

LEBANON BOROUGH SCHOOL
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**LEBANON BOROUGH BOARD OF EDUCATION
LEBANON BOROUGH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

**LEBANON BOROUGH BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**LEBANON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-9
Required Supplementary Information – Part I	
Management's Discussion and Analysis	11
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
B-4 Statement of Fund Net Position	22
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	23
B-6 Statement of Cash Flows	24
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	28-55
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	58-63
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	64
C-2 Budgetary Comparison Schedule-Special Revenue Fund	65
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	67

**LEBANON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

PAGE

FINANCIAL SECTION (Continued)

Required Supplementary Information – Part III

Required Supplementary Information – Part III

L.	Schedule Related to Accounting & Reporting for Pensions (GASB68):	
L-1	Schedule of District's Proportionate Share of the Net Pension Liability-TPAF	69
L-2	Schedule of Pension Contribution-TPAF	69
L-3	Schedule of District's Proportionate Share of the Net Pension Liability-PERS	70
L-4	Schedule of Pension Contribution-PERS	70
	Notes to the Required Supplementary Information - Part III	71-72
	Other Supplemental Information	
D.	School Level Schedule	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund-Budgetary Basis	76
F.	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	78
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis	79
F-2A	Schedule of Project Revenues, Expenditures, Project Balance and Project Status- Budgetary Basis	80
G.	Proprietary Funds	
	Enterprise Fund:	
G-1	Statement of Fund Net Position	82
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position	83
G-3	Statement of Cash Flows	84
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Fund Net Position	86
H-2	Combining Statement of Changes in Fiduciary Net Position	87
H-3	Student Activity Agency Fund Statement of Changes in Assets and Liabilities	88
H-4	Payroll Agency Fund Statement of Changes in Assets and Liabilities	88
I.	Long-Term Debt	N/A

**LEBANON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

STATISTICAL SECTION (Unaudited)		<u>PAGE</u>
Table of Contents		91
J-1 Net Position by Component		92
J-2 Changes in Net Position		93-95
J-3 Fund Balances, Governmental Funds		96
J-4 Changes in Fund Balances, Governmental Funds		97
J-5 General Fund-Other Local Revenues by Source		98
J-6 Assessed Value and Actual Value of Taxable Property		99
J-7 Direct and Overlapping Property Tax Rates		100
J-8 Principal Property Taxpayers		101
J-9 Property Tax Levies and Collections		102
J-10 Ratios of Outstanding Debt by Type		103
J-11 Ratios of General Bonded Debt Outstanding		104
J-12 Direct and Overlapping Governmental Activities Debt		105
J-13 Legal Debt Margin Information		106
J-14 Demographic and Economic Statistics		107
J-15 Principal Employers		108
J-16 Full Time Equivalent District Employees by Function/Program		109
J-17 Operating Statistics		110
J-18 School Building Information		111
J-19 Required Maintenance		112
J-20 Insurance Schedule		113
 SINGLE AUDIT SECTION 		
K-1 Independent Auditor's Report-Government Auditing Standards		115-116
K-2 Independent Auditor's Report-OMB Circular A-133		117-119
K-3 Schedule of Expenditures of Federal Awards, Schedule A		120
K-4 Schedule of Expenditures State Financial Assistance, Schedule B		121
K-5 Notes to the Schedules of Awards and Financial Assistance		122-123
K-6 Schedule of Findings and Questioned Costs		124-126
K-7 Summary Schedule of Prior Audit Findings		126

INTRODUCTORY SECTION

Lebanon Borough Board of Education

6 Maple Street
Lebanon, New Jersey 08833

Robert S. Sutter, Ed.D.
Chief School Administrator

Patricia Duell
School Business Administrator

November 19, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Lebanon Borough School District for the fiscal year ended June 30, 2015 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 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 State and Local Governments," and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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: Lebanon Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Lebanon Borough Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2013-14 fiscal year with an enrollment of 92 students, which is equal to the prior year finish. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2014-15	92.0	0.0%
2013-14	92.0	10%
2012-13	84.0	2.5%
2011-12	82.1	9.6%
2010-11	75.0	(11.8%)
2009-10	85.0	1.05%
2008-09	81.0	(1.22%)
2007-08	82.0	0.00%
2006-07	82.0	(8.07%)
2005-06	89.2	7.60%

2.) **ECONOMIC CONDITION AND OUTLOOK:** Lebanon Borough is an established community and is experiencing some development and expansion. It is expected that the community will continue to prosper.

3.) **MAJOR INITIATIVES:**

- a. Emphasis on Core Curriculum Standards has resulted in:
 - Standardized test scores that exceed state and national averages
 - High testing achievement for those students taking the fourth grade New Jersey Elementary School Proficiency Test.
- b. All students receive special instructions in the following areas by teacher specialist: Spanish, Technology, Art, Library/Research, Music, Gifted and Talented/Enrichment.
- c. Small class size allows staff to individualize classroom instruction.
- d. In-class instructional support for mainstreamed Special Education students.
- e. Staff development opportunities for all professional staff.

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

cost 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 also is 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 budget 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 in the capital projects fund. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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.) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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," Notes 1 and 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.

9.) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

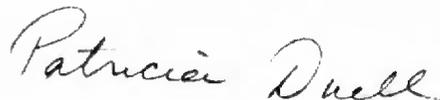
10.) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, Jr. was selected by the Board of Education. In addition to meeting the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 15-08. 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.) **ACKNOWLEDGMENTS:**

