LEBANON TOWNSHIP

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

LEBANON TOWNSHIP BOARD OF EDUCATION

LEBANON TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by

LEBANON TOWNSHIP BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

LEBANON TOWNSHIP SCHOOL DISTRICT

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PHONE: (908) 638-4521 FAX: (908) 638-5511

Judith H. Burd, Superintendent

Valley View School
400 Rt. 513
Califon, NJ 07830-4199
Phone: 832-2175
Fax: 832-6280
David R. Frinzi, Principal

Ruth Fanjoy, Business Administrator/Board Secretary

Marjorie Meyer, Director of Special Services
Phone: 832-2174
Fax: 832-5068

Woodglen School
70 Bunnvale Rd.
Califon, NJ 07830-4199
Phone: 638-4111
Fax: 638-8418
Michael B. Rubright, Principal

September 30, 2009

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

Dear Board Members:

The comprehensive annual financial report of the Lebanon Township School District (District) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The financial section also includes the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the state Treasury Circular Letter 0404 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lebanon Township School District is an independent reporting entity within the criteria adopted by the GASB as established NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lebanon Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2008-09 fiscal year with an average daily enrollment of 818.0 students. The following details the changes in the student enrollment of the District over the past few years.

Average Daily Enrollment

Fiscal Year	ADE Student Enrollment	Percent Change
1991-92	636.3	0.57%
1992-93	654.7	2.89%
1993-94	709.7	8.40%
1994-95	735.5	3.64%
1995-96	776.8	5.62%
1996-97	826.7	6.84%
1997-98	819.9	(.83%)
1998-99	817.7	(.27%)
1999-00	810.0	(.94%)
2000-01	873.3	7.81%
2001-02	884.9	1.32%
2002-03	872.5	(1.42%)
2003-04	842.8	(3.52%)
2004-05	834.3	(1.01%)
2005-06	816.2	(2.21%)
2006-07	813.0	(3.92%)
2007-08	824.2	1.38%
2008-09	818.0	(0.75%)

The District has been experiencing steady to slightly decreased enrollment over the past few years. This trend is expected to continue. Development of tracts of land has not occurred within the township, in light of the restrictions imposed by the NJ Highlands Act. Enrollment was affected, beginning in 2003-04, by the opening of a parochial school within ten miles of the municipality.

2) ECONOMIC CONDITION AND OUTLOOK: The Lebanon Township area is expected to cease experiencing population increases due to restrictions imposed by the NJ Highlands Act. The Township is largely residential and agricultural. Re-sales of homes have

been largely to young families with fewer children. There are relatively few business enterprises on the tax rolls.

The Township enjoys the benefit of gross receipt taxes from an electrical power plant, and funds the municipal budget to a significant degree through use of those taxes, in lieu of levying additional property taxes for municipal purposes. Contributions from municipal gross receipt taxes, to reduce the school tax levy, ceased being made by the Township as of school year 2004-05.

3) MAJOR INITIATIVES: The Lebanon Township School District evaluates student progress in several ways. Report cards and/or student portfolios chart progress of students through each grade level. Standardized testing is administered in grades 2-8. Students in grade 2 are assessed using NJPASS. Students in grades 3 through 8 take the New Jersey Assessment of Skills and Knowledge (NJ ASK). Scores on NJASK indicate that Lebanon Township students score above state averages. Reinforcement activities and curriculum revision are used to remediate any deficiencies discovered.

The use of technology is an integral part of the education process. Students use computers for research, word processing and computer-assisted instruction. Calculators, including graphing calculators, are used throughout the math and science curriculum. Administrative software is used for student attendance, scheduling, grading and progress reports.

Curriculum Mapping has been used to organize district curriculum. Differentiated units of instruction have been developed to meet the varied needs of our students. Curriculum objectives and teacher lesson plans are aligned to the New Jersey Core Curriculum Standards.

The Lebanon Township School District has made a strong commitment to staff professional development. Staff professional development addresses both district and individual needs. This professional development provides opportunities for staff to expand their knowledge and skills.

Lebanon Township students in grades 9-12 attend Voorhees High School, which is physically located in Lebanon Township, and which serves five other municipalities. Voorhees High School is one of two schools in the North Hunterdon-Voorhees Regional High School District.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated were reported as reservations of fund balance at June 30, 2009.

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

7) DEBT ADMINISTRATION: In December of 1994, the voters of Lebanon Township passed a $3.5M referendum for the purpose of constructing additions and renovations to both the Woodglen School and the Valley View Schools. Permanent bonds were sold in April of 1995. The bonds mature in 2010 and carry a fixed interest rate of 5.375%.

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

The school district currently uses a protected Cash Management Plan to insure maximum return on investments.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, vehicle liability, hazard and theft insurance on property and contents, and fidelity bonds. Wherever possible, the Board's major policies are pooled with other public schools of similar make-up in order to reduce experience ratings and premiums. Excess liability insurance is held under a joint insurance fund.

10) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, CPA, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 0404 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

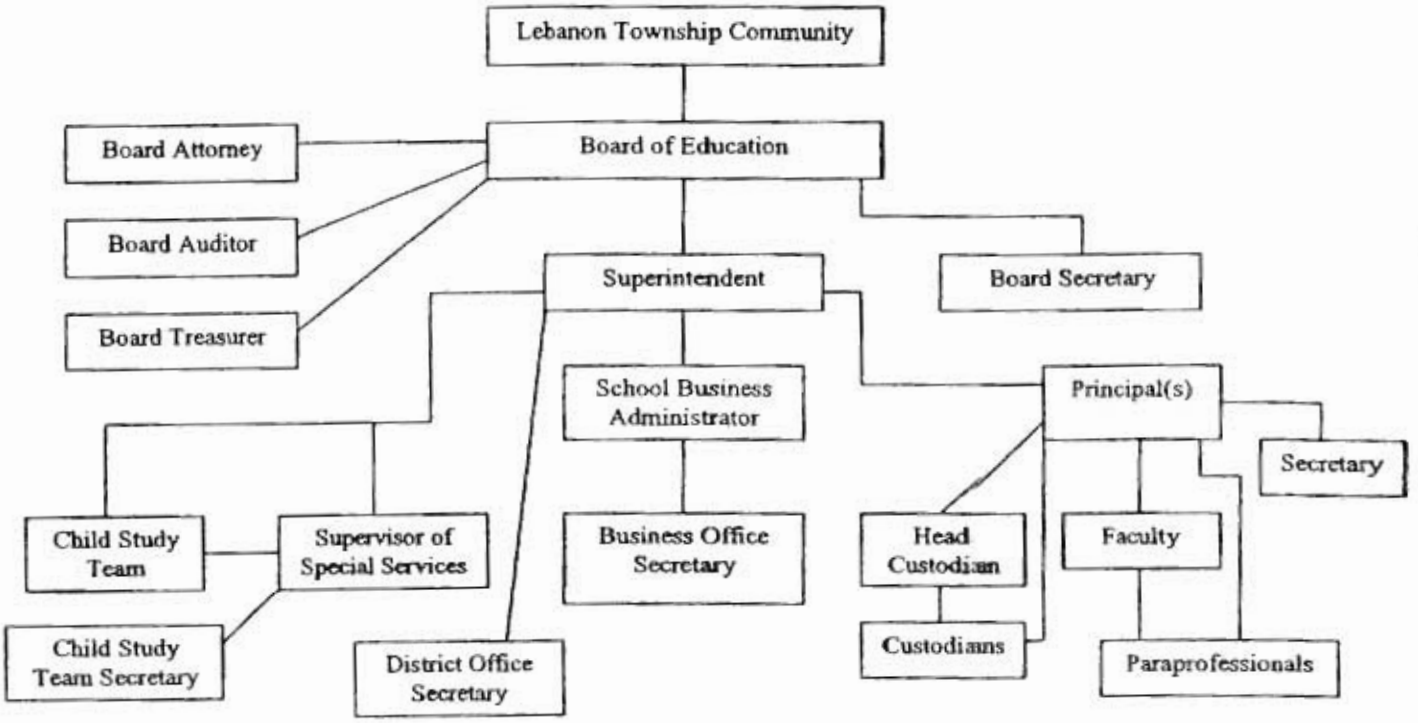
11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lebanon Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Judith H. Burd,
Superintendent

Ruth Fanjoy,
School Business Administrator

1110 ORGANIZATIONAL CHART



Adopted: 24 April 2007

LEBANON TOWNSHIP BOARD OF EDUCATION
JUNE 30, 2009

ROSTER OF OFFICIALS

Members of the Board of Education		Term Expires
Georgette Symczak	President	2012
Kelly Weiler	Vice President	2012
Sheldia Bernstein		2010
Mary Connolly		2010
Paula Nicolai		2011
Ronald J. Pojedinec		2011
Michael Trudel		2010
Kathleen Walsh		2011
John Roncoroni		2012

Other Officials

Judith Burd	Superintendent
Ruth Fanjoy	Business Administrator/ Board Secretary
Gregory Della Pia	Treasurer
Parker, McCay & Criscuolo	Board Attorney

LEBANON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

William M. Colantano, Jr.
100 Route 31 North
Washington, NJ 07882-1530

ATTORNEY

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Marlton, NJ 08053

OFFICIAL DEPOSITORY

TD Bank
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Bridgewater, NJ 08817

MBIA Asset Management Group
113 King Street
Armonk, NY 10504

FINANCIAL SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

July 10, 2009

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lebanon Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lebanon Township Board of Education management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Township Board of Education in the County of Hunterdon, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated July 10, 2009 on my consideration of the Lebanon Township Board of Education's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered is assessing the results of my audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Lebanon Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

LEBANON TOWNSHIP SCHOOL DISTRICT
CALIFON, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The discussion and analysis of Lebanon Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2009 are as follows:

- General revenues accounted for $13,882,117 in revenue or 97.10% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $414,428 or 2.9% of the total revenues of $14,296,545 (Table 2).
- The School District had $13,580,665 in expenses; only $412,553 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $13,824,083 were adequate to provide for these programs (Table 3).
- Among major funds, the General Fund had $13,519,975 in revenues and $12,933,886 in expenditures (B-2).
- The General Fund's balance increased by $586,089 over 2008 (B-2).

USING THIS GENERALLY ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Project Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds 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 School District's general government operations and the basic 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 educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009"? The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets at 6/30/09 with comparisons to 6/30/08.

Table 1
Net Assets

			Variance	
	6/30/09	6/30/08	Dollars	%
Current & Other Assets	2,392,337	1,775,990	616,347	34.70
Capital Assets	4,453,230	4,647,457	(194,227)	(4.18)
Total Assets	6,845,567	6,423,447	422,120	6.57
Long-Term Liabilities	643,859	896,707	(252,848)	(28.20)
Other Liabilities	43,791	24,794	18,997	76.62
Total Liabilities	687,650	921,501	(233,851)	(25.38)
Net Assets				
Invested in Capital Assets, Net of Related Debt	4,168,230	4,082,457	85,773	2.10
Restricted	600,991	421,504	179,487	42.58
Unrestricted	1,388,696	997,985	390,711	39.15
Total Net Assets	6,157,917	5,501,946	655,971	11.92

Table 2 provides a summary of the District's changes in net assets in fiscal year 2009 with comparisons to 2008.

