

**LEBANON TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LEBANON TOWNSHIP BOARD OF EDUCATION  
LEBANON TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**LEBANON TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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## INTRODUCTORY SECTION

# LEBANON TOWNSHIP SCHOOL DISTRICT

70 BUNNVALE ROAD CALIFON, NJ 07830-4199

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

Jason Kornegay, Supervisor 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

October 7, 2011

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, 2011, 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 2010-11 fiscal year with an average daily enrollment of 763.8 students. The following details the changes in the student enrollment of the District over the past few years.

#### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
1991-92	636.3	0.6%
1992-93	654.7	2.9%
1993-94	709.7	8.4%
1994-95	735.5	3.6%
1995-96	776.8	5.6%
1996-97	826.7	6.4%
1997-98	819.9	(0.8%)
1998-99	817.7	(0.3%)
1999-00	810.0	(0.9%)
2000-01	873.3	7.8%
2001-02	884.9	1.3%
2002-03	872.5	(1.4%)
2003-04	842.8	(3.4%)
2004-05	834.3	(1.0%)
2005-06	816.2	(2.2%)
2006-07	813.0	(0.4%)
2007-08	824.2	1.4%
2008-09	818.0	(0.8%)
2009-10	773.9	(5.4%)
2010-11	763.8	(1.3%)

The District has been experiencing decreased enrollment over the past few years. This trend is expected to continue. Development of tracts of land is not expected to occur within the township, in light of the restrictions imposed by the NJ Highlands Act. The firm of Whitehall Associates, Inc. has been engaged to prepare a projection of student population for the next five years.

**2) ECONOMIC CONDITION AND OUTLOOK:** The Lebanon Township area is largely residential. Recent re-sales of homes have been slow largely due to economic conditions. 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

**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. Students in grades 3 through 8 take the New Jersey Assessment of Skills and Knowledge (NJ ASK). Scores on these assessments 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 Content 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 are reported as reservations of fund balance at June 30, 2011.

**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:** Lebanon Township School District has no outstanding debt.

**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.

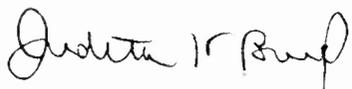
**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, vehicle liability, hazard and theft insurance on property and contents, and fidelity bonds. Wherever possible, the Board's major policies are pooled with other public schools of similar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

**10) OTHER INFORMATION:**

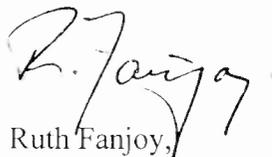
**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, CPA, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, 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.

Respectfully submitted,

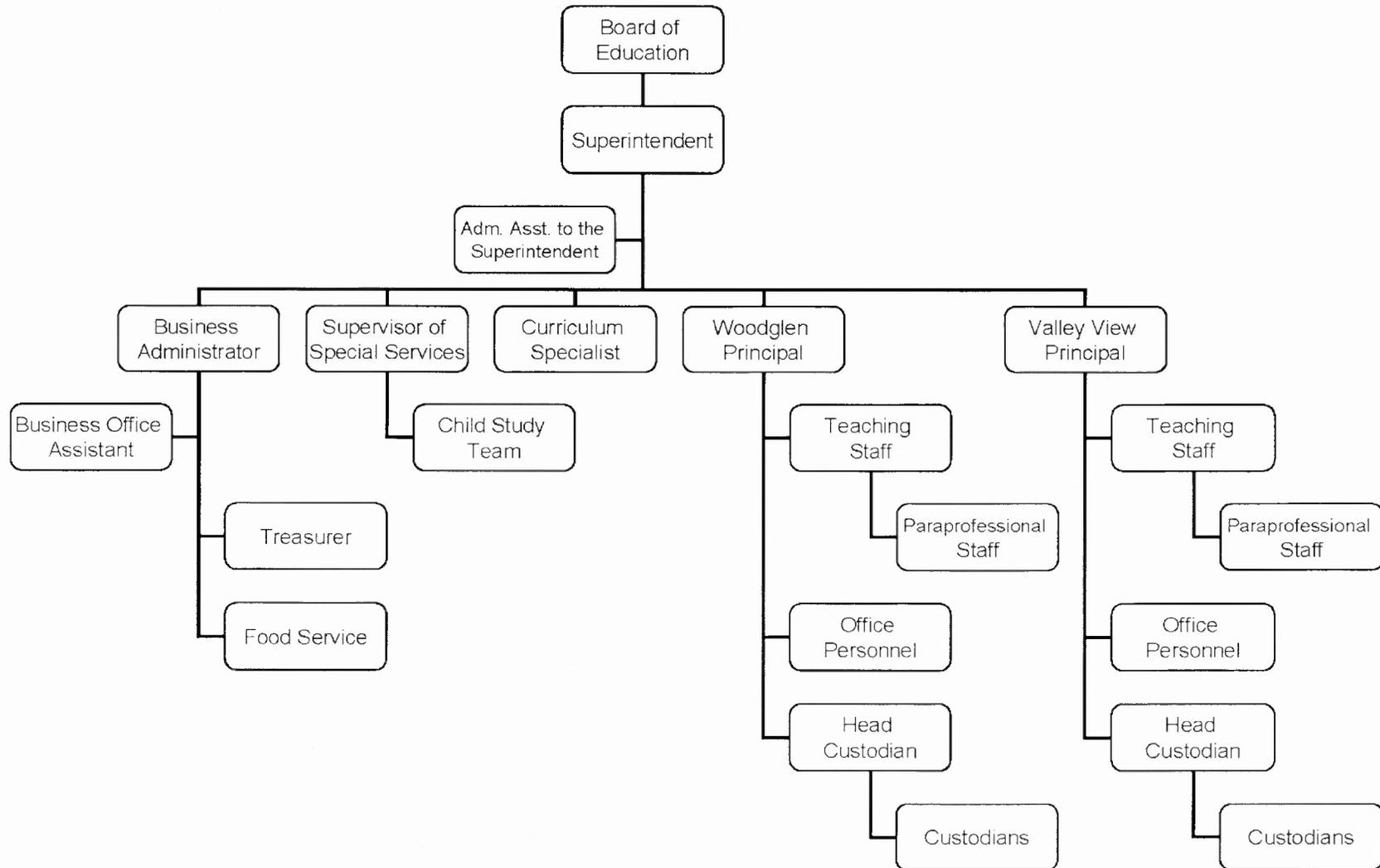


Judith H. Burd,  
Superintendent



Ruth Fanjoy,  
School Business Administrator

# Lebanon Township School District Organizational Chart



LEBANON TOWNSHIP BOARD OF EDUCATION  
JUNE 30, 2011

**ROSTER OF OFFICIALS**

<u>Members of the Board of Education</u>		Term Expires
Georgette Szymczak	President	2012
Kelly Weiler	Vice President	2012
Sheldia Bernstein		2013
Paula Nicolai		2011
Ronald Pojedinec		2011
John Roncoroni		2012
Kathleen Walsh		2011
George Wilhelms		2013
Stephanie Cahill		2013
 <u>Other Officials</u>		
Judith Burd	Superintendent	
Ruth Fanjoy	Business Administrator	
 Gregory Della Pia	 Treasurer	
Parker, McCay, P.A.	Board Attorney	

LEBANON TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS

**AUDIT FIRM**

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

**ATTORNEY**

Parker, McCay P.A.  
1009 Lenox Dr.  
Lawrenceville, NJ 08648

**OFFICIAL DEPOSITORY**

TD Bank  
92 West Main St.  
Clinton, NJ 07882

MBIA Asset Management Group  
113 King St.  
Armonk, NY 10504

First Hope Bank  
PO Box 296  
Hope, NJ 07882

PNC Bank  
431 County Rd. 513  
Califon, NJ 07882

Investors Bank  
55 Old Highway 22  
Clinton, NJ 08809

**FINANCIAL SECTION**

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

October 6, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lebanon Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2011, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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, 2011, 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, we have also issued a report dated October 6, 2011 on our consideration of the Lebanon Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 in assessing the results of our 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 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 our 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, we 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 our 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, 2011**

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, 2011. 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 2011 are as follows:

- General revenues accounted for \$13,520,581 in revenue or 95.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$649,910 or 4.6% of the total revenues of \$14,170,491 (Table 2).
- Property taxes decreased by \$80,000 from the prior year (Table 2).
- The School District had \$13,271,626 in total governmental expenses. This was a decrease in expenses of \$422,576 from the prior year (Table 3).
- Among major funds, the General Fund had \$13,575,996 in revenues and \$12,616,172 in expenditures (Exhibit 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 2011"? 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 6/30/11 with comparisons to 6/30/10.

	6/30/11	6/30/10	Variance	
			Dollars	%
Current & Other Assets	\$ 5,261,565	\$ 2,795,120	\$ 2,466,445	88.24
Capital Assets	4,488,945	4,460,124	28,821	0.65
Total Assets	<u>9,750,510</u>	<u>7,255,244</u>	<u>2,495,266</u>	34.39
Long-Term Liabilities	337,834	363,683	(25,849)	(7.11)
Other Liabilities	1,743,441	121,191	1,622,250	1338.59
Total Liabilities	<u>2,081,275</u>	<u>484,874</u>	<u>1,596,401</u>	329.24
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	4,488,945	4,460,124	28,821	0.65
Restricted	1,155,470	876,370	279,100	31.85
Unrestricted	2,024,820	1,433,876	590,944	41.21
Total Net Assets	<u>\$ 7,669,235</u>	<u>\$ 6,770,370</u>	<u>\$ 898,865</u>	13.28

**Table 2** provides a summary of the District's changes in net assets in fiscal year 2011 with comparisons to fiscal year 2010.

**Table 2**  
**Changes in Net Assets**

	6/30/11	6/30/10	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 233,792	\$ 218,933	\$ 14,859	6.79
Operating Grants	333,834	325,004	8,830	2.72
Capital Grants	82,284	10,037	72,247	719.81
General Revenues:				
Property Taxes	10,606,595	10,686,595	(80,000)	(0.75)
Unrestricted Grants	2,880,928	2,866,679	14,249	0.50
Other	33,058	199,407	(166,349)	(83.42)
Total Revenues	<u>14,170,491</u>	<u>14,306,655</u>	<u>(136,164)</u>	<u>(0.95)</u>
Program Expenses				
Instruction:				
Regular	5,363,751	5,514,367	(150,616)	(2.73)
Special	2,115,683	2,078,765	36,918	1.78
Other	273,407	372,067	(98,660)	(26.52)
Support Services:				
Tuition	109,139	141,425	(32,286)	(22.83)
Student & Instructional Staff	2,125,452	2,176,309	(50,857)	(2.34)
General & Business Administration	708,959	728,841	(19,882)	(2.73)
School Administration	625,411	621,827	3,584	0.58
Maintenance	1,077,859	1,179,840	(101,981)	(8.64)
Transportation	670,448	670,888	(440)	(0.07)
Food Service	188,398	186,129	2,269	1.22
Charter School	12,361	12,255	106	0.86
Interest on Long-Term Debt	758	11,489	(10,731)	(5.77)
Total Expenses	<u>13,271,626</u>	<u>13,694,202</u>	<u>(422,576)</u>	<u>(3.09)</u>
Increase (Decrease) in Net Assets	<u>\$ 898,865</u>	<u>\$ 612,453</u>	<u>\$286,412</u>	46.76

\* = undefined

### 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 75.9% of revenues for governmental activities for the Lebanon Township School District for fiscal year 2011. Note that property taxes made up 75.9% of revenue last year as well.

Instruction comprises 59.3% of district expenses. Support services expenses make up 40.7% of the expenses. These proportions remain relatively constant from year to year. However, fiscal year 2011 saw a slight increase (.3%) in the percentage of instruction service expenses.

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 the cost of those services.

**Table 3** provides a summary of the School District’s cost of governmental services in fiscal years 2011 and 2010. Net cost of services identifies the cost of governmental services supported by tax revenue and unrestricted State entitlements net of restricted funds. Restricted funds are primarily attributable to federal grants and local donations.

