
---	------------------

Transfers In	<u>300,000</u>
--------------	----------------

CHANGE IN NET POSITION	194,406
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TOTAL NET POSITION - JULY 1, 2020	<u>(205,558)</u>
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TOTAL NET POSITION - JUNE 30, 2021	<u>\$ (11,152)</u>
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The accompanying notes are an integral part of these financial statements.

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

Cash Flows from Operating Activities

Cash Received from Users	\$ (62,454)
Cash Received from (Paid to) Others	(797,578)
Cash Payments to Suppliers for Goods and Services	<u>(781,163)</u>
Net Cash (Used for) Operating Activities	<u>(1,641,195)</u>

Cash Flows from Noncapital Financing Activities

State Sources	23,303
Federal Sources	687,480
Operating Transfers In	<u>300,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,010,783</u>

Cash Flows from Capital and Related Financing Activities

Purchase of Machinery and Equipment	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>-</u>

Cash Flows from Investing Activities

Earnings on Investments	<u>275</u>
Net Cash Provided by Investing Activities	<u>275</u>

Net Decrease in Cash and Cash Equivalents	(630,137)
Cash and Cash Equivalents Beginning of Year	<u>904,643</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 274,506</u></u>

Reconciliation of Operating Income to Net Cash

(Used for) for Operating Activities:

Operating (Loss)	<u>\$ (816,652)</u>
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Adjustments to Reconcile Operating (Loss) to Net Cash

Used by Operating Activities:

Depreciation	4,844
(Increase) Decrease in Accounts Receivable	(108,629)
(Increase) Decrease in Inventories	9,488
Increase (Decrease) in Due to Other Funds	(797,578)
Increase (Decrease) in Accounts Payable	65,430
Increase (Decrease) in Unearned Revenue	<u>1,902</u>
Total Adjustments	<u>(824,543)</u>

Net Cash Used by Operating Activities	<u>\$ (1,641,195)</u>
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Supplemental Disclosure for Noncash items

Donated Commodities - noncash	\$ 64,281
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The accompanying notes are an integral part of these financial statements.

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

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

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

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

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

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Reporting Entity (Continued)

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

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

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

Government-wide and Fund Financial Statements

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

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Government-wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund revenues accrued on this basis include real estate taxes, deed transfer tax, and fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

The District reports the following major governmental funds:

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

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

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

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

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

The District has one business-type activity:

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

Additionally, the District reports the following fiduciary fund types:

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

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

Inter-fund Activity in the Government-wide Statements

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Revenue Classification on Government-wide Statement of Activities

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

Budget and Budgetary Accounting

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

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

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Cash and Investments

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

Short-term Inter-fund Receivables/Payables

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

Inventories

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

Capital Assets

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Capital Assets (Continued)

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, post-employment benefits, pensions, potential contingent liabilities, and useful lives of long-lived assets.

Pensions

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

Vested Employee Benefits - Compensated Absences

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Other Postemployment Benefits

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

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

Equity Classifications - District-wide Statements

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

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

Equity Classifications - Governmental Statements

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

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

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

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

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

ACCOUNTING STANDARDS ADOPTED IN 2021

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

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

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

FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

Reconciliation of Cash and Cash Equivalents to the Financial Statements

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

The balances at June 30, 2021 are as follows:

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

Deferred Inflows of Resources-tax related	\$ 464,048
Unearned Income	<u>5,890</u>
TOTAL	<u>\$ 469,938</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