Table 2
Changes in Net Assets

	6/30/09	6/30/08	Variance Dollars	Variance %
Revenues				
Program Revenues:				
Charges for Services	192,444	183,509	8,935	4.87
Operating Grants	220,109	230,919	(10,810)	(4.68)
General Revenues:				
Property Taxes	10,349,525	10,123,582	225,943	2.23
Unrestricted Grants	3,375,465	3,670,439	(294,974)	(8.04)
Other	99,093	88,096	10,997	12.48
Total Revenues	14,236,636	14,296,545	(59,909)	(0.42)
Program Expenses				
Instruction:				
Regular	5,357,158	5,345,663	11,495	0.22
Special	2,014,197	1,928,685	85,512	4.43
Other	356,708	386,175	(29,467)	(7.63)
Support Services:				
Tuition	205,804	162,470	43,334	26.67
Student & Instructional Staff	2,143,714	2,087,523	56,191	2.69
General & Business Administration	709,258	716,631	(7,373)	(1.03)
School Administration	614,743	624,084	(9,341)	(1.50)
Maintenance	1,111,653	1,155,278	(43,625)	(3.78)
Transportation	853,316	756,759	96,557	12.76
Food Service	187,507	194,116	(6,609)	(3.40)
Charter School		9,311	(9,311)	(100.00)
Interest on Long-Term Debt	26,607	41,252	(14,645)	(7.54)
Total Expenses	13,580,665	13,407,947	172,718	1.29
Increase (Decrease) in Net Assets	655,971	888,598	(232,627)	(26.18)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 72.7 percent of revenues for governmental activities for the Lebanon Township School District for fiscal year 2009. Note that property taxes made up 70.82 percent revenue last year.

Instruction comprises 56.9 percent of district expenses. Support services expenses make up 41.5 percent of the expenses. Other expenses make up 1.6 percent of total expenses. These proportions remain relatively constant from year to year.

The District Wide Financial Statements, the "Statement of Activities" (A-2) shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/09	6/30/08	6/30/09	6/30/08
Instruction	7,728,063	7,660,523	7,586,399	7,511,940
Support Services:				
Tuition	205,804	162,470	192,683	139,444
Student & Instructional Staff	2,143,714	2,087,523	2,089,464	2,045,181
General & Business Administration	709,258	716,631	709,258	716,631
School Administration	614,743	624,084	614,613	624,084
Plant Operations & Maintenance	1,111,653	1,155,278	1,102,931	1,148,936
Pupil Transportation	853,316	756,759	853,316	756,759
Food Service	187,507	194,116	(7,159)	(19)
Charter School		9,311		9,311
Interest on Long-Term Debt	26,607	41,252	26,607	41,252
Total Expenses	13,580,665	13,407,947	13,168,112	12,993,519

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

Support Services: are all those activities that support the instructional function. The various categories of support service are explained below.

Tuition is the cost of instruction paid to other educational institutions.

Student & Instructional Staff: include the activities involved with assisting staff with the content and process of teaching to students. This also includes the activities that assist the students in the process of learning.

General & Business Administration, includes district, school and business administration expenses associated with administrative and financial supervision of the district

Plant Operation & Maintenance of facilities activities involved with keeping the school grounds, buildings and equipment in an effective working condition.

Pupil Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food Service includes activities involved with the provision of the school lunch program to all students.

Charter School is the cost of education paid to Charter Schools.

Interest on Long Term Debt involves the transactions associated wit the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent in the Net Cost of these educational services. The community, as a whole, is the primary support for the Lebanon Township School District.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The fiscal year begins July 1 and runs through June 30. The most significant budgeted fund is the General Fund.

The School district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets, but provide flexibility for program management. The district builds a budget to meet the needs of its students based on the information and projections that are available at the time the budget is developed. Over the course of the next eighteen months, unanticipated shifts in enrollment, special education enrollment, energy costs, facility needs, legal issues, union contract negotiations and mandated programs are the major reasons for transfers of funds among line items. The cumulative amounts of transfers between programs are limited to 10% of original budget, unless commissioner of education approval is sought.

The total increase in the net expense budget from one year to the next is limited to CPI as defined by the NJ Department of Education, Division of Finance. Lebanon Township School District has four sources of revenue which support its general fund budget; miscellaneous revenue, state aid, property tax and fund balance. The amount of state aid has remained static for the last eight years. The level of fund balance is controlled by statute. The percentage of property tax increase is controlled by state and local government. The conflict between instructional mandates requiring increased spending and the many restrictions on budgeting creates stress within the maximum

permitted net budget. This conflict can only be resolved by diminishing one program to support another.

Capital Assets

At the end of the fiscal year 2009, the School District had $4,453,230 invested in land, buildings, furniture and equipment. **Table 4** shows fiscal years 2009 and 2008 balances.

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

	6/30/09	6/30/08	Variance Dollars	Variance %
Land	$ 61,672	$ 61,672	$ -	0.00
Land Improvements	80,735	90,583	(9,848)	(10.87)
Buildings & Improvements	4,185,470	4,346,486	(161,016)	(3.70)
Furniture & Equipment	125,353	144,416	(19,063)	(13.20)
Construction in Progress	-	4,300	(4,300)	(100.00)
Total	$ 4,453,230	$ 4,647,457	$ (194,227)	(4.18)

Debt Administration

At June 30, 2008, the School District had $643,859 as outstanding debt. Of this amount $358,859 is for compensated absences and the balance of $285,000 is for bonds for school construction. In April 1995, the voters of Lebanon Township approved the renovation of both schools in the amount of $3.5M.

Table 5
Outstanding Debt at Year-end

	6/30/09	6/30/08	Variance Dollars	Variance %
1995 General Obligation Bonds	$ 285,000	$ 565,000	$ (280,000)	(49.56)
Compensated Absences	358,859	331,707	27,152	8.19
	$ 643,859	$ 896,707	$ (252,848)	(28.20)

For the Future

The Lebanon Township School District is in good financial condition presently. A major concern is the crowding of the buildings due to new program requirements. New Jersey, Department of Education emphasis on early childhood education forces the reallocation of existing resources to this new program area.

As state funding has remained static for several years, the School District relies more heavily on local property taxes. Local tax supports 100% of any increase in expenses from year to year. Changes in the economy are contributing factors in the struggle to raise sufficient local tax revenues. Lebanon Township is primarily a residential community, with very few commercial ratables.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ruth Fanjoy, School Business Administrator/Board Secretary at Lebanon Township Board of Education, 70 Bunnvale Road, Califon, NJ 07830 or email at rfanjoy@lebtwpk8.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	$ 563,776	$ 47,709	$ 611,485
Investments	815,203		815,203
Internal Balances	(2,775)	2,775	
Receivables, Net	357,404	1,559	358,963
Inventory		4,139	4,139
Bond Issuance Costs, Net	1,556		1,556
Restricted Assets:			
Capital Reserve Account-Investments	424,188		424,188
Maintenance Reserve Account-Investments	176,803		176,803
Capital Assets, Net (Note 4)	4,441,714	11,516	4,453,230
Total Assets	6,777,869	67,698	6,845,567
LIABILITIES			
Accounts Payable	15,999	9,351	25,350
Accrued Interest	3,830		3,830
Deferred Revenue	12,660	1,951	14,611
Long-Term Liabilities (Note 5):			
Due Within One Year	295,765		295,765
Due Beyond One Year	348,094		348,094
Total Liabilities	676,348	11,302	687,650
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,156,714	11,516	4,168,230
Restricted For:			
Capital Reserve	424,188		424,188
Maintenance Reserve	176,803		176,803
Unrestricted	1,343,816	44,880	1,388,696
TOTAL NET ASSETS	$ 6,101,521	$ 56,396	$ 6,157,917

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contribution	Program Revenues: Capital Grants & Contribution	Net (Expense) Revenue & Changes in Net Assets: Governmental Activities	Net (Expense) Revenue & Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue & Changes in Net Assets: Total
Government Activities:								
Instruction:								
Regular	$ 4,810,289	$ 546,869	$ 1,040	$ 19,235		$ (5,336,883)		$ (5,336,883)
Special Education	1,838,652	175,545		98,469		(1,915,728)		(1,915,728)
Other Special Instruction	235,975	36,142				(272,117)		(272,117)
Other Instruction	83,517	1,074	22,920			(61,671)		(61,671)
Support Services								
Tuition	205,804			13,121		(192,683)		(192,683)
Students & Instruction Related Services	1,960,660	183,054		54,250		(2,089,464)		(2,089,464)
General & Business Administration Services	656,247	53,011				(709,258)		(709,258)
School Administration Services	571,665	43,078	130			(614,613)		(614,613)
Plant Operations & Maintenance	1,114,473	(2,820)	8,722			(1,102,931)		(1,102,931)
Pupil Transportation	853,316					(853,316)		(853,316)
Interest on Long-Term Debt	26,607					(26,607)		(26,607)
Total Government Activities	12,357,205	1,035,953	32,812	185,075	$ -	(13,175,271)	$ -	(13,175,271)
Business-Type Activities:								
Food Service	187,507		159,632	35,034			7,159	7,159
Total Business-Type Activities	187,507	-	159,632	35,034	-	-	7,159	7,159
Total Primary Government	$ 12,544,712	$ 1,035,953	$ 192,444	$ 220,109	$ -	(13,175,271)	7,159	(13,168,112)
General Revenues and Special Items								
Property Taxes Levied for General Purposes						10,108,113		10,108,113
Property Taxes Levied for Debt Service						241,412		241,412
Federal & State Aid Not Restricted						3,375,465		3,375,465
Tuition Received						54,734		54,734
Investment Earnings						37,434	477	37,911
Miscellaneous Income						6,391	57	6,448
Total General Revenues						13,823,549	534	13,824,083
Change in Net Assets						648,278	7,693	655,971
Net Assets-Beginning						5,453,243	48,703	5,501,946
Net Assets-Ending						$ 6,101,521	$ 56,396	$ 6,157,917

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	$ 563,776				$ 563,776
Investments	815,203				815,203
Interfund Receivable	44,398				44,398
Receivables from Other Governments:					
Federal		$ 54,843			54,843
State	301,846				301,846
Local	320				320
Other Receivables		395			395
Restricted Investments	600,991				600,991
TOTAL ASSETS	$ 2,326,534	$ 55,238	$ -	$ -	$ 2,381,772
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	$ 2,775	$ 44,398			$ 47,173
Accounts Payable	15,999				15,999
Deferred Revenue	1,820	10,840			12,660
Total Liabilities	20,594	55,238	$ -	$ -	75,832
Fund Balances:					
Reserved for:					
Encumbrances	100,822				100,822
Capital Reserve Account	424,188				424,188
Maintenance Reserve Account	176,803				176,803
Excess Surplus	698,119				698,119
Excess Surplus-Designated for Subsequent Year's Expenditures	738,560				738,560

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances: (Cont'd)					
Unreserved:					
Designated for Subsequent Year's Expenditures	$ 56,453				$ 56,453
Undesignated	110,995				110,995
Total Fund Balances	2,305,940	$ -	$ -	$ -	2,305,940
TOTAL LIABILITIES AND FUND BALANCES	$ 2,326,534	$ 55,238	$ -	$ -	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:			
Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is	$ 8,717,415		
and the accumulated depreciation is	4,275,701		
			4,441,714
Long-term liabilities, Including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds			(643,859)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(3,830)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is		23,341	
and the accumulated amortization is		21,785	
			1,556
Total Net Assets of Governmental Activities			$ 6,101,521

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 10,108,113			$ 241,412	$ 10,349,525
Tuition Charges-Individuals	22,300				22,300
Tuition Charges-Other LEA's	32,434				32,434
Interest Earned on Capital Reserve Funds	2,684				2,684
Interest Earned on Maintenance Reserve Funds	919				919
Interest on Investments	33,831				33,831
Miscellaneous	13,186	$ 12,437			25,623
Total	10,213,467	12,437	$ -	241,412	10,467,316
State Sources	3,305,945			68,957	3,374,902
Federal Sources	563	172,638			173,201
Total Revenues	13,519,975	185,075	-	310,369	14,015,419
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	4,780,689	17,214			4,797,903
Special Education Instruction	1,745,143	93,953			1,839,096
Other Special Instruction	235,975				235,975
Other Instruction	60,597				60,597
Support Service & Undistributed Costs:					
Tuition	192,683	13,121			205,804
Student & Instruction Related Services	1,904,707	53,058			1,957,765
General & Business Administrative Services	653,352				653,352
School Administrative Services	579,173				579,173
Plant Operations & Maintenance	1,106,348				1,106,348
Pupil Transportation	853,316				853,316
Unallocated Benefits	810,703	7,729			818,432