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

	Total Cost of Services		Net Cost of Services	
	6/30/11	6/30/10	6/30/11	6/30/10
Instruction	7,752,841	7,965,199	7,418,956	7,757,653
Support Services:				
Tuition	109,139	141,425	109,139	59,444
Student & Instructional Staff	2,125,452	2,176,309	2,023,874	2,120,700
General & Business Administration	708,959	728,841	703,653	727,974
School Administration	652,411	621,827	619,497	621,275
Plant Operations & Maintenance	1,077,859	1,179,840	1,071,491	1,164,042
Pupil Transportation	670,448	670,888	670,448	670,888
Food Service	188,398	186,129	(8,461)	(5,492))
Charter School	12,361	12,255	12,361	12,255
Interest on Long-Term Debt	758	11,489	758	11,489
Total Expenses	<u>13,271,626</u>	<u>13,694,202</u>	<u>12,621,716</u>	<u>13,140,228</u>

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 with 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, budget transfers may be needed to accommodate unanticipated changes in enrollment, special education requirements, 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

During fiscal year 2011, commissioner of education approval was sought to transfer \$80,000 from budgeted tuition to facilities maintenance. Tuition funds were available to due to changes in the special education population. All other transfers fell below 10% (Exhibit C-1).

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. The increase in total expenses is further limited by administrative spending maximums and availability of total revenue. The over-reaching limit on annual school district expenses is the limit on revenues.

Lebanon Township School District has four sources of revenue which support its general fund budget; miscellaneous revenue, state aid, property tax and fund balance. Miscellaneous revenue is a very small percentage of total revenue resulting mostly from bank interest. The amount of fiscal year 2011 state aid was less than 14% of total revenue. Property tax (at 85%) remained the major source of revenue for Lebanon Township School District. 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 revenue creates stress within the maximum permitted net budget.

### Capital Assets

At the end of the fiscal year 2011, the School District had \$4,488,945 invested in land, buildings, furniture and equipment.

**Table 4** provides a summary of the School District's capital assets net of depreciation at 6/30/11 with comparisons to 6/30/10.

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

	6/30/11	6/30/10	Variance	
			Dollars	%
Land	61,672	61,672	-	-
Land Improvements	79,017	85,200	(6,183)	(7.26)
Buildings & Improvements	4,091,777	4,024,454	67,323	1.67
Furniture & Equipment	237,382	263,698	(26,316)	(9.98)
Construction in Progress	19,097	25,100	(6,003)	(23.92)
Total	<u>\$4,488,945</u>	<u>\$4,460,124</u>	<u>\$28,821</u>	0.65

\* = undefined

During fiscal year 2011 the district completed the Valley View School window replacement project in the Capital Projects fund at a total cost of \$230,904. The District also expended \$19,097 of construction in progress to start a lighting replacement project at both elementary schools and a parking lot expansion project at the Valley View School.

### Debt Administration

At June 30, 2011, the School District had \$337,834 in long term liabilities which consisted entirely of compensated absences liability.

**Table 5** provides a summary of the District's long-term liabilities at 6/30/11 with comparisons to 6/30/10.

	6/30/11	6/30/10	Variance	
			Dollars	%
Compensated Absences	337,834	363,683	(25,849)	(7.11)
	<u>\$337,834</u>	<u>\$363,683</u>	<u>\$(25,849)</u>	<u>(7.11)</u>

### For the Future

The Lebanon Township School District is in good financial condition presently. The school district has been able to reduce taxes by returning fund balance generated by reduced expenses due to lower enrollment. The challenge for the future will be to maintain local tax revenue. Changes in the economy and falling local property values are contributing factors in the struggle to raise sufficient local tax revenues. Lebanon Township is primarily a residential community, with very few commercial properties. Media attention generating loss of confidence will continue to influence public support of public education.

The Lebanon Township School District has the reputation of providing a sound and enriching education experience to all its students. The School District has demonstrated financial excellence for many years. The School District's system for financial planning, budgeting, and internal financial controls have resulted in the continuous generation of fund balance, which is routinely returned to the tax payers. The School District plans to continue its sound fiscal management practices 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](mailto: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, 2011

	Govern- mental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 3,382,234	\$ 52,319	\$ 3,434,553
Investments	217,437		217,437
Internal Balances	(3,482)	3,482	
Receivables, Net	447,600	2,180	449,780
Inventory		4,325	4,325
Restricted Assets:			
Capital Reserve Account-Investments	613,259		613,259
Maintenance Reserve Account-Investments	542,211		542,211
Capital Assets (Note 4):			
Land and Construction in Progress	80,769		80,769
Other Capital Assets, Net of Depreciation	4,397,160	11,016	4,408,176
Total Assets	<u>9,677,188</u>	<u>73,322</u>	<u>9,750,510</u>
<b>LIABILITIES</b>			
Deferred Revenue	1,741,445	1,996	1,743,441
Long-Term Liabilities (Note 5):			
Due Within One Year	13,693		13,693
Due Beyond One Year	324,141		324,141
Total Liabilities	<u>2,079,279</u>	<u>1,996</u>	<u>2,081,275</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	4,477,929	11,016	4,488,945
Restricted For:			
Capital Reserve	613,259		613,259
Maintenance Reserve	542,211		542,211
Unrestricted	<u>1,964,510</u>	<u>60,310</u>	<u>2,024,820</u>
TOTAL NET ASSETS	<u>\$ 7,597,909</u>	<u>\$ 71,326</u>	<u>\$ 7,669,235</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 4,806,669	\$ 557,082	\$ 20,100	\$ 27,422	\$ 38,988	\$ (5,277,241)		\$ (5,277,241)
Special Education	1,937,902	177,781	29,200	172,721	15,664	(1,898,098)		(1,898,098)
Other Special Instruction	115,016	17,092			930	(131,178)		(131,178)
Other Instruction	139,057	2,242	18,475	9,410	975	(112,439)		(112,439)
Support Services:								
Tuition	109,139					(109,139)		(109,139)
Students & Instruction Related Services	1,911,091	214,361	2,566	83,256	15,756	(2,023,874)		(2,023,874)
General & Business Administration Services	657,633	51,326	8		5,298	(703,653)		(703,653)
School Administration Services	580,540	44,871	1,241		4,673	(619,497)		(619,497)
Plant Operations & Maintenance	1,077,235	624	6,368			(1,071,491)		(1,071,491)
Pupil Transportation	670,448					(670,448)		(670,448)
Transfers to Charter Schools	12,361					(12,361)		(12,361)
Interest on Long-term Debt	758					(758)		(758)
Total Governmental Activities	<u>12,017,849</u>	<u>1,065,379</u>	<u>77,958</u>	<u>292,809</u>	<u>82,284</u>	<u>(12,630,177)</u>	\$ -	<u>(12,630,177)</u>
Business-Type Activities:								
Food Service	188,398		155,834	41,025			8,461	8,461
Total Business-Type Activities	<u>188,398</u>	<u>-</u>	<u>155,834</u>	<u>41,025</u>	<u>-</u>	<u>-</u>	<u>8,461</u>	<u>8,461</u>
Total Primary Government	<u>\$ 12,206,247</u>	<u>\$ 1,065,379</u>	<u>\$ 233,792</u>	<u>\$ 333,834</u>	<u>\$ 82,284</u>	<u>(12,630,177)</u>	<u>8,461</u>	<u>(12,621,716)</u>
			General Revenues and Special Items					
			Property Taxes Levied for General Purposes			10,606,595		10,606,595
			Federal & State Aid Not Restricted			2,880,928		2,880,928
			Investment Earnings			17,062	261	17,323
			Miscellaneous Income			15,735		15,735
			Total General Revenues			<u>13,520,320</u>	<u>261</u>	<u>13,520,581</u>
			Change in Net Assets			890,143	8,722	898,865
			Net Assets-Beginning			6,707,766	62,604	6,770,370
			Net Assets-Ending			<u>\$ 7,597,909</u>	<u>\$ 71,326</u>	<u>\$ 7,669,235</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 3,382,234				\$ 3,382,234
Investments	217,437				217,437
Interfund Receivable	108,174				108,174
Receivables from Other Governments:					
Federal		\$ 121,140			121,140
State	322,591				322,591
Local	2,200				2,200
Other Receivables	1,669				1,669
Restricted Investments	1,155,470				1,155,470
<b>TOTAL ASSETS</b>	<b>\$ 5,189,775</b>	<b>\$ 121,140</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,310,915</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 3,482	\$ 108,174			\$ 111,656
Deferred Revenue	1,728,479	12,966			1,741,445
<b>Total Liabilities</b>	<b>1,731,961</b>	<b>121,140</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,853,101</b>
<b>Fund Balances:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve Account	613,259				613,259
Maintenance Reserve Account	542,211				542,211
Excess Surplus	1,099,981				1,099,981
Excess Surplus-Designated for Subsequent Year's Expenditures	639,214				639,214
<b>Committed Fund Balance:</b>					
Year-end Encumbrances	178,035				178,035

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011  
(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)					
Unassigned Fund Balance	\$ 385,114				\$ 385,114
Total Fund Balances	<u>3,457,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,457,814</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,189,775</u>	<u>\$ 121,140</u>	<u>\$ -</u>	<u>\$ -</u>	

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  
and the accumulated depreciation is

\$ 9,065,293  
4,587,364

4,477,929

Long-term liabilities, including bonds payable, are not due & payable in the current period  
& therefore are not reported as liabilities in the funds

(337,834)

Total Net Assets of Governmental Activities

\$ 7,597,909

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, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 10,606,595				\$ 10,606,595
Tuition Charges-Individuals	20,100				20,100
Tuition Charges-Other LEA's	29,200				29,200
Interest Earned on Capital Reserve Funds	2,620				2,620
Interest on Investments	14,442				14,442
Building Use Fees	6,367				6,367
Contributions and Donations from Private Sources		\$ 29,897			29,897
Miscellaneous	15,744				15,744
<b>Total</b>	<b>10,695,068</b>	<b>29,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>10,724,965</b>
State Sources	2,880,928		82,284		2,963,212
Federal Sources		262,912			262,912
<b>Total Revenues</b>	<b>13,575,996</b>	<b>292,809</b>	<b>82,284</b>	<b>-</b>	<b>13,951,089</b>
<b>EXPENDITURES</b>					
Current :					
Instructional:					
Regular Instruction	4,799,035	24,292			4,823,327
Special Education Instruction	1,774,507	163,395			1,937,902
Other Special Instruction	106,924	8,092			115,016
Other Instruction	120,582				120,582
Support Service & Undistributed Costs:					
Tuition	109,139				109,139
Student & Instruction Related Services	1,869,735	79,531			1,949,266
General & Business Administrative Services	655,383				655,383
School Administrative Services	578,174				578,174
Plant Operations & Maintenance	1,075,817				1,075,817
Pupil Transportation	670,448				670,448
Unallocated Benefits	824,212	14,369			838,581

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, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 19,097	\$ 3,130	\$ 205,804		\$ 228,031
Transfer to Charter Schools	12,361				12,361
Debt Services:					
Interest & Other Charges	758				758
Total Expenditures	<u>12,616,172</u>	<u>292,809</u>	<u>205,804</u>	<u>\$ -</u>	<u>13,114,785</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>959,824</u>	<u>-</u>	<u>(123,520)</u>	<u>-</u>	<u>836,304</u>
Other Financing Sources (Uses):					
Operating Transfers In	9,017				9,017
Operating Transfers Out			(9,017)		(9,017)
Total Other Financing Sources (Uses)	<u>9,017</u>	<u>-</u>	<u>(9,017)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	968,841		(132,537)		836,304
Fund Balances, July 1	<u>2,488,973</u>		<u>132,537</u>		<u>2,621,510</u>
Fund Balances, June 30	<u>\$ 3,457,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,457,814</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	836,304
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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 capital outlays exceeds depreciation in the period:

Capital Outlays	\$ 228,031	
Depreciation Expenses	<u>(200,041)</u>	
		27,990

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.