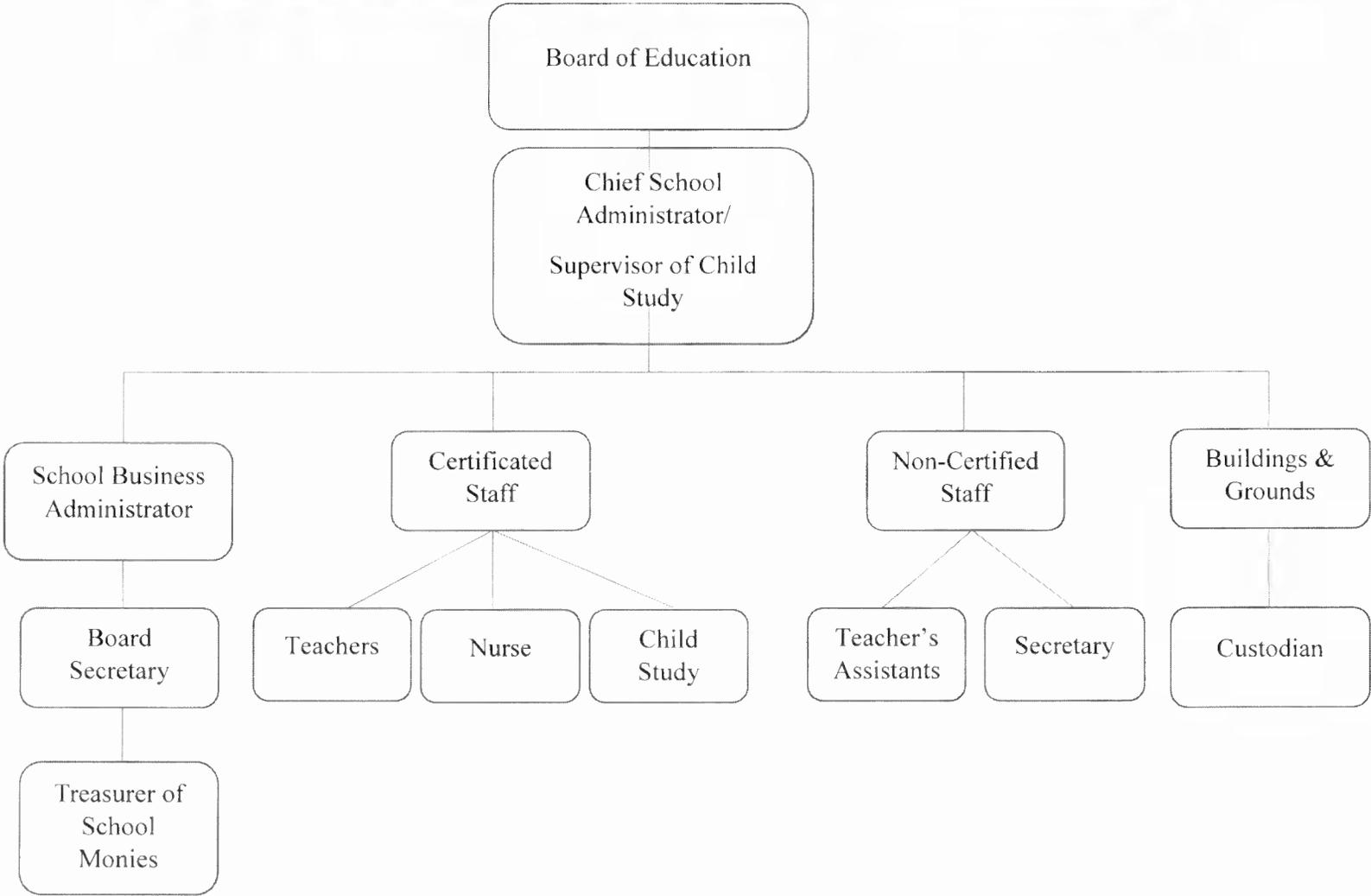
We would like to express our appreciation to the members of the Lebanon Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,



Patricia Duell
School Business Administrator/Board Secretary

Lebanon Borough Board of Education
Organizational Chart



Lebanon Borough Board of Education

Roster of Officials

June 30, 2015

Name:	Term Expires:
Jaclyn Carruthers, President	2017
Melissa Toledo, Vice President	2015
Marlene Baldinger	2016
Christine Burton	2015
Thomas McGrew	2017

Other District Officials:

- Dr. Robert Sutter, Chief School Administrator
- Mr. Joseph Bellino, Interim School Business Administrator
- Mrs. Patricia Duell, Board Secretary
- Mrs. Kay Winzenreid, Treasurer of School Monies
- Porzio, Bromberg and Newman, Board Attorney

Lebanon Borough Board of Education

Consultants and Advisors

June 30, 2015

Audit Firm: William Colantano, Jr. CPA
100 Rt. 31 North
Washington NJ 07882

Architect: Parette Somjen Architects
439 Rt. 46 East
Rockaway, NJ 07866

Attorney: Porzio, Bromberg, Newman, PC
100 Southgate Parkway
P.O. Box 1997
Morristown, NJ 07960-1997

Official Depository: Investor's Savings Bank
55 Old Highway 22#4
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

November 19, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lebanon Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Lebanon Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 statement and financial statement to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position decreased \$57,629 which represents a 2.5 percent decrease from fiscal year 2014.
- General revenues accounted for \$2,839,766 in revenue or 95.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$141,566 or 4.7 percent to total revenues of \$2,981,332.
- Total assets of governmental activities decreased by \$26,179 as cash and cash equivalents decreased by \$255,088, receivables increased by \$92,019 and capital assets increased by \$136,890.
- The School District had \$3,038,961 in expenses; only \$141,566 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,839,766 were adequate to provide for these programs.
- Among major funds, the General Fund had \$2,639,208 in revenues and \$2,689,878 in expenditures. After accounting for other financing uses of \$249,753, the General Fund's balance decreased \$300,423 over 2014. This decrease was anticipated by the Board of Education and is the result of a withdrawal from the Capital Reserve account. This is to finance the local share of on-going capital projects and payments for a settled litigation.

Using this Generally Accepted Accounting Principles 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 Borough Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

significant funds with all other non-major funds presented in total in one column. In the case of Lebanon Borough Public School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole**Statement of Net Position 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 fiscal year 2015?" The Statement of Net Position 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 account all the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position 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 condition, required educational programs and other factors.

In the Statement of Net Position 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.

Reporting the School District's Most Significant Funds**Fund Financial Statements**

The analysis of the School District's major funds begins on page 17. 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, and Capital Projects 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 you determine

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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 New Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Table 1 provides a summary of the District's net position at 6/30/15 with comparisons to 6/30/14.

**Table 1
Net Position**

	6/30/15	6/30/14	Variance	
			Dollars	%
ASSETS				
Current & Other Assets	\$ 717,447	\$ 884,906	\$ (167,459)	(18.92)
Capital Assets	1,979,937	1,840,060	139,877	7.60
Total Assets	<u>2,697,384</u>	<u>2,724,966</u>	<u>(27,582)</u>	<u>(1.01)</u>
Deferred Outflows of Resources:				
Deferred Amount on Pension Activity	<u>133,678</u>	<u>14,947</u>	<u>118,731</u>	<u>794.35</u>
LIABILITIES				
Long-Term Liabilities	541,060	429,903	111,157	25.86
Other Liabilities	18,691	9,918	8,773	88.46
Total Liabilities	<u>559,751</u>	<u>439,821</u>	<u>119,930</u>	<u>27.27</u>
Deferred Outflows of Resources:				
Deferred Amount on Pension Activity	<u>28,848</u>	<u>-</u>	<u>28,848</u>	<u>*</u>
NET POSITION				
Net Investment in Capital Assets	1,979,937	1,840,060	139,877	7.60
Restricted	445,130	599,825	(154,695)	(25.79)
Unrestricted	<u>(182,604)</u>	<u>(139,793)</u>	<u>(42,811)</u>	<u>(30.62)</u>
Total Net Position	<u>\$ 2,242,463</u>	<u>\$ 2,300,092</u>	<u>\$ (57,629)</u>	<u>(2.51)</u>

* = Undefined

Total assets decreased \$27,582. Cash and cash equivalents decreased by \$259,478 receivables increased by \$92,019 and capital assets increased by \$139,877. Unrestricted net assets, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, decreased by \$42,811.

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the District's changes in net position in the fiscal year 2015 with comparisons to fiscal year 2014.