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	$ 11,200				$ 11,200
Debt Services:					
Principal				$ 280,000	280,000
Interest & Other Charges				30,369	30,369
Total Expenditures	12,933,886	$ 185,075	$ -	310,369	13,429,330
Net Change in Fund Balance	586,089	-	-	-	586,089
Fund Balances, July 1	1,719,851				1,719,851
Fund Balances, June 30	$ 2,305,940	$ -	$ -	$ -	$ 2,305,940

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		$ 586,089
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	$ 11,200	
Cost Basis of Assets Disposed	(4,300)	
Depreciation Expenses	(199,764)	
		(192,864)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Debt Principal Payments		280,000
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Issuance Costs		(1,557)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		3,762
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		(27,152)
Change in Net Assets of Governmental Activities		$ 648,278

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	$ 47,709
Due from Other Funds	2,775
Receivables from Other Governments:	
State	155
Federal	1,404
Inventory	4,139
Total Current Assets	56,182
Noncurrent Assets:	
Capital Assets	71,574
Less: Accumulated Depreciation	60,058
Total Noncurrent Assets	11,516
Total Assets	67,698
LIABILITIES	
Current Liabilities:	
Accounts Payable	9,351
Deferred Revenues	1,951
Total Liabilities	11,302
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	11,516
Unrestricted	44,880
TOTAL NET ASSETS	$ 56,396

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	$ 113,382
Daily Sales-Unreimburseable Programs	46,250
Total Operating Revenues	159,632
Other Expenses:	
Salaries	65,462
Employee Benefits	13,304
Repairs & Maintenance	1,614
Insurance	1,639
Management Fee	6,988
Purchased Professional Services	1,600
Other Purchased Services	2,650
Supplies and Materials	12,950
Depreciation	1,363
Costs of Sales	79,668
Miscellaneous	269
Total Operating Expenses	187,507
Operating Income (Loss)	(27,875)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,425
Federal Sources:	
National School Lunch Program	22,162
Food Distribution Program	10,447
Miscellaneous	57
Interest Earned on Investments	477
Total Nonoperating Revenues (Expenses)	35,568
Change in Net Assets	7,693
Net Assets, Beginning	48,703
Net Assets, Ending	$ 56,396

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	$ 159,632
Payments to Food Service Management Company	(156,687)
Payments to Vendors (Net)	(11,105)
Net Cash Provided by (Used For) Operating Activities	(8,160)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,398
Federal Sources	21,832
General Fund Interfund Activity	(2,775)
Miscellaneous Income	57
Net Cash Provided by (Used For) Noncapital Financing Activities	21,512
Cash Flows from Investing Activities:	
Interest Earned on Investments	477
Net Increase (Decrease) in Cash and Cash Equivalents	13,829
Cash and Cash Equivalents, July 1, 2008	33,880
Cash and Cash Equivalents, June 30, 2009	$ 47,709
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	$ (27,875)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,363
Federal Food Distribution Program	10,447
(Increase) Decrease in Inventory	(414)
Increase (Decrease) in Account Payable	7,830
Increase (Decrease) in Deferred Revenue	489
Net Cash Provided by (Used For) Operating Activities	$ (8,160)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	$ 32,167	$ 13,239	$ 6
Investments	155,218		
TOTAL ASSETS	187,385	$ 13,239	$ 6
LIABILITIES			
Due to Student Groups		$ 13,239	
Payroll Deductions & Withholdings			$ 6
TOTAL LIABILITIES	-	$ 13,239	$ 6
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	$ 187,385		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 12,358
Miscellaneous	405
Investment Earnings-Interest	1,462
Total Additions	14,225
DEDUCTIONS	
Unemployment Claims	8,406
Total Deductions	8,406
Change in Net Assets	5,819
Net Assets, Beginning of the Year	181,566
Net Assets, End of the Year	$ 187,385

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2009 of 819 students.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity as been removed from these statements.

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

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

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

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

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

The District's Enterprise Fund is comprised of the Food Service Fund.

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

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

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2009 were insignificant.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2008-2009 and 2007-2008 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2009.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

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

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

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

Assets	Years
Buildings	50
Building Improvements & Portable Classroom	20-50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

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

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

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2009 consists of the following:

Capital Reserve	$ 424,188
Maintenance Reserve	176,803
	$ 600,991

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first $1,500 of the delinquency and eighteen percent per annum on any amount in excess of $1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2009 appear in the financial statements as summarized below:

Cash		$ 656,897
Investments		1,571,412
		$ 2,228,309
	Ref.	
Cash :		
Governmental Funds, Statement of Net Assets	B-1	$ 563,776
Enterprise Fund, Statement of Net Assets	B-4	47,709
Fiduciary Funds, Statement of Net Assets	B-7	45,412
Investments		
Governmental Funds, Statement of Net Assets	B-1	1,416,194
Fiduciary Funds, Statement of Net Assets	B-7	155,218
Total Cash		$ 2,228,309

Deposits – The District's carrying amount of bank deposits at June 30, 2009 is $2,228,309 and the bank balance is $2,512,580. Of the bank balance, $700,000 is covered by federal depositary insurance and $1,812,580 is insured by GUDPA.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.

3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.

4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.

5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2009, the district had the following investments:

MBIA Class	$ 1,371,412
First Hope Bank Certificate of Deposits	200,000
	$ 1,571,412

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 is as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 61,672			$ 61,672
Construction in Progress	4,300		$ 4,300	
Total	65,972	$ -0-	4,300	61,672
Capital Assets, Being Depreciated:				
Land Improvements	196,959			196,959
Building & Improvements	8,058,559			8,058,559
Furniture & Equipment	420,709	11,200	31,684	400,225
Total	8,676,227	11,200	31,684	8,655,743

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated Depreciation:				
Land Improvements	$ 106,376	$ 9,848		$ 116,224
Building & Improvements	3,712,073	161,016		3,873,089
Furniture & Equipment	289,172	28,900	$ 31,684	286,388
Total	4,107,621	199,764	31,684	4,275,701
Total Capital Assets, Being Depreciated, Net	4,568,606	(188,564)	-0-	4,380,042
Transfers Between Capital Assets	-0-	-0-	-0-	-0-
Governmental Activities Capital Assets, Net	$ 4,634,578	$ (188,564)	$ 4,300	$ 4,441,714
Business-Type Activities:				
Furniture & Equipment	$ 71,574			$ 71,574
Less: Accum Depreciation	58,695	$ 1,363	$ -0-	60,058
Business-Type Activities Capital Assets, Net	$ 12,879	$ (1,363)	$ -0-	$ 11,516

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

Instruction:	
Regular	$ 96,373
Special Education	32,592
Other Special Instruction	4,182
Co-curricular Activities	1,074
Support Services:	
Student & Instruction	37,590
General & Business Admin	14,473
School Administration	11,712
Plant & Maintenance	1,768
Total Depreciation Expense, Governmental Activities	$ 199,764

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2009 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	$ 565,000		$ 280,000	$ 285,000	$ 285,000
Compensated Absences Payable	331,707	$ 36,552	9,400	358,859	10,765
Total Governmental Activities Long-Term Liabilities	$ 896,707	$ 36,552	$ 289,400	$ 643,859	$ 295,765

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2010	$ 285,000	$ 15,319	$ 300,319

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds at June 30, 2009, with outstanding balance are comprised of the following individual issues:

$3,500,000 - 1995 general obligation school building bonds, due in annual installments of $160,000 to $285,000, beginning April 1, 1996, through April 1, 2010, interest at 5.35%	$ 285,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2009 is $32,280,625. General obligation debt at June 30, 2009 is $285,000, resulting in a legal debt margin of $31,995,625.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and $1,547,688,633 and $241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/09	$ 374,886	100%
06/30/08	848,103	100%
06/30/07	854,371	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/09	$ 98,017	100%
06/30/08	70,167	100%
06/30/07	36,309	100%

During the year ended June 30, 2009, the State of New Jersey contributed $356,214 to the TPAF for post-retirement medical benefits and $18,672 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board $435,817 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2008, the State paid $116.0 million toward Ch 126 benefits for 12,545 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasurery/pension/gasb-43-aug2009.pdf

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

Amer. Century Investors Inc
Lincoln National Life
The Equitable Life Assurance
AXA Equitable Life Insurance Co
Fidelity Investments
Lincoln Investment Planning
Financial Resources & Retirement Advisory Inc

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The following Interfund balances remained on the various balance sheets of the District as of June 30, 2009.

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 44,398	$ 2,775
Special Revenue Fund		44,398
Proprietary-Food Service Fund	2,775	
	$ 47,173	$ 47,173

The balance due from the General Fund to the Food Service Fund represents state aid received on behalf of the Food Service Fund which is due at year end.

The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of $44,398 due to cash flow issues related to the delayed receipt of grant revenues.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2009 consisted of the following:

Food	$ 3,136
Supplies	1,003
	$ 4,139

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to it's account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Fiscal Year	Other Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2008-2009	$ 405	$ 1,462	$ 12,358	$ 8,406	$ 187,385
2007-2008	-0-	6,474	11,373	28,819	181,566
2006-2007	-0-	8,738	10,993	2,981	192,538

NOTE 13. CAPITAL AND OTHER RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of $1,000 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2009, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District adopted a board resolution in June 2009 to authorize a deposit to their Capital Reserve account of $100,000 and a deposit to their Maintenance Reserve account of $100,000.

NOTE 13. CAPITAL AND OTHER RESERVE ACCOUNT (Cont'd)

The following schedules are a summarization of the District's legal reserve accounts:

Capital Reserve Account

Fiscal Year	Return of Unused Withdrawal	District Contribution	Interest Earnings	Withdrawal	Ending Balance
2000-2001		$ 1,000	$ 30		$ 1,030
2001-2002			20		1,050
2002-2003		158,339	444	$ 47,070	112,763
2003-2004		50,000	782	69,885	93,660
2004-2005	$ 11,933		1,630		107,223
2005-2006			4,139		111,362
2006-2007		135,480	5,607	135,379	117,070
2007-2008		200,000	4,434		321,504
2008-2009		100,000	2,684		424,188

Maintenance Reserve Account

Fiscal Year	Return of Unused Withdrawal	District Contribution	Interest Earnings	Withdrawal	Ending Balance
2007-2008		$ 100,000			$ 100,000
2008-2009	$ 44,884	100,000	$ 919	$ 69,000	176,803

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2009 and 2008 is as follows:

	2009	2008
Reserved:		
Encumbrances-represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30.	$ 100,822	$ 48,333
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	424,188	321,504
Maintenance Reserve-represents funds restricted for the required maintenance of a school facility	176,803	100,000
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute NJSA 18:7F-7, the excess surplus is designated for utilization in the succeeding year's budgets	698,119	738,560
Excess Surplus-Designated for subsequent year's expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	738,560	240,138

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	2009	2008
Unreserved:		
Designated for Subsequent Year's Expenditures-amount appropriated in the succeeding year's budget to reduce tax requirements.	$ 56,453	$ 66,582
Undesignated-represents fund balance which has not been reserved or designated.	337,288	317,255
Total Fund Balance	$ 2,532,233	$ 1,832,372