25,849

Change in Net Assets of Governmental Activities	\$	<u><u>890,143</u></u>
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LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	<u>Food Service Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 52,319
Due from Other Funds	3,482
Receivables from Other Governments:	
State	297
Federal	1,883
Inventory	4,325
Total Current Assets	<u>62,306</u>
Noncurrent Assets:	
Capital Assets	73,796
Less: Accumulated Depreciation	62,780
Total Noncurrent Assets	<u>11,016</u>
Total Assets	<u>73,322</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Deferred Revenues	1,996
Total Liabilities	<u>1,996</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	11,016
Unrestricted	60,310
TOTAL NET ASSETS	<u>\$ 71,326</u>

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, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 116,496
Daily Sales-Unreimbursable Programs	39,338
Total Operating Revenues	<u>155,834</u>
Other Expenses:	
Salaries	67,989
Employee Benefits	13,478
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	995
Insurance	1,645
Management Fee	7,057
Other Purchased Services	2,535
Supplies and Materials	8,309
Depreciation	1,391
Costs of Sales	83,302
Miscellaneous	97
Total Operating Expenses	<u>188,398</u>
Operating Income (Loss)	<u>(32,564)</u>
Non-operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,411
Federal Sources:	
National School Lunch Program	26,790
Food Distribution Program	11,824
Interest Earned on Investments	261
Total Non-operating Revenues (Expenses)	<u>41,286</u>
Change in Net Assets	8,722
Net Assets, Beginning	<u>62,604</u>
Net Assets, Ending	<u>\$ 71,326</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers (Net)	\$ 155,834
Payments to Food Service Management Company	(183,653)
Payments to Vendors (Net)	(5,005)
Net Cash Provided by (Used For) Operating Activities	<u>(32,824)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,326
Federal Sources	26,945
General Fund Interfund Activity	(565)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>28,706</u>
Cash Flows from Capital & Related Financing Activities:	
Purchase of Capital Assets	<u>(2,222)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	<u>261</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,079)
Cash and Cash Equivalents, July 1	<u>58,398</u>
Cash and Cash Equivalents, June 30	<u>\$ 52,319</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (32,564)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,391
Federal Food Distribution Program	11,824
(Increase) Decrease in Inventory	(352)
Increase (Decrease) in Account Payable	(13,452)
Increase (Decrease) in Deferred Revenue	329
Net Cash Provided by (Used For) Operating Activities	<u>\$ (32,824)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash & Cash Equivalents	\$ 9,313	\$ 18,273	\$ 1,035
Investments	148,336		
Accrued Interest on Investments	3,983		
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>161,632</u>	<u>\$ 18,273</u>	<u>\$ 1,035</u>
LIABILITIES			
Accounts Payable	7,324		
Due to Student Groups		\$ 18,273	
Payroll Deductions & Withholdings			\$ 1,035
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>7,324</u>	<u>\$ 18,273</u>	<u>\$ 1,035</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 154,308</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 11,529
Investment Earnings-Interest	<u>2,476</u>
Total Additions	<u>14,005</u>
DEDUCTIONS	
Unemployment Claims	<u>54,334</u>
Total Deductions	<u>54,334</u>
Change in Net Assets	(40,329)
Net Assets, Beginning of the Year	<u>194,637</u>
Net Assets, End of the Year	<u><u>\$ 154,308</u></u>

**NOTES TO FINANCIAL STATEMENTS**

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

**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.

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2011 of 767 students.

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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 has been removed from these statements.

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

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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, 2011 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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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 2010-2011 and 2009-2010 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, 2011.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**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:

<u>Assets</u>	<u>Years</u>
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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**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, 2011 consists of the following:

Capital Reserve	\$	613,259
Maintenance Reserve		<u>542,211</u>
		<u>\$ 1,155,470</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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, 2011 appear in the financial statements as summarized below:

Cash		\$	3,463,174
Investments			1,521,243
			\$ 4,984,417
	<u>Ref.</u>		
Cash:			
Governmental Funds, Statement of Net Assets	B-1	\$	3,382,234
Enterprise Fund, Statement of Net Assets	B-4		52,319
Fiduciary Funds, Statement of Net Assets	B-7		28,621
Investments			
Governmental Funds, Statement of Net Assets	B-1		1,372,907
Fiduciary Funds, Statement of Net Assets	B-7		148,336
Total Cash			\$ 4,984,417

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$4,984,417 and the bank balance is \$5,207,921. Of the bank balance, \$852,946 is covered by federal depository insurance and \$4,354,975 is insured by GUDPA.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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, 2011, the district had the following investments:

MBIA Class	\$ 1,418,297
First Hope Bank Certificate of Deposits	<u>102,946</u>
	<u>\$ 1,521,243</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 61,672			\$ 61,672
Construction in Progress	25,100	\$ 224,901	\$ 230,904	19,097
Total	<u>86,772</u>	<u>224,901</u>	<u>230,904</u>	<u>80,769</u>
Capital Assets, Being Depreciated:				
Land Improvements	209,439			209,439
Building & Improvements	8,058,559	230,904		8,289,463
Furniture & Equipment	484,492	3,130	2,000	485,622
Total	<u>8,752,490</u>	<u>234,034</u>	<u>2,000</u>	<u>8,984,524</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 124,239	\$ 6,183		\$ 130,422
Building & Improvements	4,034,105	163,581		4,197,686
Furniture & Equipment	230,979	30,277	\$ 2,000	259,256
Total	<u>4,389,323</u>	<u>200,041</u>	<u>2,000</u>	<u>4,587,364</u>
Total Capital Assets, Being Depreciated, Net	<u>4,363,167</u>	<u>33,993</u>	<u>-0-</u>	<u>4,397,160</u>
Transfers Between Capital Assets	<u>-0-</u>	<u>(230,904)</u>	<u>(230,904)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,449,939</u>	<u>\$ 27,990</u>	<u>\$ -0-</u>	<u>\$ 4,477,929</u>
Business-Type Activities:				
Furniture & Equipment	\$ 71,574	\$ 2,222		\$ 73,796
Less: Accum Depreciation	<u>61,389</u>	<u>1,391</u>	<u>\$ -0-</u>	<u>62,780</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,185</u>	<u>\$ 831</u>	<u>\$ -0-</u>	<u>\$ 11,016</u>

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

Instruction:	
Regular	\$ 93,391
Special Education	36,037
Other Special Instruction	2,139
Co-curricular Activities	2,242
Support Services:	
Student & Instruction	38,499
General & Business Admin	14,438
School Administration	11,877
Plant & Maintenance	<u>1,418</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 200,041</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences Payable	\$ 363,683	\$ 37,496	\$ 63,345	\$ 337,834	\$ 13,693
Total Governmental Activities Long-Term Liabilities	<u>\$ 363,683</u>	<u>\$ 37,496</u>	<u>\$ 63,345</u>	<u>\$ 337,834</u>	<u>\$ 13,693</u>

The other long-term debts are paid in the current expenditures budget of the District's general fund.

The general obligation bonded debt of the District is limited by state law to 3% 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, 2011 is \$30,900,772. General obligation debt at June 30, 2011 is \$-0-, resulting in a legal debt margin of \$30,900,772.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

## 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), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The 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 and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

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).

B. 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).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Description of Systems (cont'd)

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.

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, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. 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)

<u>Year</u> <u>Funding</u>	<u>Post</u> <u>Retirement</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/11	\$ 407,237	100%
06/30/10	380,906	100%
06/30/09	374,886	100%

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Contribution Requirements (Cont'd)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 139,542	100%
06/30/10	106,262	100%
06/30/09	98,017	100%

During the year ended June 30, 2011, the State of New Jersey contributed \$388,926 to the TPAF for post-retirement medical benefits and \$18,311 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 \$416,975 during the year ended June 30, 2011 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, 2010, there were 87,288 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 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)**

**Plan Description-**The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined 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 State 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 <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.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:

Lincoln National Life  
The Equitable Life Assurance  
Lincoln Investment Planning  
AXA Equitable Life Insurance Co  
Financial Resources & Retirement Advisory Inc

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The following Interfund balances remained on the various balance sheets of the District as of June 30, 2011.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 108,174	\$ 3,482
Special Revenue Fund		108,174
Proprietary-Food Service Fund	3,482	
	\$ 111,656	\$ 111,656

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 due to cash flow issues related to the delayed receipt of grant revenues.

All interfund balances will be liquidated within one year.

The Capital Fund transferred \$9,017 to the General Fund representing the return of unused capital reserve funding for a project approved in the District's Long Range Facility Plan.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$ 3,338
Supplies	987
	\$ 4,325

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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**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. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the 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 its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Other Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ -0-	\$ 2,476	\$ 11,529	\$ 54,334	\$ 154,308
2009-2010	-0-	5,191	12,322	10,261	194,637
2008-2009	405	1,462	12,358	8,406	187,385

**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.

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 2011 to authorize a deposit to their Maintenance Reserve account of \$265,000 and to their Capital Reserve Account of \$135,000.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**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

<u>Fiscal Year</u>	<u>Return of Unused Withdrawal</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
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
2009-2010		186,563	3,471	147,600	466,622
2010-2011	9,017	135,000	2,620		613,259

Maintenance Reserve Account

<u>Fiscal Year</u>	<u>Return of Unused Withdrawal</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
2007-2008		\$ 100,000			\$ 100,000
2008-2009	\$ 44,884	100,000	\$ 919	\$ 69,000	176,803
2009-2010		100,000	408		277,211
2010-2011		265,000			542,211

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 613,259	\$ 466,622
Maintenance Reserve-Represents funds restricted for the required maintenance of a school facility	542,211	277,211
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	1,099,981	639,214
Excess Surplus-Designated for subsequent year's expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	639,214	698,119

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

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

	<u>2011</u>	<u>2010</u>
Committed:		
Year-End Encumbrances-Represents fund balance		
Committed for purchase orders that have been issued		
But goods or services were not received as of June 30	\$ 178,035	\$ 62,313
Unassigned:		
Undesignated-represents fund balance which		
has not been reserved or designated.	<u>552,116</u>	<u>579,335</u>
Total Fund Balance	<u>\$ 3,624,816</u>	<u>\$ 2,722,814</u>