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

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

NOTE 5 - TAX ABATEMENTS/PAYMENTS IN LIEU OF TAXES

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets That Are Not Depreciated:				
Land	\$ 538,950	\$ -	\$ -	\$ 538,950
Construction in Progress	<u>434,243</u>	<u>3,236,241</u>	<u>(434,243)</u>	<u>3,236,241</u>
Total Cost Non-Depreciable Assets	<u>973,193</u>	<u>3,236,241</u>	<u>(434,243)</u>	<u>3,775,191</u>
Capital Assets That Are Depreciated:				
Building & Building Improvements	42,636,229	434,243	-	43,070,472
Furniture & Equipment	8,074,246	100,927	(27,540)	8,147,633
Vehicles	<u>557,317</u>	<u>-</u>	<u>-</u>	<u>557,317</u>
Total Cost Depreciated Assets	<u>51,267,792</u>	<u>535,170</u>	<u>(27,540)</u>	<u>51,775,422</u>
Less Accumulated Depreciation for:				
Building & Building Improvements	(19,752,050)	(948,926)	-	(20,700,976)
Furniture & Equipment	(7,247,176)	(147,042)	22,778	(7,371,440)
Vehicles	<u>(383,052)</u>	<u>(18,581)</u>	<u>4,762</u>	<u>(396,871)</u>
Total Accumulated Depreciation	<u>(27,382,278)</u>	<u>(1,114,549)</u>	<u>27,540</u>	<u>(28,469,287)</u>
Net Capital Assets Subject to Depreciation	<u>23,885,514</u>	<u>(579,379)</u>	<u>-</u>	<u>23,306,135</u>
Governmental Activities, Capital Assets, Net	<u>\$ 24,858,707</u>	<u>\$ 2,656,862</u>	<u>\$ (434,243)</u>	<u>\$ 27,081,326</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets That Are Depreciated:				
Equipment	\$ 1,091,942	\$ -	\$ (31,411)	\$ 1,060,531
Less Accumulated Depreciation for:				
Equipment	<u>(1,058,434)</u>	<u>(4,844)</u>	<u>31,411</u>	<u>(1,031,867)</u>
Net Capital Assets Subject to Depreciation	<u>33,508</u>	<u>(4,844)</u>	<u>-</u>	<u>28,664</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 33,508</u>	<u>\$ (4,844)</u>	<u>\$ -</u>	<u>\$ 28,664</u>

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - GENERAL LONG-TERM DEBT

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

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

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

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

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

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

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

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

General Obligation Notes, Series A of 2012

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

General Obligation Notes, Series B of 2012

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

General Obligation Notes, Series A of 2020

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

General Obligation Notes, Series B of 2020

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

General Obligation Bonds, Series of 2021

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

Compensated Absences

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

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

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

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

Post Employment Benefits Other than Pension Benefits

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

Plan Description

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

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

Benefits Provided

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Benefits Provided (continued)

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

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

Contributions

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

Member Contributions

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

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Employer Contributions

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

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

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

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

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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

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

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

Actuarial Assumptions

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

Discount Rate

The discount rate used measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION PLAN (continued)

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

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

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

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

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

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

GENERAL INFORMATION ABOUT THE OPEB PLAN – MULTIPLE EMPLOYER OPEB PLAN

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

Pension Plan Description

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

Benefits Provided

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

Employer Contributions

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

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

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

Actuarial Assumptions

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Actuarial Assumptions (continued)

The following assumptions were used to determine the contribution rate

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

Change in Actuarial Assumptions

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

Investments

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Discount Rate

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

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

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

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

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

OPEB Plan Fiduciary Net Position

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

GENERAL INFORMATION ABOUT THE OPEB PLAN – SINGLE EMPLOYER OPEB PLAN

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

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

Inactive employees or beneficiaries	
currently receiving benefit payments	20
Active Plan Members	<u>274</u>
Total	<u><u>294</u></u>

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.

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Plan Benefits Provided

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

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

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

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

Actuarial Methods and Significant Assumptions

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

OPEB Liability

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

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

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

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

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

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

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

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

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

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

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

Year Ended June 30:

2022	\$ 44,818
2023	44,818
2024	44,818
2025	44,818
2026	44,818
Thereafter	<u>276,143</u>
Total	<u>\$ 500,233</u>

NOTE 10 - LEASES

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

The future minimum annual lease payments are as follows:

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - LEASES (continued)

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

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

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

NOTE 11 - CONTINGENT LIABILITIES

Grant Programs

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

NOTE 12 - PARTICIPATION IN RISK SHARING POOL

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

**NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 - INTERFUND RECEIVABLE/PAYABLE

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

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

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

NOTE 14 - INTERFUND TRANSFERS

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

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

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

NOTE 15 - RISK MANAGEMENT

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

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - SUBSEQUENT EVENTS

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

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

NOTE 17 - DEFICIT FUND BALANCE

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

NOTE 18 - RESTATEMENT

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

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

Governmental Activities:

Net Position (Deficit) - Balance at July 1, 2020	\$ (33,524,180)
GASB Statement No. 84 Implementation	<u>65,386</u>
Net Position (Deficit) - Beginning of Year, as Restated	<u>\$ (33,458,794)</u>

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

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

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

See paragraph on supplementary schedules included in auditors' report.

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

Public School Employees' Retirement System (PSERS)

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

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

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

See report on supplementary schedules included in auditors' report.

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

Public School Employees' Retirement System (PSERS)

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

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

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

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

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

* Ratios not provided

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

Public School Employees' Retirement System (PSERS)

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

See report on supplementary schedules included in auditors' report.

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

Public School Employees' Retirement System (PSERS)

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

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

See paragraph on supplementary schedules included in auditors' report.