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/15	6/30/14	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 16,119	\$ 19,996	\$ (3,877)	(19.39)
Operating Grants	44,241	55,951	(11,710)	(20.93)
Capital Grants	81,206	-	81,206	*
General Revenues:				
Property Taxes	2,237,738	2,172,561	65,177	3.00
Unrestricted Grants	593,769	354,521	239,248	67.48
Other	8,259	4,295	3,964	92.29
Total Revenues	<u>2,981,332</u>	<u>2,607,324</u>	<u>374,008</u>	14.34
Program Expenses				
Instruction:				
Regular	1,123,180	1,027,792	95,388	9.28
Special	128,670	64,029	64,641	100.96
Other	89,791	40,060	49,731	124.14
Support Services:				
Tuition	394,890	330,470	64,420	19.49
Student & Instructional Staff	639,257	565,805	73,452	12.98
General & Business Administration	401,782	433,000	(31,218)	(7.21)
School Administration	1,242	27,149	(25,907)	(95.43)
Maintenance	203,325	199,797	3,528	1.77
Transportation	55,140	47,439	7,701	16.23
Milk Service	1,684	3,534	(1,850)	(52.35)
Total Expenses	<u>3,038,961</u>	<u>2,739,075</u>	<u>299,886</u>	10.95
Increase (Decrease) in Net Position	<u>\$ (57,629)</u>	<u>\$ (131,751)</u>	<u>\$ 74,122</u>	(56.26)

* = Undefined

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Governmental Activities

Property taxes made up 75 percent of revenues for governmental activities for the Lebanon Borough Public School District for fiscal year 2015. The Board of Education and School Administrators work diligently to provide a through and efficient education to the students of Lebanon Borough within the constraints of laws governing school district operations.

Instruction and student support services comprise 80 percent of district expenses. Administration, Buildings and Grounds maintenance and other employer related expenses account for the remaining 20 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to fiscal year 2014 have been made.

Table 3 provides a summary of the School District's cost of governmental services in 2014 and 2015.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/15	6/30/14	6/30/15	6/30/14
Instruction	\$ 1,341,641	\$ 1,131,881	\$ 1,245,679	\$ 1,087,110
Support Services:				
Tuition	394,890	330,470	394,890	330,470
Student & Instructional Staff	639,257	565,805	609,133	535,825
General & Business Administration	401,782	433,000	387,954	432,880
School Administration	1,242	27,149	1,198	27,149
Plant Operations & Maintenance	203,325	199,797	202,614	199,797
Pupil Transportation	55,140	47,439	55,140	47,439
Milk Service	1,684	3,534	787	2,458
Total Expenses	<u>\$ 3,038,961</u>	<u>\$ 2,739,075</u>	<u>\$ 2,897,395</u>	<u>\$ 2,663,128</u>

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involved 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. For all activities local tax revenue support is 75.1 percent. The community, as a whole, is the primary support of the Lebanon Borough Public School District.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$2,764,655 and expenditures of \$2,937,133. The net negative change in fund balance for all major funds was \$172,478. The most significant negative change was in the Capital Projects Fund, a decrease of \$121,808

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 most significant budgeted fund is the General Fund.

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. 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.

For the General Fund, budget basis revenue and other financing sources was \$2,456,513 or \$21,272 above original budgeted estimates of \$2,435,241. This difference was due primarily to an increase in preschool tuition.

The General fund revenues and other financing sources of the School District was less than expenditures by approximately \$300,625.

Capital Assets

At the end of the fiscal year 2015, the School District had \$1,979,937 invested in land, buildings, furniture and equipment, and vehicles.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/15 with comparisons to 6/30/14.

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

	6/30/15	6/30/14	Variance	
			Dollars	%
Land	\$ 10,503	\$ 10,503		
Construction in Progress	228,264	25,250	\$ 203,014	804.02
Buildings & Improvements	1,697,682	1,761,229	(63,547)	(3.61)
Furniture & Equipment	43,488	43,078	410	0.95
Total	<u>\$ 1,979,937</u>	<u>\$ 1,840,060</u>	<u>\$ 139,877</u>	<u>7.60</u>

Overall, capital assets increased \$139,877 from fiscal year 2014 to fiscal year 2015. Increases in depreciation expenses for the year were offset by capital acquisitions (primarily construction in progress relating to building improvements) during the fiscal year.

Debt Administration

At June 30, 2015, the School District had \$541,060 of long-term liabilities consisting of compensated absences and PERS net pension liability.

At June 30, 2015, the School District's overall legal debt margin was \$8,110,519 and the unvoted debt margin was \$8,110,519.

Table 5 provides a summary of the District's long-term liabilities at 6/30/15 with comparisons to 6/30/2014.

**Table 5
Long-term Liabilities at Year-end**

	6/30/15	6/30/14	Variance	
			Dollars	%
PERS Net Pension Liability	\$ 484,065	\$ 379,130	\$ 104,935	27.68
Compensated Absences	56,995	50,773	6,222	12.25
Total	<u>\$ 541,060</u>	<u>\$ 429,903</u>	<u>\$ 111,157</u>	<u>25.86</u>

For the Future

The Lebanon Borough Public School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes. Future finances are not without challenges as expenses continue to grow and state funding is decreased.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Lebanon Borough is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to support the tax burden. During the budget process in the Spring, it was a concern to the Administration and Board of Education how future budgets would be financed; therefore, the next eight months the Board and Administration will be conducting a program review of all costs centers in the district.