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is $698,119.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 10,108,113		$ 10,108,113	$ 10,108,113	
Tuition Charges-Individuals	16,800		16,800	22,300	$ 5,500
Tuition Charges-Other LEA's				32,434	32,434
Interest Earned on Capital Reserve Funds	5,000		5,000	2,684	(2,316)
Interest Earned on Maintenance Reserve Funds				919	919
Interest on Investments	35,000		35,000	33,831	(1,169)
Miscellaneous	5,000		5,000	13,186	8,186
Total	10,169,913	$ -	10,169,913	10,213,467	43,554
State Sources:					
Categorical Special Education Aid	414,321		414,321	414,321	
Equalization Aid	1,620,006		1,620,006	1,578,244	(41,762)
Categorical Security Aid	55,333		55,333	55,333	
Categorical Transportation Aid	280,795		280,795	280,795	
Extraordinary Special Education Costs Aid	193,033		193,033	273,791	80,758
Non Public Transportation Aid				6,530	6,530
On-Behalf TPAF Pension Contribution				374,886	374,886
Reimbursed TPAF Social Security Contribution				435,817	435,817
Total	2,563,488	-	2,563,488	3,419,717	856,229
Federal Sources					
Special Education Medicaid Initiative Aid				563	563
TOTAL REVENUES	$ 12,733,401	$ -	$ 12,733,401	$ 13,633,747	$ 900,346
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	$ 28,917	$ (111)	$ 28,806	$ 26,095	$ 2,711
Kindergarten	110,370	134	110,504	110,504	
Grades 1-5	1,743,819	32,381	1,776,200	1,775,999	201
Grades 6-8	1,535,321	(41,631)	1,493,690	1,420,125	73,565
Home Instruction:					
Salaries of Teachers	2,876		2,876	66	2,810
Other Purchased Services	227		227		227
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	140,605	(10,835)	129,770	129,770	
Purchased Professional-Educational Services	1,950	1,688	3,638		3,638
Purchased Technical Services	7,464	(2,188)	5,276	3,539	1,737
Other Purchased Services	59,012	(7,828)	51,184	39,954	11,230
General Supplies	169,405	15,697	185,102	162,420	22,682
Textbooks	47,000	(16,239)	30,761	30,761	
Total	3,846,966	(28,932)	3,818,034	3,699,233	118,801
Special Education-Instruction:					
Learning &/or Language Disabilities:					
Salaries of Teachers	116,088	26,125	142,213	142,213	
Other Salaries for Instruction	50,290	(3,239)	47,051	35,804	11,247
General Supplies	4,000	(755)	3,245	3,116	129
Total	170,378	22,131	192,509	181,133	11,376

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Resource Room/Center					
Salaries of Teachers	$ 837,465	$ 64,445	$ 901,910	$ 884,022	$ 17,888
Other Salaries for Instruction	53,520	60,138	113,658	112,707	951
General Supplies	8,800	2,239	11,039	10,882	157
Total	899,785	126,822	1,026,607	1,007,611	18,996
Preschool Disabilities-Part Time:					
Salaries of Teachers	26,784		26,784	25,243	1,541
Other Salaries for Instruction	53,875		53,875	45,748	8,127
General Supplies	1,950		1,950	381	1,569
Total	82,609	-	82,609	71,372	11,237
Total Special Education	1,152,772	148,953	1,301,725	1,260,116	41,609
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	246,195	(72)	246,123	234,551	11,572
General Supplies	2,400		2,400	1,424	976
Total	248,595	(72)	248,523	235,975	12,548
Bilingual Education-Instruction:					
Salaries of Teachers	1,200		1,200		1,200
General Supplies	1,000		1,000		1,000
Total	2,200	-	2,200	-	2,200
School Sponsored Co-curricular Activities:					
Salaries	63,604		63,604	51,459	12,145
Purchased Services	4,800		4,800	4,420	380
Supplies & Materials	8,100	1,458	9,558	2,811	6,747
Other Objects	2,390		2,390	1,907	483
Total	78,894	1,458	80,352	60,597	19,755
Total Instruction Regular	$ 5,329,427	$ 121,407	$ 5,450,834	$ 5,255,921	$ 194,913
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Special Within the State-Special	$ 67,917	$ (65,175)	$ 2,742	$ 201	$ 2,541
County Special Services School Districts & Regional Day Schools	27,600	37,575	65,175	65,175	
Private Schools for the Disabled Within State	127,198	38,398	165,596	127,307	38,289
Total	222,715	10,798	233,513	192,683	40,830
Health Services:					
Salaries	114,218	(992)	113,226	113,120	106
Purchased Professional and Technical Services	250	2,742	2,992	2,614	378
Supplies & Materials	4,500	(1,750)	2,750	2,317	433
Total	118,968	-	118,968	118,051	917

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Other Support Services-Students-Related:					
Salaries	$ 164,387		$ 164,387	$ 158,178	$ 6,209
Purchased Professional-Educational Services	132,520	$ (3)	132,517	93,030	39,487
Supplies & Materials	3,300		3,300	2,776	524
Total	300,207	(3)	300,204	253,984	46,220
Other Support Services-Students-Extra:					
Salaries	295,513	(101,577)	193,936	177,038	16,898
Purchased Professional-Educational Services	26,250	(8,187)	18,063	1,956	16,107
Supplies & Materials	15,250	(2,125)	13,125	1,467	11,658
Total	337,013	(111,889)	225,124	180,461	44,663
Other Support Services-Students-Regular Services:					
Salaries of Other Professional Staff	112,979	(2,568)	110,411	110,411	
Salaries of Secreterial and Clerical Assistants	9,000	(9,000)			
Other Salaries		12,224	12,224	12,224	
Other Purchased Professional & Technical Services	1,000	4,407	5,407	5,407	
Supplies & Materials	1,500	(586)	914	914	
Total	124,479	4,477	128,956	128,956	-
Other Support Services-Students-Special:					
Salaries of Other Professional Staff	292,683	(30,000)	262,683	259,478	3,205
Salaries of Secretarial & Clerical Assistants	35,416		35,416	17,708	17,708
Other Purchased Professional & Technical Services	15,000	875	15,875	12,953	2,922
Miscellaneous Purchased Services	9,842		9,842	6,026	3,816
Supplies & Materials	6,000		6,000	4,668	1,332
Total	358,941	(29,125)	329,816	300,833	28,983
Improvement of Instruction Services:					
Salaries of Other Professional Staff	152,836		152,836	149,174	3,662
Other Purchased Services	4,250	(265)	3,985	1,623	2,362
Supplies & Materials	800		800	202	598
Total	157,886	(265)	157,621	150,999	6,622
Educational Media Services/School Library:					
Salaries	166,669	89	166,758	165,688	1,070
Purchased Professional and Technical Services	5,652	(156)	5,496	3,665	1,831
Other Purchased Services	400		400		400
Supplies & Material	28,530	162	28,692	27,076	1,616
Other Objects	550		550	523	27
Total	201,801	95	201,896	196,952	4,944
Instructional Staff Training Services:					
Purchased Professional-Educational Services	1,000		1,000		1,000
Other Purchased Services	12,000		12,000	8,724	3,276
Supplies & Material	897	(597)	300		300
Other Objects		597	597		597
Total	13,897	-	13,897	8,724	5,173

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services General Administration:					
Salaries	$ 196,902		$ 196,902	$ 194,887	$ 2,015
Legal Services	30,000	$ (8,541)	21,459	5,817	15,642
Audit Fees	13,782	(432)	13,350	13,350	
Other Purchased Professional Services	29,340	605	29,945	14,493	15,452
Communications & Telephone	33,881	8,294	42,175	27,350	14,825
Bd of Education Other Purchased Services	8,300		8,300	1,550	6,750
Other Purchased Services	39,111	7,380	46,491	32,045	14,446
General Supplies	5,915		5,915	1,747	4,168
Bd of Education In-House Training/Mtg Supplies	200		200		200
Miscellaneous Expenditures	2,720		2,720	2,095	625
Bd of Education Membership Dues & Fees	7,850		7,850	7,583	267
Total	368,001	7,306	375,307	300,917	74,390
Support Services School Administration:					
Salaries of Principals & Assistant Principals	232,097		232,097	223,279	8,818
Salaries of Secretarial & Clerical Assistants	186,310	14,450	200,760	197,527	3,233
Purchased Professional & Technical Services	2,450	(2,450)			
Other Purchased Services	3,074	18,773	21,847	2,665	19,182
Supplies & Materials	11,650	7,589	19,239	7,825	11,414
Other Objects	3,150		3,150	2,530	620
Total	438,731	38,362	477,093	433,826	43,267
Central Services:					
Salaries	157,148		157,148	157,148	
Purchased Professional Services	4,900	918	5,818	5,818	
Purchased Technical Services	14,570	(974)	13,596	11,303	2,293
Miscellaneous Purchased Services	10,025		10,025	1,626	8,399
Supplies & Materials	3,500		3,500	907	2,593
Other Objects	1,445	55	1,500	1,500	
Total	191,588	(1)	191,587	178,302	13,285
Administrative Information Technology:					
Purchased Professional Services	75,000	(6,053)	68,947	63,147	5,800
Purchased Technical Services	20,213	(3,162)	17,051	13,797	3,254
Supplies & Materials	10,900	(5,800)	5,100	4,005	1,095
Total	106,113	(15,015)	91,098	80,949	10,149
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	204,249	67,241	271,490	145,971	125,519
Other Objects	7,192		7,192	468	6,724
Total	211,441	67,241	278,682	146,439	132,243
Other Operation & Maintenance of Plant Services:					
Salaries	444,968	4,000	448,968	410,162	38,806
Purchased Professional & Technical Services	8,050	(5,200)	2,850	2,023	827
Cleaning Repair & Maintenance Services	55,078	(1,380)	53,698	25,660	28,038
Insurance	33,661		33,661	29,650	4,011
Miscellaneous Purchased Services	3,951		3,951	350	3,601
General Supplies	50,000	2,580	52,580	39,451	13,129
Energy (Heat & Electricity)	316,000		316,000	231,419	84,581
Other Objects	800		800		800
Total	912,508	-	912,508	738,715	173,793

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transport Services:					
Management Fee-ESC Transportation	$ 10,752	$ 99	$ 10,851	$ 10,282	$ 569
Contracted Services (Between Home & School)-Vendors	507,769	4	507,773	507,773	
Contracted Services (Other Than (Between Home & School)-Vendors	13,000	(4)	12,996	11,937	1,059
Contracted Services (Between Home & School)-Joint Agreements	120,542	(11,136)	109,406	107,061	2,345
Contracted Services (Special Education Students)-Joint Agreements	10,803	16,047	26,850	24,100	2,750
Contracted Services (Special Education Students)-ESCs & CTSAs	195,491	(3,328)	192,163	192,163	
Contracted Services-Aid In Lieu of Payments for Charter School Students	895	(895)			
Total	859,252	787	860,039	853,316	6,723
Allocated Benefits					
Regular Programs-Instruction:					
Social Security Contribution	52,825	(1,715)	51,110	30,192	20,918
Other Retirement Contributions-Regular	28,645	(11,600)	17,045	16,964	81
Workmen's Compensation	33,569	-	33,569	33,564	5
Health Benefits	1,075,136		1,075,136	964,701	110,435
Tuition Reimbursement	40,000	9,153	49,153	35,622	13,531
Other Employee Benefits	25,575		25,575	413	25,162
Total	1,255,750	(4,162)	1,251,588	1,081,456	170,132
Special Programs-Instruction:					
Social Security Contribution	11,573	10,828	22,401	21,321	1,080
Other Retirement Contributions-Regular	16,583	(5,648)	10,935	10,053	882
Workmen's Compensation	13,371	1	13,372	13,372	
Health Benefits	440,280	1	440,281	440,281	
Total	481,807	5,182	486,989	485,027	1,962
Health Services:					
Workmen's Compensation	1,138		1,138	1,138	
Health Benefits	38,285		38,285	38,285	
Total	39,423	-	39,423	39,423	-
Other Support Services-Students-Related Serv:					
Social Security Contributions		718	718	718	
Workmen's Compensation	2,276	(583)	1,693	1,693	
Health Benefits	38,285	(117)	38,168	38,168	
Total	40,561	18	40,579	40,579	-