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

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

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

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

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

Legend
I = Indirect Funding
F = Federal Share

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2 - FOOD DISTRIBUTION

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

A = Beginning inventory at July 1, 2020.

B = Total amount of commodities received from the Department of Agriculture.

C = Total amount of commodities used.

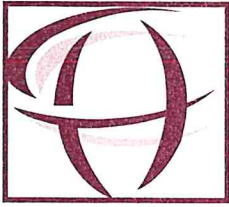
D = Ending inventory at June 30, 2021.

NOTE 3 - OTHER DISCLOSURES

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

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

No amounts were provided to sub-recipients.



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Employee Benefit Plan Audit Quality Center

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lebanon School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northern Lebanon School District's basic financial statements and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

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

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

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



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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Compliance and Other Matters

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

Purpose of this Report

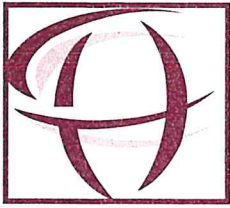
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Crowley & Halloran, CPAs, P.C.

A handwritten signature in dark ink, appearing to read 'Pamela J. Halloran CPA', is written over a horizontal line.

By: Pamela J. Halloran, CPA

October 29, 2021



Crowley & Halloran, CPAs, P.C.

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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



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

Report on Internal Control over Compliance


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

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

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

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

Crowley & Halloran, CPAs, P.C.


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

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The auditors' report expresses an unmodified opinion on the general purpose financial statements of Northern Lebanon School District.
2. No deficiencies were identified during the audit of the general purpose financial statements of Northern Lebanon School District that were determined to be material weaknesses.
3. No significant deficiencies were reported in internal control over financial reporting of the general purpose financial statements of Northern Lebanon School District.
4. No instances of noncompliance material to the financial statements of Northern Lebanon School District were disclosed during the audit.

Federal Awards

5. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
6. The auditors' report on compliance for the major federal award programs for Northern Lebanon School District expresses an unmodified opinion on the programs tested as major federal programs.
7. No audit findings relative to the major federal award programs for Northern Lebanon School District that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
8. The programs tested as major programs include:

Identification of major programs

Federal Assistance Listing

<u>Number(s) – (CFDA)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
10.553	National School Breakfast Program

9. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
10. Northern Lebanon School District was determined to be a low-risk auditee.

**NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021
(CONTINUED)**

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

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

None Noted

APPENDIX D
Continuing Disclosure Certificate

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NORTHERN LEBANON SCHOOL DISTRICT
Lebanon County, Pennsylvania
\$36,000,000 General Obligation Bonds, Series of 2022
Dated May 25, 2022

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Northern Lebanon School District, Lebanon County, Pennsylvania (the “Issuer”) in connection with the issuance of its \$36,000,000 aggregate principal amount of General Obligation Bonds, Series of 2022 (the “Bonds”). The Bonds are being issued pursuant to a resolution duly adopted by the Board of School Directors of the Issuer on April 12, 2022 (the “Resolution”).

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“Financial Obligation” shall mean a (i) debt obligation, derivative instrument entered into in connection with, or (ii) pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii) above. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement dated April 20, 2022 relating to the Bonds.

“Owner” shall mean a registered owner of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred and seventy (270) days after the end of the Issuer’s fiscal year (presently June 30), commencing with the report for the 2021-2022 Fiscal Year, provide to the MSRB through the EMMA System an Annual Report, which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package; and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(c).

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to that effect to the MSRB through the EMMA System.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the current electronic format of the MSRB for such filing; and

(2) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If

the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) An annual update of the information contained under the section "Taxes and Taxing Powers of the School District" of the Official Statement within the headings "Table 6 – Northern Lebanon School District Tax Rates," "Table 8 – Northern Lebanon School District Real Property Assessment Data," "Table 11 – Northern Lebanon School District Real Property Tax Collection Data" and "Table 12 – Northern Lebanon School District Ten Largest Real Property Taxpayers, 2020-21" which may be contained within the budget for the current fiscal year without need for further cross reference; and

(c) A copy (or summary of) the budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;

- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer shall in a timely manner, not in excess of ten days after the occurrence of the event, file a notice of such occurrence with the MSRB through the EMMA System. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waivers would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding any other provisions of this Disclosure Certificate, any filing required by this Disclosure Certificate may be made with such repositories and using such electronic filing systems as may be approved by the Securities and Exchange Commission and/or the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of May 25, 2022.

Attest:

NORTHERN LEBANON SCHOOL DISTRICT

Secretary

BY: _____
President

(SEAL)

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APPENDIX E
Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100