**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, 2011 is \$1,099,981.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 10,606,595		\$ 10,606,595	\$ 10,606,595	
Tuition Charges-Individuals	18,000		18,000	20,100	\$ 2,100
Tuition Charges-Other LEA's				29,200	29,200
Interest on Capital Reserve Funds	3,000		3,000	2,620	(380)
Interest on Investments				14,442	14,442
Building Use Fees				6,367	6,367
Unrestricted Miscellaneous Revenues	25,500		25,500	15,744	(9,756)
<b>Total</b>	<b>10,653,095</b>	<b>\$ -</b>	<b>10,653,095</b>	<b>10,695,068</b>	<b>41,973</b>
State Sources:					
Categorical Special Education Aid	407,944		407,944	407,944	
Equalization Aid	1,003,621		1,003,621	1,003,621	
Categorical Security Aid	54,607		54,607	54,607	
Categorical Transportation Aid	221,590		221,590	221,590	
Extraordinary Special Education Costs Aid				295,263	295,263
Non Public Transportation Aid				6,540	6,540
TPAF Wage Freeze Aid				312	312
On-Behalf TPAF Pension Contribution				407,237	407,237
Reimbursed TPAF Social Security Contribution				416,975	416,975
<b>Total</b>	<b>1,687,762</b>	<b>-</b>	<b>1,687,762</b>	<b>2,814,089</b>	<b>1,126,327</b>
<b>TOTAL REVENUES</b>	<b>\$ 12,340,857</b>	<b>\$ -</b>	<b>\$ 12,340,857</b>	<b>\$ 13,509,157</b>	<b>\$ 1,168,300</b>
<b>EXPENDITURES</b>					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 27,867		\$ 27,867	\$ 27,782	\$ 85
Kindergarten	115,530		115,530	89,058	26,472
Grades 1-5	1,838,601	\$ 53,000	1,891,601	1,860,436	31,165
Grades 6-8	1,417,926	(1,000)	1,416,926	1,404,529	12,397
Home Instruction:					
Salaries of Teachers	2,876	1,000	3,876	3,405	471
Other Purchased Services	140		140		140
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	89,903	(30,279)	59,624	58,428	1,196
Purchased Professional-Educational Services	400	4,179	4,579	4,579	
Purchased Technical Services	32,008	(32,008)			
Other Purchased Services	9,959	29,482	39,441	34,717	4,724
General Supplies	180,617	22,052	202,669	115,978	86,691
Textbooks	8,500	(6,500)	2,000	1,902	98
Other Objects	1,474	(1,474)			
<b>Total</b>	<b>3,725,801</b>	<b>38,452</b>	<b>3,764,253</b>	<b>3,600,814</b>	<b>163,439</b>
Special Education-Instruction:					
Learning &/or Language Disabilities:					
Salaries of Teachers	119,976	23,940	143,916	143,727	189
Other Salaries for Instruction	54,085	38,260	92,345	87,162	5,183
General Supplies	10,200		10,200	5,943	4,257
<b>Total</b>	<b>184,261</b>	<b>62,200</b>	<b>246,461</b>	<b>236,832</b>	<b>9,629</b>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 938,731	\$ (91,600)	\$ 847,131	\$ 760,997	\$ 86,134
Other Salaries for Instruction	105,194	(14,100)	91,094	35,389	55,705
General Supplies	8,800		8,800	6,621	2,179
Total	1,052,725	(105,700)	947,025	803,007	144,018
Autism:					
Salaries of Teachers	28,412		28,412	871	27,541
Other Salaries for Instruction	82,775	4,400	87,175	83,504	3,671
General Supplies	4,850		4,850	3,484	1,366
Total	116,037	4,400	120,437	87,859	32,578
Preschool Disabilities-Part Time:					
Salaries of Teachers	27,866		27,866	24,041	3,825
Other Salaries for Instruction	42,400	47,000	89,400	86,709	2,691
General Supplies	1,950		1,950	647	1,303
Total	72,216	47,000	119,216	111,397	7,819
Total Special Education	1,425,239	7,900	1,433,139	1,239,095	194,044
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	135,237		135,237	105,188	30,049
General Supplies	2,400		2,400	1,586	814
Total	137,637	-	137,637	106,774	30,863
Bilingual Education-Instruction:					
Salaries of Teachers	1,200		1,200		1,200
General Supplies	1,000		1,000	150	850
Total	2,200	-	2,200	150	2,050
School Sponsored Co-curricular Activities:					
Salaries	60,000		60,000	51,379	8,621
Purchased Services	5,500		5,500	3,807	1,693
Supplies & Materials	8,100		8,100	1,777	6,323
Other Objects	1,457		1,457	1,211	246
Total	75,057	-	75,057	58,174	16,883
Total Instruction Regular	\$ 5,365,934	\$ 46,352	\$ 5,412,286	\$ 5,005,007	\$ 407,279
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to Other LEAs Within the State-Special	\$ 63,220	\$ (50,000)	\$ 13,220	\$ 12,830	\$ 390
Private Schools for the Disabled Within State	129,427	(30,000)	99,427	96,309	3,118
Total	192,647	(80,000)	112,647	109,139	3,508
Health Services:					
Salaries	125,891	7,100	132,991	129,465	3,526
Purchased Professional & Technical Services	3,323		3,323	2,000	1,323
Supplies & Materials	4,500	130	4,630	2,372	2,258
Total	133,714	7,230	140,944	133,837	7,107

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 195,782		\$ 195,782	\$ 161,972	\$ 33,810
Purchased Professional-Educational Services	171,579	\$ (12,000)	159,579	125,404	34,175
Supplies & Materials	4,000		4,000	2,823	1,177
Total	371,361	(12,000)	359,361	290,199	69,162
Other Support Services-Students-Extra:					
Salaries	244,993	(40,000)	204,993	162,044	42,949
Purchased Professional-Educational Services	10,900		10,900		10,900
Supplies & Materials	10,250		10,250	490	9,760
Total	266,143	(40,000)	226,143	162,534	63,609
Guidance:					
Salaries of Other Professional Staff	117,057	1,039	118,096	117,764	332
Other Salaries	13,665	(1,039)	12,626		12,626
Other Purchased Professional & Technical Services	1,000		1,000		1,000
Supplies & Materials	1,400		1,400	851	549
Total	133,122	-	133,122	118,615	14,507
Child Study Team:					
Salaries of Other Professional Staff	280,812	29,357	310,169	310,169	
Salaries of Secretarial & Clerical Assistants	36,833	(4,357)	32,476	19,046	13,430
Purchased Professional-Educational Services		1,183	1,183	1,183	
Other Purchased Professional & Technical Services	17,800	(535)	17,265	11,771	5,494
Miscellaneous Purchased Services	11,400		11,400	4,794	6,606
Supplies & Materials	8,000	(1,683)	6,317	4,519	1,798
Total	354,845	23,965	378,810	351,482	27,328
Improvement of Instruction Services:					
Salaries of Other Professional Staff	162,671	(18,000)	144,671	106,913	37,758
Other Purchased Services	3,750		3,750	600	3,150
Supplies & Materials	800		800	187	613
Total	167,221	(18,000)	149,221	107,700	41,521
Educational Media Services/School Library:					
Salaries	172,815	(2,001)	170,814	140,619	30,195
Purchased Professional and Technical Services	5,515	1	5,516	3,466	2,050
Other Purchased Services	400		400		400
Supplies & Material	28,530	248	28,778	27,861	917
Other Objects	550		550	550	
Total	207,810	(1,752)	206,058	172,496	33,562
Instructional Staff Training Services:					
Purchased Professional-Educational Services	2,000	1,300	3,300	3,300	
Other Purchased Services	12,500	(1,300)	11,200	3,534	7,666
Supplies & Material	897	(597)	300		300
Other Objects		597	597	200	397
Total	15,397	-	15,397	7,034	8,363

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Support Services General Administration:					
Salaries	\$ 208,364	\$ 217	\$ 208,581	\$ 202,280	\$ 6,301
Legal Services	5,000	16,148	21,148	21,148	
Audit Fees	14,262	1,488	15,750	15,750	
Other Purchased Professional Services	3,990	190	4,180	4,180	
Communications & Telephone	33,548	(6,900)	26,648	22,614	4,034
Board of Education Other Purchased Services	11,175	(9,765)	1,410	269	1,141
Miscellaneous Purchased Services	44,300	(8,799)	35,501	28,748	6,753
General Supplies	5,915		5,915	5,222	693
Board of Education In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	2,835		2,835	2,070	765
Board of Education Membership Dues & Fees	8,491	(1,330)	7,161	7,137	24
Total	338,080	(8,751)	329,329	309,418	19,911
Support Services School Administration:					
Salaries of Principals & Assistant Principals	230,408	(16,600)	213,808	213,724	84
Salaries of Secretarial & Clerical Assistants	201,868	10,000	211,868	197,996	13,872
Purchased Professional & Technical Services	8,563	(5,000)	3,563	2,988	575
Other Purchased Services	6,574		6,574	1,154	5,420
Supplies & Materials	11,930		11,930	6,476	5,454
Other Objects	3,475		3,475	1,695	1,780
Total	462,818	(11,600)	451,218	424,033	27,185
Central Services:					
Salaries	163,434		163,434	151,713	11,721
Purchased Professional Services	7,500	(7,500)			
Purchased Technical Services	9,405	9,000	18,405	16,090	2,315
Miscellaneous Purchased Services	3,800	(1,500)	2,300	1,450	850
Supplies & Materials	2,500		2,500	1,885	615
Miscellaneous Expenditures	1,510		1,510	1,355	155
Total	188,149	-	188,149	172,493	15,656
Administrative Information Technology:					
Purchased Professional Services	70,903	(5,103)	65,800	64,765	1,035
Purchased Technical Services	12,570	(3,351)	9,219	9,219	
Supplies & Materials	6,900	(431)	6,469	1,822	4,647
Total	90,373	(8,885)	81,488	75,806	5,682
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	208,406	(13,817)	194,589	132,697	61,892
General Supplies		4,819	4,819	3,349	1,470
Other Objects	3,822	(975)	2,847	30	2,817
Total	212,228	(9,973)	202,255	136,076	66,179
Custodial Services:					
Salaries	430,645	(10,000)	420,645	403,560	17,085
Purchased Professional & Technical Services	3,050	9,484	12,534	4,323	8,211
Cleaning, Repair & Maintenance Services	26,887	(2,284)	24,603	22,041	2,562
Insurance	34,232		34,232	31,138	3,094
Miscellaneous Purchased Services	686		686	180	506
General Supplies	50,000	(273)	49,727	33,042	16,685
Energy (Electricity)	137,354	29,142	166,496	114,116	52,380
Energy (Natural Gas)	75,000	(37,936)	37,064	37,064	
Energy (Oil)	75,000	8,794	83,794	83,794	
Other Objects	100	310	410	410	
Total	832,954	(2,763)	830,191	729,668	100,523

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transportation Services:					
Management Fee-ESC & CSTA					
Transportation Program	\$ 10,175		\$ 10,175	\$ 8,910	\$ 1,265
Contracted Services (Between Home & School)-Vendors	177,250	\$ (37,379)	139,871	139,329	542
Contracted Services (Other Than (Between Home & School)-Vendors	13,000	409	13,409	12,715	694
Contracted Services (Between Home & School)-Joint Agreements	291,242	16,379	307,621	307,621	
Contracted Services (Special Education Students)-Joint Agreements	31,500	1,700	33,200	29,600	3,600
Contracted Services (Regular Students)-ESC & CTSA		24,647	24,647	24,579	68
Contracted Services (Special Education Students)-ESC & CTSA	185,000	(38,700)	146,300	137,420	8,880
Contracted Services-Aid In Lieu of Payments for Non Public Schools	37,128	(24,647)	12,481	9,390	3,091
Contracted Services-Aid In Lieu of Payments for Charter School Students	884		884	884	
Total	746,179	(57,591)	688,588	670,448	18,140
Allocated Benefits					
Regular Programs-Instruction:					
Social Security Contribution	17,026	10,933	27,959	27,959	
Other Retirement Contributions-PERS	18,176	19,490	37,666	37,666	
Other Retirement Contributions-Regular		2,524	2,524	2,315	209
Workmen's Compensation	41,116	(1,816)	39,300	39,151	149
Health Benefits	1,215,430	(9,000)	1,206,430	1,044,812	161,618
Tuition Reimbursement	50,000	(832)	49,168	27,437	21,731
Other Employee Benefits	42,625	(15,345)	27,280	18,881	8,399
Total	1,384,373	5,954	1,390,327	1,198,221	192,106
Special Programs-Instruction:					
Social Security Contribution	28,961	(2,466)	26,495	25,914	581
Other Retirement Contributions-PERS	28,431		28,431	28,431	
Workmen's Compensation	21,833	(1,058)	20,775	19,575	1,200
Health Benefits	523,900		523,900	523,900	
Total	603,125	(3,524)	599,601	597,820	1,781
Health Services:					
Workmen's Compensation	1,420		1,420	1,305	115
Health Benefits	40,300		40,300	40,300	
Total	41,720	-	41,720	41,605	115
Speech, OT, PT & Related Services:					
Workmen's Compensation	1,704		1,704	1,305	399
Health Benefits	60,450		60,450	60,450	
Total	62,154	-	62,154	61,755	399