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Other Support Services-Students-Extraordinary:					
Social Security Contribution	$ 19,010	$ (5,471)	$ 13,539	$ 13,539	
Other Retirement Contributions-Regular	27,135	(2,002)	25,133	25,133	
Workmen's Compensation	5,121		5,121	5,121	
Health Benefits	172,284	(1)	172,283	172,283	
Total	223,550	(7,474)	216,076	216,076	$ -
Other Support Services-Students-Regular:					
Workmen's Compensation	1,138		1,138	1,138	
Health Benefits	38,285	(7)	38,278	38,027	251
Total	39,423	(7)	39,416	39,165	251
Other Support Services-Students-Special:					
Social Security Contribution	2,709		2,709	2,323	386
Other Retirement Contributions-Regular	3,015		3,015	2,513	502
Workmen's Compensation	2,845		2,845	2,845	
Health Benefits	114,856		114,856	114,856	
Total	123,425	-	123,425	122,537	888
Improvement of Instruction Services:					
Social Security Contribution		265	265	11	254
Workmen's Compensation	853		853	853	
Health Benefits	19,143		19,143	19,143	
Total	19,996	265	20,261	20,007	254
Educational Media Services/School Library:					
Social Security Contribution	4,047	81	4,128	4,087	41
Other Retirement Contributions-Regular	6,030	(40)	5,990	5,027	963
Workmen's Compensation	2,276		2,276	2,276	
Health Benefits	76,570		76,570	76,570	
Total	88,923	41	88,964	87,960	1,004
Support Services-General Administration:					
Social Security Contribution	4,060	89	4,149	4,149	
Other Retirement Contributions-Regular	3,015	(89)	2,926	2,513	413
Workmen's Compensation	1,138		1,138	1,138	
Health Benefits	38,285		38,285	38,285	
Other Employee Benefits	125	680	805	805	
Total	46,623	680	47,303	46,890	413

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services-School Administration:					
Social Security Contribution	$ 14,535	$ 1,236	$ 15,771	$ 15,771	
Other Retirement Contributions-Regular	15,075	(1,236)	13,839	10,682	$ 3,157
Workmen's Compensation	3,414		3,414	3,414	
Health Benefits	114,856		114,856	114,856	
Other Employee Benefits	687	1	688	624	64
Total	148,567	1	148,568	145,347	3,221
Support Services-Central Services:					
Social Security Contribution	4,139	94	4,233	4,233	
Other Retirement Contributions-Regular	3,015	(95)	2,920	2,513	407
Workmen's Compensation	1,138		1,138	1,138	
Health Benefits	38,285		38,285	38,285	
Other Employee Benefits	125		125	125	
Total	46,702	(1)	46,701	46,294	407
Operation & Maintenance of Plant Service:					
Social Security Contribution	38,250		33,250	31,939	1,311
Other Retirement Contributions-Regular	27,135		27,135	22,619	4,516
Workmen's Compensation	5,690		10,690	10,690	
Health Benefits	153,141		153,141	153,141	
Other Employee Benefits	3,187		3,187	2,805	382
Total	227,403	-	227,403	221,194	6,209
Total Allocated Benefits	2,782,153	(5,457)	2,776,696	2,591,955	184,741
On-Behalf TPAF Pension Contribution				374,886	(374,886)
Reimbursed TPAF Social Security Contribution				435,817	(435,817)
Total	-	-	-	810,703	(810,703)
Total Undistributed Expenditures	$ 7,705,694	$ (32,689)	$ 7,673,005	$ 7,666,765	$ 6,240
TOTAL CURRENT	$ 13,035,121	$ 88,718	$ 13,123,839	$ 12,922,686	$ 201,153
CAPITAL OUTLAY					
Equipment:					
Grades 1-5		$ 15,015	$ 15,015		$ 15,015
Undistributed Expenditures:					
Supp. Services - Related & Extra.		2,400	2,400		2,400
Operation and Maintenance of Plant Services		11,200	11,200	$ 11,200	
TOTAL CAPITAL OUTLAY	$ -	$ 28,615	$ 28,615	$ 11,200	$ 17,415

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	$ 13,035,121	$ 117,333	$ 13,152,454	$ 12,933,886	$ 218,568
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures	$ (301,720)	$ (117,333)	$ (419,053)	$ 699,861	$ 1,118,914
Fund Balances, July 1	1,832,372		1,832,372	1,832,372	
Fund Balances, June 30	$ 1,530,652	$ (117,333)	$ 1,413,319	$ 2,532,233	$ 1,118,914
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		$ (48,333)	$ (48,333)	$ (48,333)	
Increase in Capital Reserve	$ 5,000	100,000	105,000	102,684	$ (2,316)
Increase in Maintenance Reserve		100,000	100,000	145,803	45,803
Withdrawal from Maintenance Reserve		(69,000)	(69,000)	(69,000)	
Budgeted Fund Balance	(306,720)	(200,000)	(506,720)	568,707	1,075,427
TOTAL	$ (301,720)	$ (117,333)	$ (419,053)	$ 699,861	$ 1,118,914

RECAPITULATION OF FUND BALANCE	
Reserved:	
Reserve for Encumbrances	$ 100,822
Capital Reserve	424,188
Maintenance Reserve	176,803
Excess Surplus:	
Prior Year-Designated for 2009-2010 Budget	738,560
Current Year-Designated for 2010-2011 Budget	698,119
Unreserved:	
Designated for Subsequent Year's Expenditures	56,453
Undesignated-Free	337,288
	2,532,233
Reconciliation to Governmental Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(226,293)
Fund Balance Per Governmental Funds (GAAP)	$ 2,305,940

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	$ 16,220		$ 16,220	$ 12,825	$ (3,395)
Federal Sources	177,667		177,667	177,667	
TOTAL REVENUES	$ 193,887	$ -	$ 193,887	$ 190,492	$ (3,395)
EXPENDITURES					
Instruction:					
Salaries	$ 73,702	$ 7,215	$ 80,917	$ 80,917	
Instruction Purchased Services	3,000	(1,626)	1,374	1,374	
Other Purchased Services	13,121		13,121	13,121	
General Supplies	37,179		37,179	33,784	$ (3,395)
Total	127,002	5,589	132,591	129,196	(3,395)
Support Services:					
Salaries	17,708		17,708	17,708	
Personal Services-Employee Benefits	6,790	1,053	7,843	7,843	
Purchased Professional & Technical Services	20,900		20,900	20,900	
Other Purchased Services	14,422	(6,642)	7,780	7,780	
Supplies & Materials	7,065		7,065	7,065	
Total	66,885	(5,589)	61,296	61,296	-
TOTAL EXPENDITURES	$ 193,887	$ -	$ 193,887	$ 190,492	$ (3,395)

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 13,633,747	$ 190,492
Differences-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Current Year		(7,445)
Outstanding Encumbrances Prior Year		2,028
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	112,521	
State Aid Receivable Current Year	(226,293)	
Total Revenues (GAAP Basis)	$ 13,519,975	$ 185,075
Uses/Outflows of Resources		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 12,933,886	$ 190,492
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		(5,417)
Total Expenditures (GAAP Basis)	$ 12,933,886	$ 185,075

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	NCLB Title IIA	NCLB Title IV	IDEIA Basic	IDEIA Pre School	Local Donations	Total
REVENUES						
Local Sources					$ 12,825	$ 12,825
Federal Sources	$ 15,949	$ 1,254	$ 155,843	$ 4,621		177,667
TOTAL REVENUES	$ 15,949	$ 1,254	$ 155,843	$ 4,621	$ 12,825	$ 190,492
EXPENDITURES						
Instruction:						
Salaries	$ 6,273		$ 71,994		$ 2,650	$ 80,917
Instruction Purchased Services			1,374			1,374
Other Purchased Services			10,000	$ 3,121		13,121
General Supplies			24,000	1,500	8,284	33,784
Total	6,273	$ -	107,368	4,621	10,934	129,196
Support Services:						
Salaries			17,708			17,708
Personal Services-Employee Benefits	961		6,882			7,843
Purch Professional & Technical Services	7,900		13,000			20,900
Other Purchased Services		895	6,885			7,780
Supplies & Materials	815	359	4,000		1,891	7,065
Total	9,676	1,254	48,475	-	1,891	61,296
TOTAL EXPENDITURES	$ 15,949	$ 1,254	$ 155,843	$ 4,621	$ 12,825	$ 190,492

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2009

	Food Service Total
ASSETS	
Current Assets:	
Cash & Cash Equivalents	$ 47,709
Due from Other Funds	2,775
Receivables from Other Governments:	
State	155
Federal	1,404
Inventory	4,139
Total Current Assets	56,182
Noncurrent Assets:	
Capital Assets	71,574
Less: Accumulated Depreciation	60,058
Total Noncurrent Assets	11,516
Total Assets	67,698
LIABILITIES	
Current Liabilities:	
Accounts Payable	9,351
Deferred Revenues	1,951
Total Liabilities	11,302
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	11,516
Unrestricted	44,880
TOTAL NET ASSETS	$ 56,396

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Food Service Total
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	$ 113,382
Daily Sales-Unreimburseable Programs	46,250
Total Operating Revenues	159,632
Other Expenses:	
Salaries	65,462
Employee Benefits	13,304
Repairs & Maintenance	1,614
Insurance	1,639
Management Fee	6,988
Purchased Professional Services	1,600
Other Purchased Services	2,650
Supplies and Materials	12,950
Depreciation	1,363
Costs of Sales	79,668
Miscellaneous	269
Total Operating Expenses	187,507
Operating Income (Loss)	(27,875)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,425
Federal Sources:	
National School Lunch Program	22,162
Food Distribution Program	10,447
Miscellaneous	57
Interest Earned on Investments	477
Total Nonoperating Revenues (Expenses)	35,568
Change in Net Assets	7,693
Net Assets, Beginning	48,703
Net Assets, Ending	$ 56,396

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Food Service Total
Cash Flows from Operating Activities:	
Receipts from Customers	$ 159,632
Payments to Food Service Management Company	(156,687)
Payments to Vendors (Net)	(11,105)
Net Cash Provided by (Used For) Operating Activities	(8,160)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,398
Federal Sources	21,832
General Fund Interfund Activity	(2,775)
Miscellaneous Income	57
Interest on Investments	477
Net Cash Provided by (Used For) Noncapital Financing Activities	21,989
Net Increase (Decrease) in Cash and Cash Equivalents	13,829
Cash and Cash Equivalents, July 1	33,880
Cash and Cash Equivalents, June 30	$ 47,709
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	$ (27,875)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,363
Federal Food Distribution Program	10,447
(Increase) Decrease in Inventory	(414)
Increase (Decrease) in Account Payable	7,830
Increase (Decrease) in Deferred Revenue	489
Net Cash Provided by (Used For) Operating Activities	$ (8,160)

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2009

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	$ 32,167	$ 13,239	$ 6	$ 45,412
Investments	155,218			155,218
Total Assets	187,385	13,239	6	200,630
LIABILITIES				
Due to Student Groups		13,239		13,239
Payroll Deductions & Withholdings			6	6
Total Liabilities	-	13,239	6	13,245
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	$ 187,385	$ -	$ -	$ 187,385