In conclusion, the Lebanon Borough Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge 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 any questions about this report or need additional information contact Patricia Duell, School Business Administrator or email her at tduell@lebanonschool.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position 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 BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 211,671	\$ 1,569	\$ 213,240
Due from Other Funds	2,983		2,983
Receivables, Net	118,085		118,085
Restricted Assets:			
Capital Reserve Account-Cash	115,152		115,152
Emergency Reserve Account-Cash	202,033		202,033
Capital Projects Fund-Cash	65,954		65,954
Capital Assets Not Being Depreciated (Note 4)	238,767		238,767
Capital Assets Being Depreciated, Net (Note 4)	1,738,183	2,987	1,741,170
Total Assets	<u>2,692,828</u>	<u>4,556</u>	<u>2,697,384</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	<u>133,678</u>	<u>-</u>	<u>133,678</u>
LIABILITIES			
Accounts Payable	12,960		12,960
Payable to Governments	361		361
Unearned Revenue	5,370		5,370
Long-Term Liabilities (Note 5):			
Due Within One Year	12,487		12,487
Due Beyond One Year	528,573		528,573
Total Liabilities	<u>559,751</u>	<u>-</u>	<u>559,751</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	<u>28,848</u>	<u>-</u>	<u>28,848</u>
NET POSITION			
Net Investment in Capital Assets	1,976,950	2,987	1,979,937
Restricted For:			
Capital Reserve	115,152		115,152
Emergency Reserve	202,033		202,033
Capital Projects	127,945		127,945
Unrestricted	<u>(184,173)</u>	<u>1,569</u>	<u>(182,604)</u>
TOTAL NET POSITION	<u>\$ 2,237,907</u>	<u>\$ 4,556</u>	<u>\$ 2,242,463</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 824,525	\$ 298,655	\$ 14,490	\$ 10,156	\$ 37,190	\$ (1,061,344)		\$ (1,061,344)
Special Education	103,535	25,135		26,659	4,673	(97,338)		(97,338)
Other Special Education	59,730	27,300			2,699	(84,331)		(84,331)
Other Instruction	2,100	661			95	(2,666)		(2,666)
Support Services:								
Tuition	394,890					(394,890)		(394,890)
Students & Instruction Related Services	502,147	137,110	20	7,426	22,678	(609,133)		(609,133)
General & Business Administration Services	306,022	95,760	1		13,827	(387,954)		(387,954)
School Administration Services	1,206	36			44	(1,198)		(1,198)
Plant Operations & Maintenance	183,444	19,881	711			(202,614)		(202,614)
Pupil Transportation	55,140					(55,140)		(55,140)
Total Governmental Activities	2,432,739	604,538	15,222	44,241	81,206	(2,896,608)	\$ -	(2,896,608)
Business-Type Activities:								
Milk Service	1,684		897				(787)	(787)
Total Business-Type Activities	1,684	-	897	-	-	-	(787)	(787)
Total Primary Government	\$ 2,434,423	\$ 604,538	\$ 16,119	\$ 44,241	\$ 81,206	(2,896,608)	(787)	(2,897,395)
			General Revenues, Special Items & Transfers					
			Property Taxes Levied for General Purposes			2,237,738		2,237,738
			Federal & State Aid not Restricted			593,769		593,769
			Investment Earnings			3,159	8	3,167
			Miscellaneous Income			4,780	12	4,792
			Special Item-Proceeds on Disposition of Assets			300		300
			Total General Revenues, Special Items & Transfers			2,839,746	20	2,839,766
			Change in Net Position			(56,862)	(767)	(57,629)
			Net Position-Beginning			2,294,769	5,323	2,300,092
			Net Position-Ending			\$ 2,237,907	\$ 4,556	\$ 2,242,463

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 BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 211,671				\$ 211,671
Due from Other Funds	32,612	\$ 3,100			35,712
Receivables from Other Governments:					
State	21,284		\$ 81,206		102,490
Federal		15,345			15,345
Other Accounts Receivable	250				250
Restricted Cash & Cash Equivalents	317,185		65,954		383,139
TOTAL ASSETS	<u>\$ 583,002</u>	<u>\$ 18,445</u>	<u>\$ 147,160</u>	<u>\$ -</u>	<u>\$ 748,607</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds		\$ 13,514	\$ 19,215		\$ 32,729
Accounts Payable	\$ 12,960				12,960
Payables to Governments:					
State		361			361
Unearned Revenue	800	4,570			5,370
Total Liabilities	<u>13,760</u>	<u>18,445</u>	<u>19,215</u>	<u>\$ -</u>	<u>51,420</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 17,053				\$ 17,053
Capital Projects Fund Balance			\$ 62,157		62,157
Committed Fund Balance:					
Capital Reserve	115,152				115,152
Emergency Reserve	202,033				202,033
Assigned Fund Balance:					
Encumbrances	3,490		65,788		69,278
Unassigned Fund Balance	231,514				231,514
Total Fund Balances	<u>569,242</u>	<u>\$ -</u>	<u>127,945</u>	<u>\$ -</u>	<u>697,187</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 583,002</u>	<u>\$ 18,445</u>	<u>\$ 147,160</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position
(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	\$ 3,413,149 <u>1,436,199</u>	1,976,950
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		104,830
Long-term liabilities, including bonds payable and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds		<u>(541,060)</u>
Total Net Position of Governmental Activities	<u>\$ 2,237,907</u>	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,237,738				\$ 2,237,738
Tuition Charges	14,330				14,330
Interest on Investments	1,451				1,451
Interest Earned on Capital Reserve Funds	954				954
Interest Earned on Emergency Reserve Funds	754				754
Miscellaneous	5,791				5,791
Total	2,261,018	\$ -	\$ -	\$ -	2,261,018
State Sources	378,190		81,206		459,396
Federal Sources		44,241			44,241
Total Revenues	2,639,208	44,241	81,206	-	2,764,655
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	812,901	10,156			823,057
Special Education Instruction	76,770	26,659			103,429
Other Special Instruction	59,730				59,730
Other Instruction	2,100				2,100
Support Service & Undistributed Costs:					
Tuition	394,890				394,890
Student & Instruction Related Services	494,451	7,426			501,877
General & Business Administrative Services	306,021				306,021
School Administrative Services	984				984
Plant Operations & Maintenance	182,812				182,812
Pupil Transportation	55,140				55,140

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Current:					
Support Service & Undistributed Costs: (Cont'd)					
Unallocated Benefits	\$ 301,580				\$ 301,580
Capital Outlay	2,499		\$ 203,014		205,513
Total Expenditures	<u>2,689,878</u>	<u>\$ 44,241</u>	<u>203,014</u>	<u>\$ -</u>	<u>2,937,133</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(50,670)</u>	<u>-</u>	<u>(121,808)</u>	<u>-</u>	<u>(172,478)</u>
Other Financing Sources (Uses):					
Transfers In-Capital Reserve to Capital Projects Fund			249,753		249,753
Transfers Out-Capital Reserve to Capital Projects Fund	(249,753)				(249,753)
Total Other Financing Sources (Uses)	<u>(249,753)</u>	<u>-</u>	<u>249,753</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(300,423)	-	127,945	-	(172,478)
Fund Balances, July 1	<u>869,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869,665</u>
Fund Balances, June 30	<u>\$ 569,242</u>	<u>\$ -</u>	<u>\$ 127,945</u>	<u>\$ -</u>	<u>\$ 697,187</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH 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, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ (172,478)
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>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:</p>		
Capital Outlays	\$ 205,513	
Depreciation Expense	<u>(68,623)</u>	136,890
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		(15,052)
<p>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.</p>		
		<u>(6,222)</u>
Change in Net Position of Governmental Activities		<u>\$ (56,862)</u>

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Milk Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,569
Total Current Assets	<u>1,569</u>
Noncurrent Assets:	
Capital Assets	41,879
Less: Accumulated Depreciation	<u>(38,892)</u>
Total Noncurrent Assets	<u>2,987</u>
Total Assets	<u>4,556</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,987
Unrestricted	<u>1,569</u>
TOTAL NET POSITION	<u>\$ 4,556</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Nonreimbursable Programs	\$ 897
Miscellaneous	12
Total Operating Revenues	<u>909</u>
Operating Expenses:	
Costs of Sales	1,235
Supplies	319
Depreciation	130
Total Operating Expenses	<u>1,684</u>
Operating Income (Loss)	<u>(775)</u>
Nonoperating Revenues (Expenses):	
Local Sources:	
Interest on Investments	<u>8</u>
Change in Net Position	(767)
Net Position, Beginning	<u>5,323</u>
Net Position, Ending	<u>\$ 4,556</u>