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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	\$ 14,152	\$ (1,541)	\$ 12,611	\$ 12,586	\$ 25
Other Retirement Contributions-PERS	15,795		15,795	15,795	
Workmen's Compensation	3,550		3,550	3,262	288
Health Benefits	80,600		80,600	80,600	
Other Employee Benefits		345	345	345	
Total	114,097	(1,196)	112,901	112,588	313
Guidance:					
Workmen's Compensation	1,420		1,420	1,305	115
Health Benefits	40,300		40,300	40,300	
Other Employee Benefits		4,510	4,510	4,510	
Total	41,720	4,510	46,230	46,115	115
Child Study Team:					
Social Security Contribution	2,818	7,280	10,098	9,784	314
Other Retirement Contributions-PERS	3,159		3,159	3,159	
Workmen's Compensation	3,550		3,550	3,262	288
Health Benefits	120,900		120,900	120,900	
Other Employee Benefits		35,426	35,426	35,426	
Total	130,427	42,706	173,133	172,531	602
Improvement of Instruction Services:					
Workmen's Compensation	1,065		1,065	653	412
Health Benefits	20,150		20,150	20,150	
Total	21,215	-	21,215	20,803	412
Educational Media Services/School Library:					
Social Security Contribution	4,145	(2,429)	1,716	1,716	
Other Retirement Contributions-PERS	6,318		6,318	6,318	
Workmen's Compensation	2,130	(11)	2,119	1,957	162
Health Benefits	60,450		60,450	60,450	
Total	73,043	(2,440)	70,603	70,441	162
Support Services-General Administration:					
Social Security Contribution	4,145	265	4,410	4,400	10
Other Retirement Contributions-PERS	3,159		3,159	3,159	
Workmen's Compensation	1,420		1,420	1,305	115
Health Benefits	40,300		40,300	40,300	
Other Employee Benefits	125		125	125	
Total	49,149	265	49,414	49,289	125

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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	\$ 16,065	\$ (710)	\$ 15,355	\$ 15,276	\$ 79
Other Retirement Contributions-PERS	13,425		13,425	13,425	
Workmen's Compensation	4,260		4,260	3,915	345
Health Benefits	120,900		120,900	120,900	
Other Employee Benefits	688		688	625	63
Total	<u>155,338</u>	<u>(710)</u>	<u>154,628</u>	<u>154,141</u>	<u>487</u>
Support Services-Central Services:					
Social Security Contribution	4,304	(122)	4,182	3,488	694
Other Retirement Contributions-PERS	3,159		3,159	3,159	
Workmen's Compensation	1,420		1,420	1,305	115
Health Benefits	40,300		40,300	40,300	
Other Employee Benefits	125		125	125	
Total	<u>49,308</u>	<u>(122)</u>	<u>49,186</u>	<u>48,377</u>	<u>809</u>
Custodial Services:					
Social Security Contribution	38,632	(3,499)	35,133	31,150	3,983
Other Retirement Contributions-PERS	28,431	(1)	28,430	28,430	
Workmen's Compensation	7,100		7,100	6,525	575
Health Benefits	141,050		141,050	141,050	
Other Employee Benefits	3,000		3,000	2,918	82
Total	<u>218,213</u>	<u>(3,500)</u>	<u>214,713</u>	<u>210,073</u>	<u>4,640</u>
Total Allocated Benefits	<u>2,943,882</u>	<u>41,943</u>	<u>2,985,825</u>	<u>2,783,759</u>	<u>202,066</u>
On-Behalf TPAF Pension Contribution				407,237	(407,237)
Reimbursed TPAF Social Security Contribution				416,975	(416,975)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,212</u>	<u>(824,212)</u>
Total Undistributed Expenditures	<u>\$ 7,656,923</u>	<u>\$ (178,177)</u>	<u>\$ 7,478,746</u>	<u>\$ 7,578,949</u>	<u>\$ (100,203)</u>
TOTAL CURRENT	<u>\$ 13,022,857</u>	<u>\$ (131,825)</u>	<u>\$ 12,891,032</u>	<u>\$ 12,583,956</u>	<u>\$ 307,076</u>
CAPITAL OUTLAY					
Equipment:					
Required Maintenance for School Facilities		\$ 2,476	\$ 2,476		\$ 2,476
Facilities Acquisition & Construction Services:					
Other Purchased Professional/Technical Services		41,662	41,662	\$ 19,097	22,565
Construction Services		150,000	150,000		150,000
Other Objects	\$ 758		758	758	
TOTAL CAPITAL OUTLAY	<u>\$ 758</u>	<u>\$ 194,138</u>	<u>\$ 194,896</u>	<u>\$ 19,855</u>	<u>\$ 175,041</u>
Transfer of Funds to Charter Schools	<u>\$ 12,361</u>	<u>\$ -</u>	<u>\$ 12,361</u>	<u>\$ 12,361</u>	<u>\$ -</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 13,035,976	\$ 62,313	\$ 13,098,289	\$ 12,616,172	\$ 482,117
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures	\$ (695,119)	\$ (62,313)	\$ (757,432)	\$ 892,985	\$ 1,650,417
Other Financing Sources (Uses):					
Transfer In-Capital Projects to Capital Reserve	-	-	-	9,017	9,017
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(695,119)	(62,313)	(757,432)	902,002	1,659,434
Fund Balances, July 1	2,722,814		2,722,814	2,722,814	
Fund Balances, June 30	\$ 2,027,695	\$ (62,313)	\$ 1,965,382	\$ 3,624,816	\$ 1,659,434
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (62,313)	\$ (62,313)	\$ (62,313)	
Increase in Capital Reserve	\$ 3,000	135,000	138,000	146,637	\$ 8,637
Increase in Maintenance Reserve		265,000	265,000	265,000	
Budgeted Fund Balance	(698,119)	(400,000)	(1,098,119)	552,678	1,650,797
TOTAL	\$ (695,119)	\$ (62,313)	\$ (757,432)	\$ 902,002	\$ 1,659,434
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve				\$ 613,259	
Maintenance Reserve				542,211	
Excess Surplus:					
Prior Year-Designated for 2011-2012 Budget				639,214	
Current Year-Designated for 2012-2013 Budget				1,099,981	
Committed Fund Balance:					
Year-end Encumbrances				178,035	
Unassigned Fund Balance				552,116	
				3,624,816	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(167,002)	
Fund Balance Per Governmental Funds (GAAP)				\$ 3,457,814	

LEBANON TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(NOT APPLICABLE TO THIS REPORT)

LEBANON TOWNSHIP SCHOOL DISTRICT  
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(NOT APPLICABLE TO THIS REPORT)

LEBANON TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 30,785		\$ 30,785	\$ 30,785	
Federal Sources	271,560		271,560	271,560	
TOTAL REVENUES	<u>\$ 302,345</u>	<u>\$ -</u>	<u>\$ 302,345</u>	<u>\$ 302,345</u>	<u>\$ -</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 154,696	\$ 490	\$ 155,186	\$ 155,186	
Other Purchased Services	5,050	306	5,356	5,356	
General Supplies	40,317	(3,214)	37,103	37,103	
Total	<u>200,063</u>	<u>(2,418)</u>	<u>197,645</u>	<u>197,645</u>	<u>\$ -</u>
Support Services:					
Salaries	29,372		29,372	29,372	
Personal Services-Employee Benefits	19,927	(90)	19,837	19,837	
Purchased Professional & Technical Services	33,358	(122)	33,236	33,236	
Other Purchased Services	4,151	(368)	3,783	3,783	
Supplies & Materials	15,474	(132)	15,342	15,342	
Total	<u>102,282</u>	<u>(712)</u>	<u>101,570</u>	<u>101,570</u>	<u>-</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment		3,130	3,130	3,130	
Total	<u>-</u>	<u>3,130</u>	<u>3,130</u>	<u>3,130</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 302,345</u>	<u>\$ -</u>	<u>\$ 302,345</u>	<u>\$ 302,345</u>	<u>\$ -</u>

**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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 13,509,157	\$ 302,345
Differences-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Current Year Outstanding Encumbrances		(12,966)
Prior Year Outstanding Encumbrances		3,430
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	233,841	
State Aid Receivable Current Year	<u>(167,002)</u>	
Total Revenues (GAAP Basis)	<u>\$ 13,575,996</u>	<u>\$ 292,809</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 12,616,172	\$ 302,345
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		
	<u>-</u>	<u>(9,536)</u>
Total Expenditures (GAAP Basis)	<u>\$ 12,616,172</u>	<u>\$ 292,809</u>

**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, 2011

	NCLB Title IA	NCLB Title IIA	NCLB Title IID	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	ARRA IDEA Preschool	Local Donations	Total
REVENUES									
Local Sources								\$ 30,785	\$ 30,785
Federal Sources	\$ 8,711	\$ 16,469	\$ 16	\$ 152,851	\$ 4,793	\$ 82,760	\$ 5,960		271,560
<b>TOTAL REVENUES</b>	<b>\$ 8,711</b>	<b>\$ 16,469</b>	<b>\$ 16</b>	<b>\$ 152,851</b>	<b>\$ 4,793</b>	<b>\$ 82,760</b>	<b>\$ 5,960</b>	<b>\$ 30,785</b>	<b>\$ 302,345</b>
EXPENDITURES									
Instruction:									
Salaries	\$ 8,092			\$ 86,553	\$ 2,602	\$ 51,563		\$ 6,376	\$ 155,186
Other Purchased Services				5,050	306				5,356
General Supplies				4,931	1,503	5,277	\$ 5,610	19,782	37,103
<b>Total</b>	<b>8,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>96,534</b>	<b>4,411</b>	<b>56,840</b>	<b>5,610</b>	<b>26,158</b>	<b>197,645</b>
Support Services:									
Salaries		10,930		18,442					29,372
Personal Services- Employee Benefits	619	836		8,033	382	9,967			19,837
Purchased Professional & Technical Services		3,180		13,753		15,953	350		33,236
Other Purchased Services				3,783					3,783
Supplies & Materials		1,523	16	12,306				1,497	15,342
<b>Total</b>	<b>619</b>	<b>16,469</b>	<b>16</b>	<b>56,317</b>	<b>382</b>	<b>25,920</b>	<b>350</b>	<b>1,497</b>	<b>101,570</b>
Facilities Acquisition & Construction Services:									
Instructional Equipment								3,130	3,130
	-	-	-	-	-	-	-	3,130	3,130
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,711</b>	<b>\$ 16,469</b>	<b>\$ 16</b>	<b>\$ 152,851</b>	<b>\$ 4,793</b>	<b>\$ 82,760</b>	<b>\$ 5,960</b>	<b>\$ 30,785</b>	<b>\$ 302,345</b>

**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.

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Description	Approval Date	Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/11
			Prior Years	Current Year	
Window Replacement at Valley View Elementary School	09/23/09	\$ 230,904	\$ 25,100	\$ 205,804	\$ -
		<u>\$ 230,904</u>	<u>\$ 25,100</u>	<u>\$ 205,804</u>	<u>\$ -</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources:	
State Sources-NJ SDA Aid	\$ (6,079)
	<u>(6,079)</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	1,906
Construction Services	203,898
Transfer to Capital Reserve	9,017
	<u>214,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,900)
Fund Balance-Beginning	<u>220,900</u>
Fund Balance-Ending	<u><u>\$ -</u></u>
 <b>Reconciliation of Fund Balance Difference for GAAP Purposes</b>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ -
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	-
Budgetary Basis (Schedule K-4)	<u>-</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u><u>\$ -</u></u>
 <b>Reconciliation of Financial Assistance Difference for GAAP Purposes</b>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ (6,079)
Adjustment to GAAP Basis	<u>88,363</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u><u>\$ 82,284</u></u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS  
WINDOW REPLACEMENT AT VALLEY VIEW ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve	\$ 147,600	\$ (9,017)	\$ 138,583	\$ 138,583
State Sources-SDA Aid	98,400	(6,079)	92,321	92,321
Total Revenues	<u>246,000</u>	<u>(15,096)</u>	<u>230,904</u>	<u>230,904</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	17,538	1,906	19,444	19,444
Construction Services	7,562	203,898	211,460	211,460
Total Expenditures	<u>25,100</u>	<u>205,804</u>	<u>230,904</u>	<u>230,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 220,900</u>	<u>\$ (220,900)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

DOE Project Number	2600-060-09-1001
Grant Date	09/23/09
Bond Authorized Date	N/A
Bond Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 246,000
Reduced Authorized Cost	\$ (15,096)
Revised Authorized Cost	\$ 230,904
Percentage Completion	100.00%

## **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, 2011

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 52,319
Due from Other Funds	3,482
Receivables from Other Governments:	
State	297
Federal	1,883
Inventory	4,325
Total Current Assets	<u>62,306</u>
Noncurrent Assets:	
Capital Assets	73,796
Less: Accumulated Depreciation	<u>62,780</u>
Total Noncurrent Assets	<u>11,016</u>
Total Assets	<u>73,322</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	<u>1,996</u>
Total Liabilities	<u>1,996</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	11,016
Unrestricted	<u>60,310</u>
TOTAL NET ASSETS	<u>\$ 71,326</u>