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	$ 12,358
Miscellaneous	405
Investment Earnings-Interest	1,462
Total Additions	14,225
DEDUCTIONS	
Unemployment Claims	8,406
Total Deductions	8,406
Change in Net Assets	5,819
Net Assets, Beginning of the Year	181,566
Net Assets, End of the Year	$ 187,385

LEBANON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance 07/01/08	Additions	Deletions	Accounts Payable 06/30/09	Balance 06/30/09
Elementary & Middle Schools	$ 8,840	$ 119,301	$ 114,902	$ -	$ 13,239

LEBANON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance 07/01/08	Additions	Deletions	Balance 06/30/09
ASSETS				
Cash & Cash Equivalents	$ 39,795	$ 8,145,436	$ 8,185,225	$ 6
TOTAL ASSETS	$ 39,795	$ 8,145,436	$ 8,185,225	$ 6
LIABILITIES				
Due to Other Funds	$ 9	$ 12,358	$ 12,367	
Payroll Deductions & Withholdings	664	3,233,703	3,234,361	$ 6
Net Payroll	2,586	4,899,375	4,901,961	
Summer Pay Payable	36,536		36,536	
TOTAL LIABILITIES	$ 39,795	$ 8,145,436	$ 8,185,225	$ 6

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

LEBANON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2009

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/08	Issued	Retired	Balance 06/30/09
School Building Addition	04/01/95	$ 3,500,000	04/01/10	$ 285,000	5.35%	$ 565,000	$ -	$ 280,000	$ 285,000

LEBANON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	$ 241,412		$ 241,412	$ 241,412	
Total Local Sources	241,412	$ -	241,412	241,412	$ -
State Sources:					
Debt Service Aid-State Support	68,957		68,957	68,957	
Total Revenues	310,369	-	310,369	310,369	-
EXPENDITURES					
Regular Debt Service:					
Interest	30,369		30,369	30,369	
Redemption of Principal	280,000		280,000	280,000	
Total Expenditures	310,369	-	310,369	310,369	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -	$ -
Recapitulation of Excess (Deficiency) of Revenue over (Under) Expenditures:					
Budgeted Fund Balance	$ -	$ -	$ -	$ -	$ -

STATISTICAL SECTION

LEBANON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS | PAGE

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time. J-1 to J-5

REVENUE CAPACITY

These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax. J-6 to J-9

DEBT CAPACITY

These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. J-10 to J-13

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. J-14 to J-15

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

LEBANON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
GOVERNMENT ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	$ 3,540,980	$ 3,709,716	$ 3,787,940	$ 3,991,105	$ 4,069,578	$ 4,156,714
Restricted	146,613	107,223	111,362	117,070	421,504	556,107
Unrestricted	(163,795)	345,231	476,066	457,632	962,161	1,388,700
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	$ 3,523,798	$ 4,162,170	$ 4,375,368	$ 4,565,807	$ 5,453,243	$ 6,101,521
BUSINESS-TYPE ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	$ 3,066	$ 2,263	$ 1,798	$ 3,538	$ 12,879	$ 11,516
Unrestricted	30,837	37,894	30,325	44,003	35,824	44,880
TOTAL BUSINESS-TYPE ACTIVITIES	$ 33,903	$ 40,157	$ 32,123	$ 47,541	$ 48,703	$ 56,396
DISTRICT-WIDE						
Invested in Capital Assets, Net of Related Debt	$ 3,544,046	$ 3,711,979	$ 3,789,738	$ 3,994,643	$ 4,082,457	$ 4,168,230
Restricted	146,613	107,223	111,362	117,070	421,504	556,107
Unrestricted	(132,958)	383,125	506,391	501,635	997,985	1,433,580
TOTAL DISTRICT-WIDE	$ 3,557,701	$ 4,202,327	$ 4,407,491	$ 4,613,348	$ 5,501,946	$ 6,157,917

LEBANON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
EXPENSES						
Governmental Activities:						
Instruction:						
Regular	$ 4,943,975	$ 4,574,890	$ 4,948,587	$ 5,368,371	$ 5,345,663	$ 5,362,897
Special Education	1,674,871	1,678,840	1,802,932	1,659,918	1,928,685	2,013,346
Other Special Education	241,995	248,537	208,035	294,495	308,073	272,549
Other Instruction	83,393	85,545	77,827	82,803	78,102	84,642
Support Services:						
Tuition	153,318	157,553	61,304	120,214	162,470	205,804
Student & Instruction Related Services	1,764,999	1,833,512	1,999,652	2,334,726	2,087,523	2,142,892
General & Business Administrative Services	628,873	679,089	690,614	742,551	716,631	709,695
School Administration	496,598	530,616	550,812	588,178	624,084	614,757
Plant Operations & Maintenance	916,179	936,024	1,098,801	1,165,989	1,155,278	1,106,652
Pupil Transportation	725,997	707,064	732,610	807,758	756,759	853,317
Transfers to Charter Schools	8,280		8,305	32,147	9,311	
Interest on Long-Term Debt	98,347	85,188	69,674	55,766	41,252	26,607
Total Governmental Activities Expenses	11,736,825	11,516,858	12,249,153	13,252,916	13,213,831	13,393,158
Business-Type Activities:						
Food Services	175,872	177,296	181,309	176,787	194,116	187,507
Total Business-Type Activities	175,872	177,296	181,309	176,787	194,116	187,507
TOTAL DISTRICT EXPENSES	$ 11,912,697	$ 11,694,154	$ 12,430,462	$ 13,429,703	$ 13,407,947	$ 13,580,665

LEBANON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES						
Governmental Activities:						
Charges for Services:						
Regular Instruction	$ 7,500	$ 2,560	$ 1,440	$ 576	$ 1,305	$ 1,040
Co Curricular Activities	13,878	14,435	16,510	17,063	16,710	22,920
Student and Instruction Related Services	23,330	26,509	31,422	43,861		
General Administration			16			
School Administration Services				1,008		130
Plant Operations & Maintenance	3,750	6,151	7,013	8,898	6,342	8,722
Operating Grants & Contributions	152,813	191,550	203,501	192,179	195,936	185,075
Capital Grants & Contributions	31,306	38,643				
Total Governmental Activities Program Revenues	232,577	279,848	259,902	263,585	220,293	217,887
Business-Type Activities:						
Charges for Services:						
Food Service Sales	151,001	156,968	145,171	161,004	159,152	159,632
Operating Grants & Contributions	24,170	26,170	27,380	29,107	34,983	35,034
Total Business-Type Activities Program Revenues	175,171	183,138	172,551	190,111	194,135	194,666
TOTAL DISTRICT-PROGRAM REVENUES	$ 407,748	$ 462,986	$ 432,453	$ 453,696	$ 414,428	$ 412,553
NET (EXPENSE) REVENUES						
Governmental Activities	$ (11,504,248)	$ (11,237,010)	$ (11,989,251)	$ (12,989,331)	$ (12,993,538)	$ (13,175,271)
Business-Type Activities	(701)	5,842	(8,758)	13,324	19	7,159
TOTAL DISTRICT-WIDE NET EXPENSES	$ (11,504,949)	$ (11,231,168)	$ (11,998,009)	$ (12,976,007)	$ (12,993,519)	$ (13,168,112)

LEBANON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	$ 8,045,572	$ 8,453,786	$ 8,670,304	$ 9,178,909	$ 9,878,661	$ 10,108,113
Taxes Levied for Debt Service	260,133	265,863	255,203	256,210	244,921	241,412
Unrestricted Grants & Contributions	3,110,497	3,063,158	3,171,873	3,621,157	3,670,439	3,375,465
Tuition Received	49,800	55,324	78,729	65,809	13,231	54,734
Investment Earnings	24,964	30,336	38,253	55,207	66,036	37,434
Miscellaneous Income	15,148	6,915	6,059	2,478	7,686	6,391
Loss on Disposal of Capital Assets	(7,886)		(17,972)			
Total Governmental Activities	11,498,228	11,875,382	12,202,449	13,179,770	13,880,974	13,823,549
Business-Type Activities:						
Investment Earnings	80	412	456	974	1,143	477
Miscellaneous			268	1,120		57
Total Business-Type Activities	80	412	724	2,094	1,143	534
TOTAL DISTRICT-WIDE	$ 11,498,308	$ 11,875,794	$ 12,203,173	$ 13,181,864	$ 13,882,117	$ 13,824,083
CHANGE IN NET ASSETS						
Governmental Activities	$ (6,020)	$ 638,372	$ 213,198	$ 190,439	$ 887,436	$ 648,278
Business-Type Activities	(621)	6,254	(8,034)	15,418	1,162	7,693
TOTAL DISTRICT	$ (6,641)	$ 644,626	$ 205,164	$ 205,857	$ 888,598	$ 655,971

LEBANON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SIX FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
General Fund:						
Reserved	$ 463,972	$ 749,986	$ 652,427	$ 548,543	$ 1,448,535	$ 2,138,492
Unreserved	302,250	347,114	438,578	376,617	271,316	167,448
Total General Fund	$ 766,222	$ 1,097,100	$ 1,091,005	$ 925,160	$ 1,719,851	$ 2,305,940
All Other Governmental Funds:						
Reserved, Reported In:						
Capital Projects Fund	$ 69,080					
Unreserved, Reported In:						
Capital Projects Fund	(16,128)					
Debt Service Fund	1					
Total All Other Governmental Funds	$ 52,953	$ -	-	$ -	$ -	$ -