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOW
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 909
Payments to Vendors	(2,190)
	(1,281)
Net Cash Provided by Operating Activities	(1,281)
Cash Flows from Capital Related Financing Activities:	
Acquisition of Equipment	(3,117)
	(3,117)
Cash Flows from Investing Activities:	
Interest on Investments	8
	8
Net Increase in Cash and Cash Equivalents	(4,390)
Cash and Cash Equivalents, July 1	5,959
	5,959
Cash and Cash Equivalents, June 30	\$ 1,569
	1,569
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ (775)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	130
(Decrease) in Accounts Payable	(636)
	(506)
Net Cash Provided by (Used For) Operating Activities	\$ (1,281)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash & Cash Equivalents	\$ 899	\$ 6,400
TOTAL ASSETS	<u>\$ 899</u>	<u>\$ 6,400</u>
LIABILITIES		
Due to Other Funds		\$ 2,983
Due to Student Groups	\$ 899	
Payroll Deductions & Withholdings		<u>3,417</u>
TOTAL LIABILITIES	<u>\$ 899</u>	<u>\$ 6,400</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Lebanon Borough 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 overall 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 five 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, 2015 of 90 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 BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(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 position and the statement of changes in net position) 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 BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(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 BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (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 Milk 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 (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

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 governments 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.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(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 (cont'd)

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.

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, if necessary are voted upon at the annual school election in November. 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, 2015 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.

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.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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 unearned 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 2014-2015 and 2013-2014 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.

LEBANON BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (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	50
Land Improvements	20
Furniture	20
Communication & Security System Equipment	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 BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

L. Unearned Revenue

Unearned 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.

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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-Spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

LEBANON BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

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

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

NJSA 17:9-41 et 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, 2015 appear in the financial statements as summarized below:

Cash		<u>\$ 603,678</u>
	<u>Ref.</u>	
Unrestricted Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 211,671
Enterprise Fund, Statement of Net Position	B-4	1,569
Fiduciary Funds, Statement of Net Position	B-7	7,299
Restricted Cash:		
Governmental Activities, Balance Sheet	B-1	<u>383,139</u>
Total Cash		<u>\$ 603,678</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$603,678 and the bank balance is \$695,510. Of the bank balance, \$250,000 is covered by federal depository insurance and \$445,510 is insured by GUDPA.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(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 are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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, 2015, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 10,503			\$ 10,503
Construction in Progress	<u>25,250</u>	<u>\$ 203,014</u>		<u>228,264</u>
Total	<u>35,753</u>	<u>203,014</u>	<u>\$ -0-</u>	<u>238,767</u>

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being				
Depreciated:				
Land Improvements	\$ 14,300			\$ 14,300
Building & Improvements	3,027,750			3,027,750
Furniture & Equipment	129,833	\$ 2,499		132,332
Total	<u>3,171,883</u>	<u>2,499</u>	<u>\$ -0-</u>	<u>3,174,382</u>
Accumulated Depreciation:				
Land Improvements	14,300			14,300
Building & Improvements	1,266,521	63,547		1,330,068
Furniture & Equipment	86,755	5,076		91,831
Total	<u>1,367,576</u>	<u>68,623</u>	<u>-0-</u>	<u>1,436,199</u>
Total Capital Assets, Being				
Depreciated, Net	<u>1,804,307</u>	<u>(66,124)</u>	<u>-0-</u>	<u>1,738,183</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 1,840,060</u>	<u>\$ 136,890</u>	<u>\$ -0-</u>	<u>\$ 1,976,950</u>
Business-Type Activities:				
Furniture & Equipment	\$ 38,762	\$ 3,117		\$ 41,879
Less: Accum Depreciation	<u>38,762</u>	<u>130</u>		<u>38,892</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ -0-</u>	<u>\$ 2,987</u>	<u>\$ -0-</u>	<u>\$ 2,987</u>

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

Instruction:	
Regular	\$ 31,582
Special Education	3,911
Other Special Instruction	2,197
Other Instruction	77
Support Services:	
Student & Instruction	18,710
General & Business Admin	11,256
Plant Operation & Maintenance	632
School Administration	<u>258</u>
Total Depreciation Expense,	
Governmental Activities	<u>\$ 68,623</u>

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 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:					
PERS Net Pension Liability	\$ 379,130	\$ 119,882	\$ 14,947	\$ 484,065	
Compensated Absences Payable	<u>50,773</u>	<u>14,296</u>	<u>8,074</u>	<u>56,995</u>	\$ <u>12,487</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 429,903</u>	<u>\$ 134,178</u>	<u>\$ 23,021</u>	<u>\$ 541,060</u>	<u>\$ 12,487</u>

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

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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, 2015 is \$8,110,519. General obligation debt at June 30, 2015 is \$-0-, resulting in a legal debt margin of \$8,110,519.

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. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS

A. Public Employees' Retirement System (PERS) (Cont'd)

The following represents the membership tiers for PERS:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation Methodology and Reconciliation to Financial Statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 1,010,169	\$ 739,381
Plan Fiduciary Net Position	<u>526,104</u>	<u>360,251</u>
Net Pension Liability	<u>\$ 484,065</u>	<u>\$ 379,130</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 3.01%

Salary Increases (Based on Age):

2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%

Investment Rate of Return 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 484,065
At a 1% Lower Rate (4.39%)	608,970
At a 1% Higher Rate (6.39%)	379,176
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 379,130
At a 1% Lower Rate (4.55%)	471,967
At a 1% Higher Rate (6.55%)	302,345

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	15,222	
Net difference between projected and actual earnings on pension plan investments		28,848

LEBANON BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 97,142	
District contributions subsequent to the measurement date	<u>21,314</u>	
Total	<u>\$ 133,678</u>	<u>\$ 28,848</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$21,314 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 18,020	\$ 2,798	\$ 15,222
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	36,060	7,212	<u>28,848</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (13,626)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2015	\$ (4,414)
2016	(4,414)
2017	(4,414)
2018	(4,414)
2019	2,799
Thereafter	<u>1,231</u>
Total	<u>\$ (13,626)</u>

LEBANON BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$24,887 which represents the District's proportionate share of allocable plan pension expense of \$36,366 plus the net amortization of deferred amounts from changes in proportion of \$17,857 plus the pension expense related to specific liabilities of individual employees of \$544 and less other adjustments to the net pension liability of \$6,922. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 22,648
Interest on Total Pension Liability	53,437
Member Contributions	(12,403)
Administrative Expense	378
Expected Investment Return Net of Investment Expense	(34,605)
Pension Expense Related to Specific Liabilities of Individual Employers	(154)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	2,798
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	(7,212)
Pension Expense	<u>\$ 24,887</u>

B. Teacher's Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

LEBANON BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

Tier	Definition
1.	Members enrolled prior to July 1, 2007
2.	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3.	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 4,006,348	\$ 4,743,236
Employer Pension Expense & Related Revenue	215,579	N/A
Non-Employer Contribution	31,842	60,785
Allocable Proportionate Percentage	.0074959628%	.0093852594%

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 (\$8,200 in 2015) 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/njdcprp.

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.