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, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 116,496
Daily Sales-Unreimbursable Programs	39,338
Total Operating Revenues	155,834
Other Expenses:	
Salaries	67,989
Employee Benefits	13,478
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	995
Insurance	1,645
Management Fee	7,057
Other Purchased Services	2,535
Supplies and Materials	8,309
Depreciation	1,391
Costs of Sales	83,302
Miscellaneous	97
Total Operating Expenses	188,398
Operating Income (Loss)	(32,564)
Non-operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,411
Federal Sources:	
National School Lunch Program	26,790
Food Distribution Program	11,824
Interest Earned on Investments	261
Total Non-operating Revenues (Expenses)	41,286
Change in Net Assets	8,722
Net Assets, Beginning	62,604
Net Assets, Ending	\$ 71,326

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers (Net)	\$ 155,834
Payments to Food Service Management Company	(183,653)
Payments to Vendors (Net)	(5,005)
Net Cash Provided by (Used For) Operating Activities	(32,824)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,326
Federal Sources	26,945
General Fund Interfund Activity	(565)
Net Cash Provided by (Used For) Noncapital Financing Activities	28,706
Cash Flows from Capital & Related Financing Activities:	
Purchase of Capital Assets	(2,222)
Cash Flows from Investing Activities:	
Interest Earned on Investments	261
Net Increase (Decrease) in Cash and Cash Equivalents	(6,079)
Cash and Cash Equivalents, July 1	58,398
Cash and Cash Equivalents, June 30	\$ 52,319
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (32,564)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,391
Federal Food Distribution Program	11,824
(Increase) Decrease in Inventory	(352)
Increase (Decrease) in Account Payable	(13,452)
Increase (Decrease) in Deferred Revenue	329
Net Cash Provided by (Used For) Operating Activities	\$ (32,824)

**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, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 9,313	\$ 18,273	\$ 1,035	\$ 28,621
Investments	148,336			148,336
Accrued Interest on Investments	3,983			3,983
Total Assets	<u>161,632</u>	<u>18,273</u>	<u>1,035</u>	<u>180,940</u>
<b>LIABILITIES</b>				
Accounts Payable	7,324			7,324
Due to Student Groups		18,273		18,273
Payroll Deductions & Withholdings			1,035	1,035
Total Liabilities	<u>7,324</u>	<u>18,273</u>	<u>1,035</u>	<u>26,632</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 154,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,308</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	\$ 11,529
Investment Earnings-Interest	2,476
Total Additions	14,005
DEDUCTIONS	
Unemployment Claims	54,334
Total Deductions	54,334
Change in Net Assets	(40,329)
Net Assets, Beginning of the Year	194,637
Net Assets, End of the Year	\$ 154,308

LEBANON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
Due to Student Groups:				
Woodglen School	\$ 10,716	\$ 83,698	\$ 78,023	\$ 16,391
Valley View School		11,226	9,344	1,882
	<u>\$ 10,716</u>	<u>\$ 94,924</u>	<u>\$ 87,367</u>	<u>\$ 18,273</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 142	\$ 8,112,715	\$ 8,111,822	\$ 1,035
<b>TOTAL ASSETS</b>	<u>\$ 142</u>	<u>\$ 8,112,715</u>	<u>\$ 8,111,822</u>	<u>\$ 1,035</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 142	\$ 3,282,777	\$ 3,281,884	\$ 1,035
Net Payroll		4,829,938	4,829,938	
<b>TOTAL LIABILITIES</b>	<u>\$ 142</u>	<u>\$ 8,112,715</u>	<u>\$ 8,111,822</u>	<u>\$ 1,035</u>

**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.

**NOT APPLICABLE TO THIS REPORT**

**STATISTICAL SECTION**

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

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 EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>GOVERNMENT ACTIVITIES</b>								
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	\$ 4,449,939	\$ 4,477,929
Restricted	146,613	107,223	111,362	117,070	421,504	556,107	876,370	1,155,470
Unrestricted	(163,795)	345,231	476,066	457,632	962,161	1,388,700	1,381,457	1,964,510
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 3,523,798</b>	<b>\$ 4,162,170</b>	<b>\$ 4,375,368</b>	<b>\$ 4,565,807</b>	<b>\$ 5,453,243</b>	<b>\$ 6,101,521</b>	<b>\$ 6,707,766</b>	<b>\$ 7,597,909</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 3,066	\$ 2,263	\$ 1,798	\$ 3,538	\$ 12,879	\$ 11,516	\$ 10,185	\$ 11,016
Unrestricted	30,837	37,894	30,325	44,003	35,824	44,880	52,419	60,310
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 33,903</b>	<b>\$ 40,157</b>	<b>\$ 32,123</b>	<b>\$ 47,541</b>	<b>\$ 48,703</b>	<b>\$ 56,396</b>	<b>\$ 62,604</b>	<b>\$ 71,326</b>
<b>DISTRICT-WIDE</b>								
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	\$ 4,460,124	\$ 4,488,945
Restricted	146,613	107,223	111,362	117,070	421,504	556,107	876,370	1,155,470
Unrestricted	(132,958)	383,125	506,391	501,635	997,985	1,433,580	1,433,876	2,024,820
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 3,557,701</b>	<b>\$ 4,202,327</b>	<b>\$ 4,407,491</b>	<b>\$ 4,613,348</b>	<b>\$ 5,501,946</b>	<b>\$ 6,157,917</b>	<b>\$ 6,770,370</b>	<b>\$ 7,669,235</b>

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES</b>								
Governmental Activities:								
Instruction:								
Regular	\$ 4,943,975	\$ 4,574,890	\$ 4,948,587	\$ 5,368,371	\$ 5,345,663	\$ 5,362,897	\$ 5,514,367	\$ 5,363,751
Special Education	1,674,871	1,678,840	1,802,932	1,659,918	1,928,685	2,013,346	2,078,765	2,115,683
Other Special Education	241,995	248,537	208,035	294,495	308,073	272,549	291,423	132,108
Other Instruction	83,393	85,545	77,827	82,803	78,102	84,642	80,644	141,299
Support Services:								
Tuition	153,318	157,553	61,304	120,214	162,470	205,804	141,425	109,139
Student & Instruction Related Services	1,764,999	1,833,512	1,999,652	2,334,726	2,087,523	2,142,892	2,176,309	2,125,452
General & Business Administrative Services	628,873	679,089	690,614	742,551	716,631	709,695	728,841	708,959
School Administration	496,598	530,616	550,812	588,178	624,084	614,757	621,827	625,411
Plant Operations & Maintenance	916,179	936,024	1,098,801	1,165,989	1,155,278	1,106,652	1,179,840	1,077,859
Pupil Transportation	725,997	707,064	732,610	807,758	756,759	853,317	670,888	670,448
Transfers to Charter Schools	8,280		8,305	32,147	9,311		12,255	12,361
Interest on Long-Term Debt	98,347	85,188	69,674	55,766	41,252	26,607	11,489	758
Total Governmental Activities Expenses	<u>11,736,825</u>	<u>11,516,858</u>	<u>12,249,153</u>	<u>13,252,916</u>	<u>13,213,831</u>	<u>13,393,158</u>	<u>13,508,073</u>	<u>13,083,228</u>
Business-Type Activities:								
Food Services	<u>175,872</u>	<u>177,296</u>	<u>181,309</u>	<u>176,787</u>	<u>194,116</u>	<u>187,507</u>	<u>186,129</u>	<u>188,398</u>
Total Business-Type Activities	<u>175,872</u>	<u>177,296</u>	<u>181,309</u>	<u>176,787</u>	<u>194,116</u>	<u>187,507</u>	<u>186,129</u>	<u>188,398</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 11,912,697</u>	<u>\$ 11,694,154</u>	<u>\$ 12,430,462</u>	<u>\$ 13,429,703</u>	<u>\$ 13,407,947</u>	<u>\$ 13,580,665</u>	<u>\$ 13,694,202</u>	<u>\$ 13,271,626</u>

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>PROGRAM REVENUES</b>								
Governmental Activities:								
Charges for Services:								
Regular Instruction	\$ 7,500	\$ 2,560	\$ 1,440	\$ 576	\$ 1,305	\$ 1,040	\$ 23,940	\$ 20,100
Special Education Instruction							6,417	29,200
CoCurricular Activities	13,878	14,435	16,510	17,063	16,710	22,920	17,107	18,475
Student and Instruction Related Services	23,330	26,509	31,422	43,861			607	2,566
General Administration			16				215	8
School Administration Services				1,008		130		1,241
Plant Operations & Maintenance	3,750	6,151	7,013	8,898	6,342	8,722	15,798	6,368
Operating Grants & Contributions	152,813	191,550	203,501	192,179	195,936	185,075	288,232	292,809
Capital Grants & Contributions	31,306	38,643					10,037	82,284
<b>Total Governmental Activities Program Revenues</b>	<b>232,577</b>	<b>279,848</b>	<b>259,902</b>	<b>263,585</b>	<b>220,293</b>	<b>217,887</b>	<b>362,353</b>	<b>453,051</b>
Business-Type Activities:								
Charges for Services:								
Food Service Sales	151,001	156,968	145,171	161,004	159,152	159,632	154,849	155,834
Operating Grants & Contributions	24,170	26,170	27,380	29,107	34,983	35,034	36,772	41,025
<b>Total Business-Type Activities Program Revenues</b>	<b>175,171</b>	<b>183,138</b>	<b>172,551</b>	<b>190,111</b>	<b>194,135</b>	<b>194,666</b>	<b>191,621</b>	<b>196,859</b>
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 407,748</b>	<b>\$ 462,986</b>	<b>\$ 432,453</b>	<b>\$ 453,696</b>	<b>\$ 414,428</b>	<b>\$ 412,553</b>	<b>\$ 553,974</b>	<b>\$ 649,910</b>
<b>NET (EXPENSE) REVENUES</b>								
Governmental Activities	\$ (11,504,248)	\$ (11,237,010)	\$ (11,989,251)	\$ (12,989,331)	\$ (12,993,538)	\$ (13,175,271)	\$ (13,145,720)	\$ (12,630,177)
Business-Type Activities	(701)	5,842	(8,758)	13,324	19	7,159	5,492	8,461
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (11,504,949)</b>	<b>\$ (11,231,168)</b>	<b>\$ (11,998,009)</b>	<b>\$ (12,976,007)</b>	<b>\$ (12,993,519)</b>	<b>\$ (13,168,112)</b>	<b>\$ (13,140,228)</b>	<b>\$ (12,621,716)</b>

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 10,453,000	\$ 10,606,595
Taxes Levied for Debt Service	260,133	265,863	255,203	256,210	244,921	241,412	233,595	
Unrestricted Grants & Contributions	3,110,497	3,063,158	3,171,873	3,621,157	3,670,439	3,375,465	2,866,679	2,880,928
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	36,431	17,062
Miscellaneous Income	15,148	6,915	6,059	2,478	7,686	6,391	162,260	15,735
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	13,751,965	13,520,320
Business-Type Activities:								
Investment Earnings	80	412	456	974	1,143	477	716	261
Miscellaneous			268	1,120		57		
Total Business-Type Activities	80	412	724	2,094	1,143	534	716	261
TOTAL DISTRICT-WIDE	\$ 11,498,308	\$ 11,875,794	\$ 12,203,173	\$ 13,181,864	\$ 13,882,117	\$ 13,824,083	\$ 13,752,681	\$ 13,520,581
CHANGE IN NET ASSETS								
Governmental Activities	\$ (6,020)	\$ 638,372	\$ 213,198	\$ 190,439	\$ 887,436	\$ 648,278	\$ 606,245	\$ 890,143
Business-Type Activities	(621)	6,254	(8,034)	15,418	1,162	7,693	6,208	8,722
TOTAL DISTRICT	\$ (6,641)	\$ 644,626	\$ 205,164	\$ 205,857	\$ 888,598	\$ 655,971	\$ 612,453	\$ 898,865