LEBANON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Tax Levy	$ 6,309,252	$ 6,679,792	$ 7,016,039	$ 7,959,103	$ 8,305,705	$ 8,719,649	$ 8,925,507	$ 9,435,119	$ 10,123,582	$ 10,349,525
Tuition Changes	24,048	29,855	55,735	119,489	49,800	55,324	78,729	65,809	13,231	54,734
Transportation Charges	81,974									
Interest Earnings	48,569	48,218	19,559	22,496	24,964	30,340	38,253	55,207	66,036	37,434
Miscellaneous	16,861	2,332	5,121	15,290	18,898	26,555	22,856	23,018	36,365	25,623
State Sources	1,793,298	2,429,724	2,525,007	2,666,774	3,117,018	3,068,912	3,174,458	3,623,376	3,670,439	3,374,902
State Sources-Capital Projects					31,306	38,643				
Federal Sources	95,710	97,822	137,906	127,437	156,315	170,227	189,735	175,708	173,599	173,201
Total Revenues	8,369,732	9,287,743	9,759,367	10,910,589	11,704,006	12,109,650	12,429,538	13,378,237	14,083,252	14,015,419
Expenditures										
Instruction										
Regular Instruction	2,772,049	3,151,128	3,072,300	3,163,624	3,383,175	3,177,965	3,434,363	3,422,195	3,526,557	3,699,233
Special Education Instruction	622,707	705,451	854,707	983,404	1,056,712	1,143,558	1,087,252	1,104,657	1,099,793	1,260,116
Other Special Instruction	112,430	89,503	152,566	156,773	171,053	170,305	176,361	235,605	247,058	235,975
Other Instruction	37,192	57,601	44,123	46,902	50,397	49,478	50,427	64,436	60,214	60,597
Support Services										
Tuition	112,756	101,967	96,719	69,770	152,198	157,553	61,204	120,214	139,444	192,683
Student & Inst Related Services	803,609	1,022,478	1,061,476	1,218,697	1,236,065	1,229,951	1,264,856	1,293,322	1,317,640	1,338,960
General Administration	275,397	287,278	267,633	315,312	338,380	282,978	313,012	302,536	308,503	300,917
School Administration Services	314,990	333,126	385,113	359,405	348,721	364,335	382,580	403,489	415,008	433,826
Central Services	118,391	122,938	133,905	149,951	153,829	166,749	181,799	176,354	167,780	178,302
Administrative Information Technology						59,532	71,205	103,323	80,690	80,949
Plant Operations & Maintenance	630,010	637,522	607,760	699,532	769,480	784,606	906,627	992,254	939,361	885,154
Pupil Transportation	571,390	641,393	706,606	679,189	725,997	707,064	732,610	807,758	756,759	853,316
Employee Benefits	1,002,830	1,238,995	1,551,606	1,764,500	2,007,568	2,178,671	2,346,668	2,546,776	2,436,058	2,591,955
On-Behalf TPAF Pension & Social Security Contribution	361,031	411,387	337,132	520,668	672,584	690,443	819,342	1,263,244	1,256,731	810,703
Capital Outlay	196,449	211,382	1,963	17,122	31,313	55,518	67,421	18,820	16,837	11,200
Transfer of Funds to Charter Schools					8,280		8,305	32,147	9,311	
Special Revenue Funds	126,730	130,778	183,810	171,085	162,836	191,550	203,501	192,179	195,936	185,075
Capital Projects Fund				4,590	90,719	79,662		135,379		
Debt Service										
Principal	220,000	220,000	235,000	235,000	235,000	255,000	255,000	270,000	270,000	280,000
Interest & Other Charges	148,350	136,525	124,700	112,068	99,438	86,807	73,100	59,394	44,881	30,369
Total Expenditures	8,426,311	9,499,452	9,817,119	10,667,592	11,693,745	11,831,725	12,435,633	13,544,082	13,288,561	13,429,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,579)	(211,709)	(57,752)	242,997	10,261	277,925	(6,095)	(165,845)	794,691	586,089
Other Financing Sources (Uses)										
Capital Leases	39,428	43,077								
Total Other Financing Sources (Uses)	39,428	43,077	-	-	-	-	-	-	-	-
Net Change in Fund Balances	$ (17,151)	$ (168,632)	$ (57,752)	$ 242,997	$ 10,261	$ 277,925	$ (6,095)	$ (165,845)	$ 794,691	$ 586,089
Debt Service as a Percentage of Non capital Expenditures	4.69%	3.99%	3.80%	3.37%	2.98%	3.01%	2.73%	2.52%	2.43%	2.37%

Source District Records

NOTE Non-capital expenditures are total expenditures less capital outlay, capital projects fund and debt service
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services

LEBANON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
Description	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Interest Income	$ 48,589	$ 48,218	$ 19,559	$ 22,496	$ 24,964	$ 30,340	$ 38,253	$ 55,207	$ 66,036	$ 54,734
Tuition	24,048	29,855	55,735	119,489	49,800	55,324	78,729	65,809	13,231	37,434
Lawsuit Settlements	8,771								4,126	
Insurance Rebates	3,759						3,768			
Insurance Dividends					10,948	4,375				
Miscellaneous Refunds	1,780	30	45	9,209	2,755	1,574				
Prior Year Refunds							2,024	2,042		10,610
Rentals	2,250	2,250	4,150	4,200	3,750	4,075	5,600	6,288	6,342	2,365
Donations									2,500	
Miscellaneous Other	108	52	318	591	60	594	273		539	211
Other Local Government-Courtesy Busing	81,974									
Sale of Equipment				500						
Prior Year Outstanding Checks Voided	193		608	790	1,385	371	10	436	521	
Annual Totals	$ 171,472	$ 80,405	$ 80,415	$ 157,275	$ 93,662	$ 96,653	$ 128,657	$ 129,782	$ 93,295	$ 105,354

Source District Records

LEBANON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY;
LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Vacant Land	$ 17,360,800	$ 16,675,700	$ 27,215,200	$ 21,590,000	$ 20,321,463	$ 17,875,534	$ 14,717,200	$ 13,153,100	$ 11,955,500	$ 11,449,400
Residential	381,478,000	395,085,800	554,953,600	568,602,300	582,902,300	595,140,100	608,421,300	617,869,700	621,807,400	625,940,900
Farm Regular	43,128,500	44,082,200	65,896,100	69,435,996	72,451,975	72,055,900	75,030,800	73,636,500	74,728,800	74,591,100
Farm Qualified	2,333,324	2,326,506	2,372,915	2,278,731	2,317,586	2,774,273	2,139,921	2,000,945	2,020,910	2,030,885
Commercial	26,787,900	26,888,200	33,335,400	33,220,700	33,028,300	33,884,000	34,166,500	34,995,900	33,751,300	34,138,500
Industrial	2,925,800	3,020,900	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	4,441,300	3,487,500
Apartment	2,863,200	2,807,500	2,010,500	1,857,800	1,857,800	1,857,800	1,857,800	1,857,800	2,197,100	1,935,700
Total Assessed Value	476,877,524	490,886,806	689,194,615	700,396,427	716,290,324	726,998,507	739,744,421	746,924,845	750,902,310	753,573,985
Public Utilities (a)	1,724,325	1,714,815	1,659,834	1,765,448	1,722,375	1,559,341	1,282,589	1,114,528	1,016,472	840,088
Net Valuation Taxable	$ 478,601,849	$ 492,601,621	$ 690,854,449	$ 702,161,875	$ 718,012,699	$ 728,557,848	$ 741,027,010	$ 748,039,373	$ 751,918,782	$ 754,414,073
Estimated Actual County Equalized Value	$ 531,837,398	$ 572,163,471	$ 652,630,764	$ 797,988,974	$ 839,776,507	$ 962,518,484	$ 1,041,400,313	$ 1,141,925,288	$ 1,129,472,950	$ 1,082,074,508
Percentage of Net Valuation to Estimated Actual County Equalized Value	89.97%	86.09%	105.85%	87.99%	85.50%	75.69%	71.16%	65.51%	66.57%	69.72%
Total Direct School Tax Rate (b)	$ 1.21	$ 1.28	$ 1.08 *	$ 1.16	$ 1.22	$ 1.23	$ 1.27	$ 1.35	$ 1.38	$ 1.42

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

LEBANON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER $100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate: Basic Rate (a)	School District Direct Rate: General Obligation Debt Service (b)	School District Direct Rate: (From J-6) Total Direct School Tax Rate	Regional School Rate	Overlapping Rates: Municipality	Overlapping Rates: County	Total Direct & Overlapping Tax Rate
2000	$ 1.14	$ 0.07	$ 1.21	$ 0.66	$ 0.06	$ 0.52	$ 2.45
2001	1.22	0.06	1.28	0.66	0.06	0.53	2.53
2002	* 1.04	0.04	1.08	0.50	0.02	0.43	2.03
2003	1.12	0.04	1.16	0.55	0.04	0.49	2.24
2004	1.18	0.04	1.22	0.70	0.04	0.48	2.44
2005	1.19	0.04	1.23	0.76	0.04	0.50	2.53
2006	1.23	0.04	1.27	0.81	0.06	0.50	2.64
2007	1.31	0.04	1.35	0.75	0.06	0.51	2.67
2008	1.34	0.03	1.37	0.71	0.08	0.50	2.66
2009	1.39	0.03	1.42	0.72	0.08	0.49	2.71

Sources: Municipal Tax Collector

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

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

* Revalued/Reassessed

LEBANON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Columbia Gas Transmission Corp	$ 3,916,300	1	0.52%	$ 3,916,300	1	0.82%
Trimmer Road Co LLC	2,370,700	2	0.31%	2,195,100	2	0.46%
Individual Taxpayer #1	2,334,500	3	0.31%	1,851,100	3	0.39%
Davara Industrial Center LLC	1,948,100	4	0.26%	1,129,500	8	0.24%
Eastern Concrete Materials Inc	1,750,000	5	0.23%			
Individual Taxpayer #2	1,480,840	6	0.20%			
Individual Taxpayer #3	1,403,900	7	0.19%			
Individual Taxpayer #4	1,276,037	8	0.17%			
High Bridge Quartet	1,255,800	9	0.17%			
Reliant Energy NJ	1,236,500	10	0.16%	1,257,800	6	0.26%
Fallone at Country Woods				1,631,500	4	0.34%
Stickel Construction Inc				1,621,000	5	0.34%
Individual Taxpayer #5				1,233,372	7	0.26%
Individual Taxpayer #6				969,200	9	0.20%
Rellum Realty c/o Muller Toyota				935,000	10	0.19%
	$ 18,972,677		2.52%	$ 16,739,872		3.50%

Source: Municipal Tax Assessor

LEBANON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
1999	$ 10,961,621	$ 10,647,143	97.13%
2000	12,029,572	11,698,724	97.25%
2001	12,933,894	12,564,445	97.14%
2002	14,297,084	13,820,743	96.67%
2003	16,063,176	15,750,803	98.06%
2004	17,799,917	17,518,993	98.42%
2005	18,709,240	18,425,675	98.48%
2006	19,723,370	19,409,546	98.41%
2007	20,127,040	19,710,458	97.93%
2008	20,186,704	19,837,549	98.27%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

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

LEBANON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	% of Personal Income (a)	Per Capita (a)
2000	$ 2,540,000		$ 34,047			$ 2,574,047	0.92%	$ 443
2001	2,320,000		62,225			2,382,225	0.75%	397
2002	2,085,000		45,355			2,130,355	0.64%	351
2003	1,850,000		29,142			1,879,142	0.54%	304
2004	1,615,000		8,985			1,623,985	0.46%	262
2005	1,360,000					1,360,000	0.37%	218
2006	1,105,000					1,105,000	0.30%	178
2007	835,000					835,000	0.21%	135
2008	565,000					565,000	0.14%	92
2009	285,000					285,000	N/A	46

NOTE: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

LEBANON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	$ 2,540,000		$ 2,540,000	0.53%	$ 437
2001	2,320,000		2,320,000	0.47%	387
2002	2,085,000		2,085,000	0.30%	344
2003	1,850,000		1,850,000	0.26%	299
2004	1,615,000		1,615,000	0.22%	260
2005	1,360,000		1,360,000	0.19%	218
2006	1,105,000		1,105,000	0.15%	178
2007	835,000		835,000	0.11%	135
2008	565,000		565,000	0.08%	92
2009	285,000		285,000	0.04%	46

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit NJ J-6 for property tax data.
(b) Population data can be found in Exhibit NJ J-14.

LEBANON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	$ 7,871,116	100.00	$ 7,871,116
Regional High School	5,962,000	11.30	673,809
County General Obligation Debt	123,586,816	4.44	5,485,171
Subtotal, Overlapping Debt			14,030,096
School District Direct Debt			565,000
Total Direct and Overlapping Debt			$ 14,595,096

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis	2008	$ 1,087,633,705	
	2007	1,090,401,234	
	2006	1,050,027,567	
		$ 3,228,062,506	
Average Equalized Valuation of Taxable Property		$ 1,076,020,835	
Debt Limit (3.0% of Average Equalization Value)		32,280,625	(a)
Total Net Debt Applicable to Limit		285,000	
Legal Debt Margin		$ 31,995,625	

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	$ 14,330,380	$ 15,161,814	$ 16,442,015	$ 18,335,417	$ 20,655,671	$ 23,401,828	$ 26,142,900	$ 28,867,905	$ 31,058,983	$ 32,280,625
Total Net Debt Applicable	2,540,000	2,320,000	2,085,000	1,850,000	1,615,000	1,360,000	1,105,000	835,000	565,000	285,000
Legal Debt Margin	$ 11,790,380	$ 12,841,814	$ 14,357,015	$ 16,485,417	$ 19,040,671	$ 22,041,828	$ 25,037,900	$ 28,032,905	$ 30,493,983	$ 31,995,625
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.72%	15.30%	12.68%	10.09%	7.82%	5.81%	4.23%	2.89%	1.82%	0.88%

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

(a) Limit Set by NJSA 18A:24-19

LEBANON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2000	5,816	$ 280,360,280	$ 48,205	2.0%
2001	6,002	317,313,736	52,868	2.5%
2002	6,068	331,045,808	54,556	4.3%
2003	6,181	344,955,429	55,809	4.6%
2004	6,203	353,967,992	57,064	3.8%
2005	6,229	364,028,989	58,441	5.5%
2006	6,208	363,292,160	58,520	6.2%
2007	6,193	388,616,943	62,751	5.4%
2008	6,171	410,056,779	66,449	7.0%
2009	6,171	N/A	N/A	N/A

Sources:

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

(b) Personal income has been estimated based upon the municipal population and per capita personal income presented

(c) Per capita personal income by county estimated based upon the 2000 census published by the US Bureau of Economic Analysis.