Contribution Requirements

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (Cont'd)

The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual 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 noncontributing employer of the TPAF.

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 113,443	100%
06/30/14	83,705	100%
06/30/13	129,216	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 21,314	100%
06/30/14	14,947	100%
06/30/13	14,882	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$69,600 to the TPAF for post-retirement medical benefits and \$2,943 for the non-contributory insurance premiums and \$40,900 for pension costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$68,750 during the year ended June 30, 2015 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 68.

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, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. 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.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

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

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer 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 States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

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:

Equitable
Midland National

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund Balances as of June 30, 2015 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 32,612	
Special Revenue Fund	3,100	\$ 13,514
Capital Projects Fund		19,215
Payroll Agency Fund		2,983
	\$ 35,712	\$ 35,712

The balance due from the Special Revenue Fund to the General Fund of \$13,514 represents a loan from the General Fund due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the Capital Projects Fund to the General Fund of \$16,115 represents a loan from the General Fund due to cash flow issues relating to the delayed receipt of grant revenues. The balance due to the Special Revenue Fund from the Capital Projects Fund of \$3,100 represents a reclassification of a capital expense to the Capital Projects Fund. The balance due from the Payroll Agency Fund to the General Fund represents balances due to the General Fund within the Payroll Bank Accounts totaling \$2,983.

NOTE 10. CONTINGENT LIABILITIES

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

NOTE 11. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 12. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on September 26, 2007 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 increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2014, 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. the District did not authorize additional deposits to their legal reserves in fiscal year 2015.

The following schedule is a summarization of the District's legal reserve accounts:

Legal Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals Net of Return	Ending Balance
Capital	\$ 363,951		\$ 954	\$ 249,753	\$ 115,152
Emergency	235,874		754	34,595	202,033
Totals	<u>\$ 599,825</u>	<u>\$ -0-</u>	<u>\$ 1,708</u>	<u>\$ 284,348</u>	<u>\$ 317,185</u>

NOTE 13. 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, 2015 and 2014 is as follows:

	2015	2014
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets		\$ 17,053
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 17,053	
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	115,152	363,951
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	202,033	235,874

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 13. FUND BALANCES-BUDGETARY BASIS (Cont'd)

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, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	\$ 3,490	\$ 16,600
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements		1,600
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>248,939</u>	<u>252,214</u>
Total Fund Balance	<u>\$ 586,667</u>	<u>\$ 887,292</u>

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), 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, 2015 is \$-0-.

NOTE 15: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 19, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	Governmental <u>Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 2,658,952
Add: Deferred Outflow of Resources for Pension Activity	14,947
Less: PERS Net Pension Liability as of June 30, 2014	<u>(379,130)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 2,294,769</u>

NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$184,173 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,237,738		\$ 2,237,738	\$ 2,237,738	
Tuition from Individuals	8,000		8,000	14,330	\$ 6,330
Interest on Investments				1,451	1,451
Interest Earned on Capital Reserve Funds	50		50	954	904
Interest Earned on Emergency Reserve Funds				754	754
Miscellaneous	2,350		2,350	5,491	3,141
Total	2,248,138	\$ -	2,248,138	2,260,718	12,580
State Sources:					
School Choice Aid	38,478	(12,826)	25,652	25,652	
Categorical Special Education Aid	64,267		64,267	64,267	
Categorical Transportation Aid	12,988		12,988	12,988	
Categorical Security Aid	7,997		7,997	7,997	
PARCC Readiness Aid	1,050		1,050	1,050	
Per Pupil Growth Aid	1,050		1,050	1,050	
Additional Adjustment Aid	61,273		61,273	61,273	
Extraordinary Aid		19,551	19,551	19,785	234
Non-Public Transportation Aid				1,733	1,733
On-Behalf TPAF Pension Contribution				43,843	43,843
On-Behalf TPAF Post Retirement Medical				69,600	69,600
Reimbursed TPAF Social Security Contribution				68,750	68,750
Total	187,103	6,725	193,828	377,988	184,160
TOTAL REVENUES	\$ 2,435,241	\$ 6,725	\$ 2,441,966	\$ 2,638,706	\$ 196,740
EXPENDITURES					
Current:					
Regular Programs:					
Instruction:					
Salaries of Teachers:					
Preschool	\$ 26,980	\$ (405)	\$ 26,575	\$ 26,575	
Kindergarten	64,570	19,126	83,696	83,696	
Grades 1-5	379,814	29,736	409,550	409,550	
Grades 6-8	110,666	(12,410)	98,256	98,256	
Home Instruction:					
Salaries of Teachers:	500		500	225	\$ 275
Purchased Professional Educational Services		750	750		750
Undistributed Instruction:					
Other Purchased Services	24,525	(4,151)	20,374	17,263	3,111
General Supplies	14,008	16,237	30,245	20,224	10,021
Textbooks		2,137	2,137	228	1,909
Other Objects	1,000	(429)	571	571	
Total	622,063	50,591	672,654	656,588	16,066
Special Education:					
Resource Room/Center:					
Salaries of Teachers	53,060	(4,079)	48,981	48,981	
General Supplies	1,000	(1,000)			
Total	54,060	(5,079)	48,981	48,981	-
Total Special Education	54,060	(5,079)	48,981	48,981	-

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 59,870		\$ 59,870	\$ 59,730	\$ 140
General Supplies	300	\$ 116	416		416
Total	<u>60,170</u>	<u>116</u>	<u>60,286</u>	<u>59,730</u>	<u>556</u>
School Sponsored Co/Extra Curricular Activities:					
Salaries	3,400	(1,300)	2,100	2,100	
Purchased Services	100	(100)			
Supplies & Materials	600	(600)			
Other Objects	500	(500)			
Total	<u>4,600</u>	<u>(2,500)</u>	<u>2,100</u>	<u>2,100</u>	<u>-</u>
School Sponsored Athletics-Instruction:					
Salaries	750	(750)			
Supplies & Materials	500	(500)			
Total	<u>1,250</u>	<u>(1,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>\$ 742,143</u>	<u>\$ 41,878</u>	<u>\$ 784,021</u>	<u>\$ 767,399</u>	<u>\$ 16,622</u>
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within the State-Regular	\$ 276,506	\$ 13,765	\$ 290,271	\$ 290,271	
Other LEAs Within the State-Special	70,279		70,279	70,279	
Private School for the Disabled W/I State		41,129	41,129	34,340	\$ 6,789
Total	<u>346,785</u>	<u>54,894</u>	<u>401,679</u>	<u>394,890</u>	<u>6,789</u>
Health Services:					
Salaries	69,270	(156)	69,114	69,113	1
Purchased Professional and Technical Services	1,000	(442)	558	558	
Other Purchased Services	250	(250)			
Supplies & Materials	4,050	(2,920)	1,130	1,130	
Total	<u>74,570</u>	<u>(3,768)</u>	<u>70,802</u>	<u>70,801</u>	<u>1</u>
Speech, OT, PT & Related Services:					
Purchased Professional Educational Services	40,000	4,032	44,032	44,032	
Supplies & Materials		384	384	384	
Total	<u>40,000</u>	<u>4,416</u>	<u>44,416</u>	<u>44,416</u>	<u>-</u>
Other Support Services-Students- Extraordinary Services:					
Salaries	27,882	6,890	34,772	34,772	
Purchased Professional Educational Services	67,000	(44,328)	22,672	22,672	
Total	<u>94,882</u>	<u>(37,438)</u>	<u>57,444</u>	<u>57,444</u>	<u>-</u>
Guidance:					
Supplies and Materials	200	-	200	-	200
Child Study Teams:					
Salaries of Other Professional Staff	88,768	4,305	93,073	93,073	
Salaries of Secretarial & Clerical Assistants	15,195	(2,533)	12,662	12,662	
Purchased Professional Educational Services	21,500	(10,197)	11,303	10,181	1,122
Other Purchased Professional & Technical Services	6,710	(6,676)	34	34	
Supplies & Materials	1,350	5,192	6,542	6,542	
Total	<u>133,523</u>	<u>(9,909)</u>	<u>123,614</u>	<u>122,492</u>	<u>1,122</u>