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 463,972	\$ 749,986	\$ 652,427	\$ 548,543	\$ 1,448,535	\$ 2,138,492	\$ 2,143,479	\$ 3,072,700
Unreserved	302,250	347,114	438,578	376,617	271,316	167,448	345,494	385,114
Total General Fund	<u>\$ 766,222</u>	<u>\$ 1,097,100</u>	<u>\$ 1,091,005</u>	<u>\$ 925,160</u>	<u>\$ 1,719,851</u>	<u>\$ 2,305,940</u>	<u>\$ 2,488,973</u>	<u>\$ 3,457,814</u>
All Other Governmental Funds:								
Reserved, Reported In:								
Capital Projects Fund	\$ 69,080						\$ 205,618	
Unreserved, Reported In:								
Capital Projects Fund	(16,128)						(73,081)	
Debt Service Fund	1							
Total All Other Governmental Funds	<u>\$ 52,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,537</u>	<u>\$ -</u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tax Levy	\$ 7,016,039	\$ 7,959,103	\$ 8,305,705	\$ 8,719,649	\$ 8,925,507	\$ 9,435,119	\$ 10,123,582	\$ 10,349,525	\$ 10,686,595	\$ 10,606,595
Tuition Charges	55,735	119,489	49,800	55,324	78,729	65,809	13,231	54,734	30,357	49,300
Interest Earnings	19,559	22,496	24,964	30,340	38,253	55,207	66,036	37,434	36,431	17,062
Contributions and Donations from Private Sources									179,735	29,897
Miscellaneous	5,121	15,290	18,898	26,555	22,856	23,018	36,365	25,623	6,934	22,111
State Sources	2,525,007	2,666,774	3,117,018	3,068,912	3,174,458	3,623,376	3,670,439	3,374,902	2,588,923	2,880,928
State Sources-Capital Projects			31,306	38,643					10,037	82,284
Federal Sources	137,906	127,437	156,315	170,227	189,735	175,708	173,599	173,201	548,253	262,912
<b>Total Revenues</b>	<b>9,759,367</b>	<b>10,910,589</b>	<b>11,704,006</b>	<b>12,109,650</b>	<b>12,429,538</b>	<b>13,378,237</b>	<b>14,083,252</b>	<b>14,015,419</b>	<b>14,087,265</b>	<b>13,951,089</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,072,300	3,163,624	3,383,175	3,177,965	3,434,363	3,422,195	3,526,557	3,699,233	3,777,125	3,600,814
Special Education Instruction	854,707	983,404	1,056,712	1,143,558	1,087,252	1,104,657	1,099,793	1,260,116	1,273,291	1,239,095
Other Special Instruction	152,566	156,773	171,053	170,305	176,361	235,605	247,058	235,975	248,880	106,924
Other Instruction	44,123	46,902	50,397	49,478	50,427	64,436	60,214	60,597	62,439	58,174
<b>Support Services:</b>										
Tuition	96,719	69,770	152,198	157,553	61,204	120,214	139,444	192,683	59,444	109,139
Student & Inst Related Services	1,061,476	1,218,697	1,236,065	1,229,951	1,264,856	1,293,322	1,317,640	1,338,960	1,404,978	1,343,897
General Administration	267,633	315,312	338,380	282,978	313,012	302,536	308,503	300,917	315,595	309,418
School Administration Services	385,113	359,405	348,721	364,335	382,580	403,489	415,008	433,826	424,990	424,033
Central Services	133,905	149,951	153,829	166,749	181,799	176,354	167,780	178,302	184,258	172,493
Administrative Information Technology				59,532	71,205	103,323	80,690	80,949	81,502	75,806
Plant Operations & Maintenance	607,760	699,532	769,480	784,606	906,627	992,254	939,361	885,154	949,272	865,744
Pupil Transportation	706,606	679,189	725,997	707,064	732,610	807,758	756,759	853,316	670,888	670,448
Employee Benefits	1,551,606	1,764,500	2,007,568	2,178,671	2,346,668	2,546,776	2,436,058	2,591,955	2,689,640	2,783,759
On-Behalf TPAF Pension & Social Security Contribution	337,132	520,668	672,584	690,443	819,342	1,263,244	1,256,731	810,703	829,007	824,212
Capital Outlay	1,963	17,122	31,313	55,518	67,421	18,820	16,837	11,200	174,480	19,097
Transfer of Funds to Charter Schools			8,280		8,305	32,147	9,311		12,255	12,361
Special Revenue Funds	183,810	171,085	162,836	191,550	203,501	192,179	195,936	185,075	288,232	292,809
Capital Projects Fund		4,590	90,719	79,662		135,379			25,100	205,804
<b>Debt Service:</b>										
Principal	235,000	235,000	235,000	255,000	255,000	270,000	270,000	280,000	285,000	
Interest & Other Charges	124,700	112,068	99,438	86,807	73,100	59,394	44,881	30,369	15,319	758
<b>Total Expenditures</b>	<b>9,817,119</b>	<b>10,667,592</b>	<b>11,693,745</b>	<b>11,831,725</b>	<b>12,435,633</b>	<b>13,544,082</b>	<b>13,288,561</b>	<b>13,429,330</b>	<b>13,771,695</b>	<b>13,114,785</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (57,752)</b>	<b>\$ 242,997</b>	<b>\$ 10,261</b>	<b>\$ 277,925</b>	<b>\$ (6,095)</b>	<b>\$ (165,845)</b>	<b>\$ 794,691</b>	<b>\$ 586,089</b>	<b>\$ 315,570</b>	<b>\$ 836,304</b>
<b>Debt Service as a Percentage of Non- capital Expenditures</b>	<b>3.80%</b>	<b>3.37%</b>	<b>2.98%</b>	<b>3.01%</b>	<b>2.73%</b>	<b>2.52%</b>	<b>2.43%</b>	<b>2.37%</b>	<b>2.26%</b>	<b>0.01%</b>

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)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 19,559	\$ 22,496	\$ 24,964	\$ 30,340	\$ 38,253	\$ 55,207	\$ 66,036	\$ 54,734	\$ 36,431	\$ 17,062
Tuition	55,735	119,489	49,800	55,324	78,729	65,809	13,231	37,434	30,357	49,300
Lawsuit Settlements							4,126			
Insurance Rebates					3,768					
Insurance Dividends			10,948	4,375						
Miscellaneous Refunds	45	9,209	2,755	1,574						15,736
Prior Year Refunds					2,024	2,042		10,610	170	
Rentals	4,150	4,200	3,750	4,075	5,600	6,288	6,342	2,365	6,549	6,367
Donations							2,500		162,000	
Miscellaneous Other	318	591	60	594	273		539	211	215	8
Sale of Equipment		500								
Prior Year Outstanding Checks Voided	608	790	1,385	371	10	436	521			
<b>Annual Totals</b>	<b>\$ 80,415</b>	<b>\$ 157,275</b>	<b>\$ 93,662</b>	<b>\$ 96,653</b>	<b>\$ 128,657</b>	<b>\$ 129,782</b>	<b>\$ 93,295</b>	<b>\$ 105,354</b>	<b>\$ 235,722</b>	<b>\$ 88,473</b>

Source: District Records

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 27,215,200	\$ 21,590,000	\$ 20,321,463	\$ 17,875,534	\$ 14,717,200	\$ 13,153,100	\$ 11,955,500	\$ 11,449,400	\$ 11,189,700	\$ 10,509,500
Residential	554,953,600	568,602,300	582,902,300	595,140,100	608,421,300	617,869,700	621,807,400	625,940,900	630,542,400	621,168,900
Farm Regular	65,896,100	69,435,996	72,451,975	72,055,900	75,030,800	73,636,500	74,728,800	74,591,100	74,457,119	75,978,600
Farm Qualified	2,372,915	2,278,731	2,317,586	2,774,273	2,139,921	2,000,945	2,020,910	2,030,885	1,977,653	2,066,637
Commercial	33,335,400	33,220,700	33,028,300	33,884,000	34,166,500	34,995,900	33,751,300	34,138,500	33,797,200	33,645,100
Industrial	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	4,441,300	3,487,500	3,410,900	3,410,900
Apartment	2,010,500	1,857,800	1,857,800	1,857,800	1,857,800	1,857,800	2,197,100	1,935,700	1,935,700	1,935,700
<b>Total Assessed Value</b>	<b>689,194,615</b>	<b>700,396,427</b>	<b>716,290,324</b>	<b>726,998,507</b>	<b>739,744,421</b>	<b>746,924,845</b>	<b>750,902,310</b>	<b>753,573,985</b>	<b>757,310,672</b>	<b>748,715,337</b>
Public Utilities (a)	1,659,834	1,765,448	1,722,375	1,559,341	1,282,589	1,114,528	1,016,472	840,088	1,080,582	1,226,821
<b>Net Valuation Taxable</b>	<b>\$ 690,854,449</b>	<b>\$ 702,161,875</b>	<b>\$ 718,012,699</b>	<b>\$ 728,557,848</b>	<b>\$ 741,027,010</b>	<b>\$ 748,039,373</b>	<b>\$ 751,918,782</b>	<b>\$ 754,414,073</b>	<b>\$ 758,391,254</b>	<b>\$ 749,942,158</b>
Estimated Actual County Equalized Value	\$ 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	\$ 1,033,089,843	\$ 966,420,307
<b>Percentage of Net Valuation to Estimated Actual County Equalized Value</b>	<b>105.85%</b>	<b>87.99%</b>	<b>85.50%</b>	<b>75.69%</b>	<b>71.16%</b>	<b>65.51%</b>	<b>66.57%</b>	<b>69.72%</b>	<b>73.41%</b>	<b>77.60%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.08</b>	<b>\$ 1.16</b>	<b>\$ 1.22</b>	<b>\$ 1.23</b>	<b>\$ 1.27</b>	<b>\$ 1.35</b>	<b>\$ 1.38</b>	<b>\$ 1.42</b>	<b>\$ 1.40</b>	<b>\$ 1.38</b>

\*

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and 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						Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County		
			Total Direct School Tax Rate						
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	
2010	1.40		1.40		0.69	0.10	0.47	2.66	
2011	1.38		1.38		0.72	0.10	0.44	2.64	

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

	2011			2002		
	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	0.56%
Trimmer Road Co LLC	2,422,500	2	0.32%	2,528,323	3	0.36%
Individual Taxpayer #1	2,000,100	3	0.27%	2,334,500	4	0.33%
Davara Industrial Center LLC	1,951,500	4	0.26%	1,888,100	6	0.27%
Eastern Concrete Materials Inc	1,750,000	5	0.23%	1,750,000	8	0.25%
Individual Taxpayer #2	1,470,600	6	0.20%			
Genon Energy	1,286,500	7	0.17%			
Individual Taxpayer #3	1,276,037	8	0.17%			
Individual Taxpayer #4	1,258,140	9	0.17%			
High Bridge Quartet	1,255,800	10	0.17%			
Hickory Developers LLC				3,389,800	2	0.49%
Carlton Homes				2,117,100	5	0.30%
United Telephone Company of NJ				1,867,692	7	0.27%
Fallone at Country Woods				1,736,700	9	0.25%
Reliant Energy NJ				1,490,700	10	0.21%
	<u>\$ 18,587,477</u>		<u>2.48%</u>	<u>\$ 23,019,215</u>		<u>3.29%</u>

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
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%
2009	20,532,299	20,106,850	97.92%
2010	20,264,406	19,813,461	97.77%

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		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 2,085,000		\$ 45,355			\$ 2,130,355	0.63%	\$ 351
2003	1,850,000		29,142			1,879,142	0.53%	304
2004	1,615,000		8,985			1,623,985	0.45%	262
2005	1,360,000					1,360,000	0.36%	218
2006	1,105,000					1,105,000	0.30%	177
2007	835,000					835,000	0.21%	134
2008	565,000					565,000	0.13%	91
2009	285,000					285,000	0.07%	46
2010						-	N/A	N/A
2011						-	N/A	N/A

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

The Lebanon Township School District has had no bonded debt for the current and prior fiscal year.