(d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

LEBANON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
Employer	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

LEBANON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009
Instruction:						
Regular	57.3	57.3	57.3	56.7	56.2	59.7
Special Education	27.4	27.4	27.4	25.5	25.0	22.0
Other Instruction	2.5	2.5	2.5	3.0	2.5	3.5
Support Services:						
Student and Instruction Related Services	23.0	23.0	23.0	25.9	25.9	25.0
General Administration	2.0	2.0	2.0	2.0	2.0	2.1
School Administration Services	6.4	6.4	6.2	6.2	6.2	6.2
Central Services	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	8.5	8.5	8.5	9.0	9.0	9.0
Total	129.1	129.1	128.9	130.3	128.8	129.5

Sources: District personnel records

Note: Information prior to fiscal year 2004 is unavailable

LEBANON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2000	813	$ 7,861,512	$ 9,670	0.54%	81	1 to 10.60	810.0	777.4	-0.94%	95.98%
2001	866	8,931,545	10,314	6.66%	82	1 to 10.60	873.3	836.3	7.81%	95.76%
2002	885	9,455,456	10,684	3.59%	90	1 to 9.80	884.9	849.3	1.33%	95.98%
2003	889	10,298,812	11,585	8.43%	88	1 to 10.10	872.5	835.9	-1.40%	95.81%
2004	843	11,237,275	13,330	15.07%	89	1 to 9.50	842.8	808.3	-3.40%	95.91%
2005	841	11,354,738	13,501	1.29%	88	1 to 10.50	834.3	800.8	-1.01%	95.98%
2006	821	12,040,112	14,665	8.62%	88	1 to 9.70	816.2	783.3	-2.17%	95.97%
2007	830	13,060,489	15,736	7.30%	75	1 to 10.70	813.0	782.6	-0.39%	96.26%
2008	832	12,956,843	15,573	-1.03%	74	1 to 11.20	824.2	791.1	1.38%	95.98%
2009	819	13,107,761	16,005	2.77%	90	1 to 9.80	810.2	774.6	-1.70%	95.61%

Source: District Records

(a) Operating expenditures equal total expenditures less debt service and capital outlay

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS)

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Valley View Elementary (1974)										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (Students)	404	404	404	404	404	404	404	404	404	404
Enrollment	448	455	452	435	435	438	440	443	455	434
Woodglen Middle School (1954)										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	362	417	433	437	410	407	394	387	380	383.5
Number of Schools at June 30 2009										
Elementary	1									
Middle School	1									

Source District Facilities Office
N/A=Not Available

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

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	*School Facilities		
	Valley View	Woodglen	Total
2001	$ 58,891	$ 57,888	$ 116,779
2002	32,883	23,383	56,266
2003	38,704	49,816	88,520
2004	53,077	72,382	125,459
2005	58,698	43,159	101,857
2006	62,652	137,125	199,777
2007	119,939	119,075	239,014
2008	72,741	100,001	172,742
2009	68,815	77,624	146,439
Total School Facilities	$ 566,400	$ 680,453	$ 1,246,853

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

LEBANON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2009
(UNAUDITED)

	Coverage	Deductible
School Package Policy-School Alliance Insurance Fund:		
Property-(Fund Limit)	$ 250,000,000	$ 1,000
Employee Dishonesty Per Loss	400,000	1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
School Board Legal Liability-School Alliance Insurance Fund:		
Directors and Officers Policy	5,000,000	5,000
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer's Bond	200,000	
Board Secretary Bond	200,000	
Workers Compensation-School Alliance Insurance Fund:		
Accident	5,000,000	
Disease	5,000,000	
Disease Limit	5,000,000	
Educational Liability Fund-School Alliance Insurance Fund:		
Excess Liability Coverage	5,000,000	

Source: District Records

SINGLE AUDIT SECTION

William M. Colantano, Jr.
A Professional Corporation

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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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

July 10, 2009

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

I have audited the financial statements of the Board of Education of the Lebanon Township School District in the County of Hunterdon as of and for the year ended June 30, 2009, and have issued my report thereon dated July 10, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Board of Education's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

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A Professional Corporation

Certified Public Accountant
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Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

July 10, 2009

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

Compliance

I have audited the compliance of the Board of Education of the Lebanon Township School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2009. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. My responsibility is to express an opinion on the Board of Education's compliance based on my audit.

I conducted my 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that I 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In my opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit I considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine my audit procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing on opinion on the effectiveness on internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/08 (Acct Rec) Def Revenue	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2009 Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Health and Human Services Passed-Through State Department of Education													
General Fund:													
Special Education Medicaid Initiative	93.778	N/A	$ 563	07/01/2008-06/30/2009	$ -	$ -	$ 563	$ 563	$ -	$ -	$ -	$ -	$ -
US Department of Education Passed-Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IIA	84.367A	NCLB 260009	15,949	09/01/2008-08/31/2009			7,175	15,949			(8,774)		
NCLB Title IV	84.186A	NCLB 260009	1,254	09/01/2008-08/31/2009			1,254	1,254					
IDEA Basic	84.027	IDEA 260009	155,843	09/01/2008-08/31/2009			109,774	155,843			(46,069)		
IDEA Pre School	84.173	IDEA 260009	4,621	09/01/2008-08/31/2009			4,621	4,621					
Total Special Revenue Fund					-	-	122,824	177,667	-	-	(54,843)	-	-
US Department of Agriculture Passed-Through State Department of Education:													
Enterprise Fund:													
Food Donation	10.550	N/A	10,936	07/01/2008-06/30/2009			10,936	8,985				1,951	
Food Donation	10.550	N/A	11,684	07/01/2007-06/30/2008	1,462			1,462					
National School Lunch Program	10.555	N/A	22,162	07/01/2008-06/30/2009			20,758	22,162			(1,404)		
National School Lunch Program	10.555	N/A	20,143	07/01/2007-06/30/2008	(1,074)		1,074						
Total Enterprise Fund					388		32,768	32,609	-		(1,404)	1,951	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					$ 388	$ -	$ 156,155	$ 210,839	$ -	$ -	$ (56,247)	$ 1,951	$ -

SEE ACCOMPANYING NOTES TO SCHEDULE OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/08 (Acct Rec) Def. Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2009 Accounts Receivable	Deferred Revenue	Due to Grantor	Memo Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Equalization Aid	09-495-034 -5120-078	$ 1,578,244	07/01/2008-06/30/2009		$ 1,578,244	$ 1,578,244					$ 153,367	$ 1,578,244
Categorical Transportation Aid	09-495-034 -5120-014	280,795	07/01/2008-06/30/2009		280,795	280,795					27,287	280,795
Categorical Special Education Aid	09-495-034 -5120-089	414,321	07/01/2008-06/30/2009		414,321	414,321					40,262	414,321
Categorical Security Aid	09-495-034 -5120-084	55,333	07/01/2008-06/30/2009		55,333	55,333					5,377	55,333
Extraordinary Special Education Costs Aid	08-100-034 -5120-473	59,426	07/01/2007-06/30/2008	$ (59,426)	59,426							59,426
Extraordinary Special Education Costs Aid	09-100-034 -5120-473	273,791	07/01/2008-06/30/2009			273,791		$ (273,791)				273,791
Non-public Transportation Aid		7,829	07/01/2007-06/30/2008	(7,829)	7,829							7,829
Non-public Transportation Aid		6,530	07/01/2008-06/30/2009			6,530		(6,530)				6,530
On-Behalf TPAF Pension Contribution-Post Retirement Medical	09-495-034 -5095-001	356,214	07/01/2008-06/30/2009		356,214	356,214						356,214
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	09-495-034 -5095-007	18,672	07/01/2008-06/30/2009		18,672	18,672						18,672
Reimbursed TPAF Social Security Contribution	09-495-034 -5095-002	435,817	07/01/2008-06/30/2009		414,292	435,817		(21,525)				435,817
Reimbursed TPAF Social Security Contribution	08-495-034 -5095-002	408,628	07/01/2007-06/30/2008	(20,338)	20,338							408,628
Total General Fund				(87,593)	3,205,464	3,419,717	$ -	(301,846)	$ -	$ -	226,293	3,895,600
Debt Service Fund												
Debt Service Aid State Support	09-100-034 -5120-125	68,957	07/01/2008-06/30/2009	-	68,957	68,957	-	-	-	-	-	68,957
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	09-100-010 -3350-023	2,425	07/01/2008-06/30/2009		2,270	2,425		(155)				2,425
State School Lunch Program	08-100-010 -3350-023	2,255	07/01/2007-06/30/2008	(128)	128							2,255
Total Enterprise Fund				(128)	2,398	2,425	-	(155)	-	-	-	4,680
TOTAL STATE FINANCIAL ASSISTANCE				$ (87,721)	$ 3,276,819	$ 3,491,099	$ -	$ (302,001)	$ -	$ -	$ 226,293	$ 3,969,237

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE
JUNE 30, 2009

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Lebanon Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $113,772 for the general fund and $5,417 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	Local	Federal	State	Total
General Fund		$ 563	$ 3,305,945	$ 3,306,508
Special Revenue Fund	$ 12,437	172,638		185,075
Debt Service Fund			68,957	68,957
Food Service Fund		32,609	2,425	35,034
	$ 12,437	$ 205,810	$ 3,377,327	$ 3,595,574

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE
JUNE 30, 2009
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2009. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unqualified	
Internal Control Over Financial Reporting:		
1. Material weakness(es) identified?	Yes	X No
2. Reportable conditions identified that are not considered to be material weaknesses?	Yes	X No
Noncompliance Material to General-purpose Financial Statements Noted?	Yes	X No
Federal Awards	Not Applicable	
Internal Control Over Major Programs:		
1. Material weakness(es) identified?	Yes	No
2. Reportable conditions identified that are not considered to be material weaknesses?	Yes	No
Type of Auditor's Report Issued on Compliance for Major Programs?		
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133	Yes	No

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)	Not Applicable
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	
Auditee qualified as a low-risk auditee	___ Yes ___ No
State Awards	
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	$300,000
Auditee Qualified as low-risk auditee	X Yes ___ No
Type of Auditor's Report Issued on Compliance for Major Programs:	Unqualified
Internal Control Over Major Programs:	
1. Material weakness(es) identified?	___ Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses?	___ Yes X No
Any Audit Findings Disclosed That are Required to be Reported in Accordance with NJ OMB Circular Letter 04-04?	___ Yes X No

Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
09-495-034-5120-089	$ 627,782	Special Education Categorical Aid
09-495-034-5095-002	408,628	Reimbursed TPAF Social Security Contribution
09-495-034-5120-014	319,921	Transportation Aid
09-495-034-5120-078	1,578,244	Equalization Aid

LEBANON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2009.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2009.

LEBANON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.