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	\$ 42,840	\$ (616)	\$ 42,224	\$ 42,224	
Salaries of Secretarial & Clerical Assistants	10,130	2,954	13,084	13,084	
Purchased Professional Educational Services	1,200	(450)	750	750	
Other Purchased Services	2,000	(1,981)	19	19	
Supplies & Materials	750	(439)	311	311	
Other Objects	700	(700)			
Total	57,620	(1,232)	56,388	56,388	\$ -
Educational Media Service/School Library:					
Salaries	55,388	(30,815)	24,573	24,573	
Purchased Professional & Technical Services	1,000	(1,000)			
Other Purchased Services	1,150	(878)	272	272	
Supplies & Materials	2,000	362	2,362	2,362	
Total	59,538	(32,331)	27,207	27,207	-
Instructional Staff Training Services:					
Purchased Professional Educational Services	750	(750)			
Other Purchased Services	8,095	(4,595)	3,500	3,500	
Supplies & Materials	750	(750)			
Total	9,595	(6,095)	3,500	3,500	-
Support Services General Administration:					
Salaries	47,905	87,700	135,605	135,605	
Legal Services	5,000	12,440	17,440	17,040	400
Audit Fees	11,000	(600)	10,400	10,400	
Other Purchased Professional Services	10,500	(55)	10,445	10,445	
Communications & Telephone	5,700	4,820	10,520	10,520	
Board of Education Other Purchased Services	750	(277)	473	473	
Miscellaneous Purchased Services	7,250	(4,673)	2,577	2,577	
General Supplies	500	(500)			
Miscellaneous Expenditures	1,100	1,383	2,483	2,483	
Board of Education Membership Dues & Fees	2,000	(109)	1,891	1,891	
Total	91,705	100,129	191,834	191,434	400
Support Services School Administration:					
Other Purchased Services	-	984	984	984	-
Central Services:					
Salaries	77,601	15,273	92,874	92,874	
Purchased Professional Services		5,586	5,586	5,586	
Purchased Technical Services	3,500	(24)	3,476	3,385	91
Miscellaneous Purchased Services	6,000	(5,630)	370	370	
Supplies and Materials	750	816	1,566	1,566	
Other Objects		697	697	697	
Total	87,851	16,718	104,569	104,478	91
Required Maintenance for School Facilities:					
Salaries	8,245	(2,572)	5,673	4,630	1,043
Cleaning, Repair & Maintenance Services	25,000	(11,389)	13,611	13,611	
General Supplies	5,000	(5,000)			
Other Objects		300	300	300	
Total	38,245	(18,661)	19,584	18,541	1,043

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Custodial Services:					
Salaries	\$ 81,715	\$ (10,601)	\$ 71,114	\$ 66,901	\$ 4,213
Purchased Professional & Technical Services	1,500	(968)	532	532	
Cleaning, Repair & Maintenance Services	2,000	3,875	5,875	5,875	
Other Purchased Property Services	2,000	1,842	3,842	3,842	
Insurance	14,500	(330)	14,170	14,170	
Miscellaneous Purchased Services	5,000	(3,381)	1,619	149	1,470
General Supplies	8,406	4,776	13,182	12,750	432
Energy (Natural Gas)	22,000	(5,102)	16,898	16,898	
Energy (Electric)	30,700	(9,532)	21,168	19,083	2,085
Other Objects	250	(147)	103	103	
Total	168,071	(19,568)	148,503	140,303	8,200
Security:					
Cleaning, Repair & Maintenance Services	1,000	(1,000)	-	-	-
Student Transportation Services:					
Management Fees-ESCs & CTSA's	450	513	963	963	
Contracted Services-Aid In Lieu-Non Public Schools	4,000	(1,348)	2,652	2,652	
Contracted Services-(Between Home & School)-Vendors	10,000	(10,000)			
Contracted Services (Other Than Between Home & School)-Vendors	2,000	(847)	1,153	1,153	
Contracted Services (Between Home & School)-Joint Agreements	30,950	1,022	31,972	31,972	
Contracted Services (Special Education Students)-Vendors		675	675	675	
Contracted Services (Regular Students)-ESCs & CTSA's		12,913	12,913	12,913	
Contracted Services (Special Education Students)-ESCs & CTSA's		4,812	4,812	4,812	
Total	47,400	7,740	55,140	55,140	-
Allocated Benefits:					
Regular Programs-Instruction:					
Health Benefits	170,222	(8,665)	161,557	156,313	5,244
Special Programs-Instruction:					
Health Benefits	30,927	(1,891)	29,036	27,789	1,247
Health Services:					
Health Benefits	35,195	-	35,195	34,124	1,071
Other Support Services-Students-Extraordinary Svc:					
Health Benefits	53,496	(228)	53,268	35,681	17,587
Other Support Services-Child Study Teams:					
Health Benefits	30,911	1,400	32,311	32,311	-
Improvement of Instructional Services:					
Health Benefits	9,145	942	10,087	10,087	-
Support Services-General Administration:					
Health Benefits	12,194	(2,085)	10,109	10,109	-