(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		
2002	\$ 2,085,000		\$ 2,085,000	0.30%	\$ 343
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%	177
2007	835,000		835,000	0.11%	134
2008	565,000		565,000	0.08%	91
2009	285,000		285,000	0.04%	46
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

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

The Lebanon Township School District has had no bonded debt for the current and prior fiscal year.

- (a) See Exhibit NJ J-6 for property tax
- (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, 2010

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 10,474,994	100.00	\$ 10,474,994
Regional High School	4,615,000	11.13	513,806
County General Obligation Debt	100,047,622	4.32	<u>4,322,247</u>
Subtotal, Overlapping Debt			15,311,047
School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 15,311,047</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2010	\$ 975,915,814
2009	1,026,527,701
2008	1,087,633,705
	<u>\$ 3,090,077,220</u>

Average Equalized Valuation of Taxable Property \$ 1,030,025,740

Debt Limit (3.0% of Average Equalization Value) 30,900,772 (a)

Total Net Debt Applicable to Limit -

Legal Debt Margin \$ 30,900,772

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 16,442,015	\$ 18,335,417	\$ 20,655,671	\$ 23,401,828	\$ 26,142,900	\$ 28,867,905	\$ 31,058,983	\$ 32,280,625	\$ 32,045,626	\$ 30,900,772
Total Net Debt Applicable	<u>2,085,000</u>	<u>1,850,000</u>	<u>1,615,000</u>	<u>1,360,000</u>	<u>1,105,000</u>	<u>835,000</u>	<u>565,000</u>	<u>285,000</u>		
Legal Debt Margin	<u>\$ 14,357,015</u>	<u>\$ 16,485,417</u>	<u>\$ 19,040,671</u>	<u>\$ 22,041,828</u>	<u>\$ 25,037,900</u>	<u>\$ 28,032,905</u>	<u>\$ 30,493,983</u>	<u>\$ 31,995,625</u>	<u>\$ 32,045,626</u>	<u>\$ 30,900,772</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.68%	10.09%	7.82%	5.81%	4.23%	2.89%	1.82%	0.88%	0.00%	0.00%

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

(a) Limit Set by 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 )
2002	6,071	\$ 336,515,530	\$ 55,430	4.3%
2003	6,186	353,282,460	57,110	4.6%
2004	6,209	364,257,194	58,666	3.8%
2005	6,236	373,642,412	59,917	5.5%
2006	6,227	371,079,384	59,592	6.2%
2007	6,228	400,622,328	64,326	5.4%
2008	6,213	423,440,802	68,154	7.0%
2009	6,215	427,287,465	68,751	12.4%
2010	6,215	406,112,960	65,344	12.7%
2011	6,215	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

Employer	2011			2002		
	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 EIGHT FISCAL YEARS

FUNCTION/PROGRAM	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:								
Regular	57.3	57.3	57.3	56.7	56.2	59.7	60.6	54.5
Special Education	27.4	27.4	27.4	25.5	25.0	22.0	25.5	30.0
Other Instruction	2.5	2.5	2.5	3.0	2.5	3.5	3.3	1.8
Support Services:								
Student and Instruction Related Services	23.0	23.0	23.0	25.9	25.9	25.0	24.5	21.5
General Administration	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1
School Administration Services	6.4	6.4	6.2	6.2	6.2	6.2	6.3	6.3
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.8
Plant Operations and Maintenance	8.5	8.5	8.5	9.0	9.0	9.0	8.8	8.0
Total	<u>129.1</u>	<u>129.1</u>	<u>128.9</u>	<u>130.3</u>	<u>128.8</u>	<u>129.5</u>	<u>133.1</u>	<u>126.0</u>

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
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%	75	1 to 10.90	810.2	774.6	-1.70%	95.61%
2010	782	13,271,796	16,972	6.04%	75	1 to 10.50	773.9	741.9	-4.48%	95.87%
2011	767	12,889,126	16,805	-0.98%	70.2	1 to 10.93	763.8	731.2	-1.31%	95.73%

Source: District Records

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Valley View Elementary (1974)</u>										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (Students)	404	404	404	404	404	404	404	404	404	404
Enrollment	452	435	435	438	440	443	455	434	423	411
<u>Woodglen Middle School (1954)</u>										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	433	437	410	407	394	387	380	383.5	357	353
Number of Schools at June 30, 2011:										
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 TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

Fiscal Year Ending June 30,	*School Facilities		Total
	Valley View	Woodglen	
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
2010	69,895	136,126	206,021
2011	83,007	53,069	136,076
Total School Facilities	<u>\$ 660,411</u>	<u>\$ 811,760</u>	<u>\$ 1,472,171</u>

\* 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, 2011  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-(Fund Limit)	\$ 250,000,000	\$ 1,000
Employee Dishonesty Per Loss	500,000	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	10,000,000	35,000
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**

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 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

October 6, 2011

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

We 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, 2011, and have issued our report thereon dated October 6, 2011. We conducted our 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 our audit, we considered the Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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, we 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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

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 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

October 6, 2011

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

Compliance

We 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, 2011. 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. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our 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, 2011.

## 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 our audit we 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 our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2011		
					6/30/10 (Acct Rec) Def Revenue						Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	ARRA 260011	\$ 78,559	08/10/2010-09/30/2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US Department of Education Passed- Through State Department of Education:													
Special Revenue Fund:													
NCLB Title I Part A	84.010A	NCLB 260010	9,010	09/01/2009-08/31/2010	(5,053)		5,053						
NCLB Title I Part A	84.010A	NCLB 260011	8,711	09/01/2010-08/31/2011				8,711				(8,711)	
NCLB Title II Part A	84.367A	NCLB 260010	16,077	09/01/2009-08/31/2010	(14,737)		14,737						
NCLB Title II Part A	84.367A	NCLB 260011	16,469	09/01/2010-08/31/2011				16,469				(16,469)	
NCLB Title IID	84.365A	NCLB 260010	92	09/01/2009-08/31/2010	(92)		92						
NCLB Title IID	84.365A	NCLB 260011	16	09/01/2010-08/31/2011				16				(16)	
NCLB Title IV	84.186A	NCLB 260010	1,248	09/01/2009-08/31/2010	(1,248)							(1,248)	
IDEA Basic	84.027	IDEA 260010	155,064	09/01/2009-08/31/2010	(84,704)		85,221	517					
IDEA Basic	84.027	IDEA 260011	152,334	09/01/2010-08/31/2011			77,013	152,334				(75,321)	
IDEA Preschool	84.173	IDEA 260010	4,614	09/01/2009-08/31/2010	(4,614)		4,614						
IDEA Preschool	84.173	IDEA 260011	4,793	09/01/2010-08/31/2011				4,793				(4,793)	
ARRA IDEA Basic	84.391	ARRA 260010	164,741	09/01/2009-08/31/2011	(27,048)		97,115	82,760				(12,693)	
ARRA IDEA Preschool	84.392	ARRA 260010	5,960	09/01/2009-08/31/2011			4,071	5,960				(1,889)	
Total Special Revenue Fund					(137,496)	-	287,916	271,560	-	-		(121,140)	-
US Department of Agriculture Passed- Through State Department of Agriculture:													
Enterprise Fund:													
Food Donation	10.550	N/A	11,246	07/01/2009-06/30/2010	1,667			1,667					
Food Donation	10.550	N/A	12,153	07/01/2010-06/30/2011			12,153	10,157				1,996	
National School Lunch Program	10.555	N/A	22,867	07/01/2009-06/30/2010	(2,038)		2,038						
National School Lunch Program	10.555	N/A	26,790	07/01/2010-06/30/2011			24,907	26,790				(1,883)	
Total Enterprise Fund					(371)	-	39,098	38,614	-	-		(1,883)	1,996
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (137,867)	\$ -	\$ 327,014	\$ 310,174	\$ -	\$ -		\$ (123,023)	\$ 1,996

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, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/10 (Acct Rec) Def. Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
General Fund:												
Equalization Aid	11-495-034 -5120-078	\$ 1,003,621	07/01/2010- 06/30/2011		\$ 1,003,621	\$ 1,003,621					\$ 99,307	\$ 1,003,621
Categorical Transportation Aid	11-495-034 -5120-014	221,590	07/01/2010- 06/30/2011		221,590	221,590					21,926	221,590
Categorical Special Education Aid	11-495-034 -5120-089	407,944	07/01/2010- 06/30/2011		407,944	407,944					40,366	407,944
Categorical Security Aid	11-495-034 -5120-084	54,607	07/01/2010- 06/30/2011		54,607	54,607					5,403	54,607
Extraordinary Special Education Costs Aid	11-100-034 -5120-473	295,263	07/01/2010- 06/30/2011			295,263		\$ (295,263)				295,263
Extraordinary Special Education Costs Aid	10-100-034 -5120-473	324,750	07/01/2009- 06/30/2010	\$ (324,750)	324,750							324,750
Non-public Transportation Aid	11-495-034 -5120-014	6,541	07/01/2010- 06/30/2011			6,541		(6,541)				6,541
Non-public Transportation Aid	10-495-034 -5120-014	4,585	07/01/2009- 06/30/2010	(4,585)	4,584	(1)						4,585
TPAF Wage Freeze Aid	11-495-034 -5095-002	312	07/01/2010- 06/30/2011		156	312		(156)				312
On-Behalf TPAF Pension Contribution- Post Retirement Medical	11-495-034 -5095-001	388,926	07/01/2010- 06/30/2011		388,926	388,926						388,926
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	11-495-034 -5095-007	18,311	07/01/2010- 06/30/2011		18,311	18,311						18,311
Reimbursed TPAF Social Security Contribution	10-495-034 -5095-002	448,101	07/01/2009- 06/30/2010	(22,475)	22,475							448,101
Reimbursed TPAF Social Security Contribution	11-495-034 -5095-002	416,975	07/01/2010- 06/30/2011		396,344	416,975		(20,631)				416,975
<b>Total General Fund</b>				<u>(351,810)</u>	<u>2,843,308</u>	<u>2,814,089</u>	<u>\$ -</u>	<u>(322,591)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>167,002</u>	<u>3,591,526</u>
Capital Projects Fund:												
NJ SDA Project-Valley View School Window Replacement	2600-060 09-1001	92,321	09/23/2009- 06/30/2013	(98,400)	92,321	(6,079)	-					92,321
<u>State Department of Agriculture</u>												
Enterprise Fund:												
State School Lunch Program	10-100-010 -3350-023	2,375	07/01/2009- 06/30/2010	(212)	212							2,375
State School Lunch Program	11-100-010 -3350-023	2,411	07/01/2010- 06/30/2011		2,114	2,411		(297)				2,411
<b>Total Enterprise Fund</b>				<u>(212)</u>	<u>2,326</u>	<u>2,411</u>	<u>-</u>	<u>(297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,786</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ (450,422)</u>	<u>\$ 2,937,955</u>	<u>\$ 2,810,421</u>	<u>\$ -</u>	<u>\$ (322,888)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,002</u>	<u>\$ 3,688,633</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE  
JUNE 30, 2011

**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 \$66,839 for the general fund and \$9,536 for the special revenue fund and \$88,363 for the Capital Projects 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 and Exhibit F2 for the Capital Projects Fund.

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 2,880,928	\$ 2,880,928
Special Revenue Fund	\$ 29,897	\$ 262,912		292,809
Capital Projects Fund			82,284	82,284
Food Service Fund		<u>38,614</u>	<u>2,411</u>	<u>41,025</u>
	<u>\$ 29,897</u>	<u>\$ 301,526</u>	<u>\$ 2,965,623</u>	<u>\$ 3,297,046</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE  
JUNE 30, 2011  
(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, 2011. 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, 2011.



LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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: \$300,000

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:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5095-002	\$ 416,975	Reimbursed TPAF Social Security Contribution
11-495-034-5120-078	1,003,621	Equalization Aid
11-495-034-5120-014	221,590	Categorical Transportation Aid
11-495-034-5120-089	407,944	Categorical Special Education Aid

LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

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, 2011.

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LEBANON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.