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits: (cont'd)					
Custodial Services:					
Health Benefits	\$ 22,273	\$ 1,695	\$ 23,968	\$ 23,968	\$ -
Unallocated Benefits:					
Social Security Contributions	25,000	3,793	28,793	28,793	
Other Retirement Contributions-PERS	22,500	(1,186)	21,314	21,314	
Other Retirement Contributions-Regular		2,034	2,034	2,034	
Unemployment Compensation	5,600	(222)	5,378	5,378	
Workmen's Compensation	13,000	(116)	12,884	12,884	
Health Benefits		37,895	37,895	37,895	
Tuition Reimbursement	3,000	(830)	2,170	2,170	
Other Employee Benefits	20,200	(11,281)	8,919	8,919	
Total	89,300	30,087	119,387	119,387	-
Total Personal Services-Employee Benefits	453,663	21,255	474,918	449,769	25,149
On-Behalf TPAF Pension Contribution				43,843	(43,843)
On-Behalf TPAF Post Retirement Medical				69,600	(69,600)
Reimbursed TPAF Social Security Contribution				68,750	(68,750)
Total	-	-	-	182,193	(182,193)
Total Undistributed Expenditures	\$ 1,704,648	\$ 76,134	\$ 1,780,782	\$ 1,919,980	\$ (139,198)
TOTAL CURRENT	\$ 2,446,791	\$ 118,012	\$ 2,564,803	\$ 2,687,379	\$ (122,576)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Support Service Related & Extra	-	\$ 2,199	\$ 2,199	\$ 2,199	-
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	6,600	(6,190)	410		410
Construction Services	150,000	(150,000)			
Total	156,600	(156,190)	410	-	410
TOTAL CAPITAL OUTLAY	\$ 156,600	\$ (153,991)	\$ 2,609	\$ 2,199	\$ 410
TOTAL EXPENDITURES	\$ 2,603,391	\$ (35,979)	\$ 2,567,412	\$ 2,689,578	\$ (122,166)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (168,150)	\$ 42,704	\$ (125,446)	\$ (50,872)	\$ 74,574
Other Financing Sources (Uses):					
Transfers Out-Capital Projects Fund	-	(249,755)	(249,755)	(249,753)	(2)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(168,150)	(207,051)	(375,201)	(300,625)	74,576
Fund Balances, July 1	887,292	-	887,292	887,292	-
Fund Balances, June 30	\$ 719,142	\$ (207,051)	\$ 512,091	\$ 586,667	\$ 74,576
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Adjustment for Prior Year Encumbrances	\$ (16,600)		\$ (16,600)	\$ (16,600)	
Increase in Capital Reserve	50		50	954	\$ 904
Withdrawal from Capital Reserve	(150,000)	\$ (99,753)	(249,753)	(249,753)	
Increase in Emergency Reserve				754	754
Withdrawal from Emergency Reserve		(34,595)	(34,595)	(34,595)	
Budgeted Fund Balance	(1,600)	(72,703)	(74,303)	(1,385)	72,918
TOTAL	\$ (168,150)	\$ (207,051)	\$ (375,201)	\$ (300,625)	\$ 74,576

LEBANON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Excess Surplus:		
Current Year-Designated for 2015-2016 Budget		\$ 17,053
Committed Fund Balance:		
Capital Reserve	\$ 115,152	
Emergency Reserve	<u>202,033</u>	
		317,185
Assigned Fund Balance:		
Year-End Encumbrances		3,490
Unassigned Fund Balance		<u>248,939</u>
		586,667
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payment not Recognized on GAAP Basis		<u>(17,425)</u>
Fund Balance Per Governmental Funds (GAAP)		<u>\$ 569,242</u>

LEBANON BOROUGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

LEBANON BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 3,100		\$ 3,100		\$ (3,100)
State Sources	361		361		(361)
Federal Sources	45,711		45,711	\$ 44,241	(1,470)
TOTAL REVENUES	\$ 49,172	\$ -	\$ 49,172	\$ 44,241	\$ (4,931)
EXPENDITURES					
Instruction:					
Salaries	\$ 26,659		\$ 26,659	\$ 26,659	
General Supplies	13,256		13,256	10,156	\$ 3,100
Totals	39,915	\$ -	39,915	36,815	3,100
Support Services:					
Personal Services-Employee Benefits		361	361		361
Purchased Professional & Technical Services	2,169	(361)	1,808	1,808	
Other Purchased Services	1,899		1,899	1,899	
Supplies & Materials	5,189		5,189	3,719	1,470
Total	9,257	-	9,257	7,426	1,831
TOTAL EXPENDITURES	\$ 49,172	\$ -	\$ 49,172	\$ 44,241	\$ 4,931

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY 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	\$ 2,638,706	\$ 44,241
Trade in proceeds from disposal of assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	300	
Difference-Budget to GAAP:		
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	17,627	
State Aid Receivable Current Year	<u>(17,425)</u>	
Total Revenues (GAAP Basis)	<u>\$ 2,639,208</u>	<u>\$ 44,241</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 2,689,578	\$ 44,241
Trade in proceeds from disposal of assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	<u>300</u>	
Total Expenditures (GAAP Basis)	<u>\$ 2,689,878</u>	<u>\$ 44,241</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART III

LEBANON BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)-Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)-Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		4,006,348	4,743,236							
Total	\$ -	\$ 4,006,348	\$ 4,743,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 764,613	\$ 669,552							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

LEBANON BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 43,843	\$ 31,711	\$ 60,643	\$ 28,773	\$ 2,620	\$ 2,814	\$ 2,741	\$ 55,718	\$ 52,698	\$ 8,428
Contributions in Relation to the Contractually Required Contribution	(43,843)	(31,711)	(60,643)	(28,773)	(2,620)	(2,814)	(2,741)	(55,718)	(52,698)	(8,428)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 886,676	\$ 764,613	\$ 669,552	\$ 867,393	\$ 885,333	\$ 1,060,638	\$ 852,199	\$ 814,031	\$ 798,939	\$ 599,795
Contributions as a Percentage of Covered Employee Payroll	4.94%	4.15%	9.06%	3.32%	0.30%	0.27%	0.32%	6.84%	6.60%	1.41%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)-Percentage		0.0025854407%	0.0019837300%							
District's Proportion of the Net Pension Liability (Asset)-Value		\$ 484,065	\$ 379,130							
District's Covered Employee Payroll	N/A	159,982	142,170	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		302.57%	266.67%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

LEBANON BOROUGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 21,314	\$ 14,947	\$ 14,882	\$ 17,708	\$ 14,888	\$ 7,833	\$ 9,602	\$ 6,948	\$ 2,125	\$ 1,610
Contributions in Relation to the Contractually Required Contribution	(21,314)	(14,947)	(14,882)	(17,708)	(14,888)	(7,833)	(9,602)	(6,948)	(2,125)	(1,610)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 203,156	\$ 159,982	\$ 142,170	\$ 121,026	\$ 128,909	\$ 156,995	\$ 123,913	\$ 109,748	\$ 117,993	\$ 76,901
Contributions as a Percentage of Covered Employee Payroll	10.49%	9.34%	10.47%	14.63%	11.55%	4.99%	7.75%	6.33%	1.80%	2.09%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
(UNAUDITED)

JUNE 30, 2014 AND 2013

NOTE 1. SPECIAL FUNDING SITUATION-TPAF

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

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 BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Small, Rural School Achievement	NCLB Title IIA	IDEA Basic	IDEA Preschool	Total
REVENUES					
Federal Sources	\$ 13,875	\$ 1,899	\$ 26,659	\$ 1,808	\$ 44,241
TOTAL REVENUES	\$ 13,875	\$ 1,899	\$ 26,659	\$ 1,808	\$ 44,241
EXPENDITURES					
Instruction:					
Salaries			\$ 26,659		\$ 26,659
General Supplies	\$ 10,156				10,156
Total	10,156	\$ -	26,659	\$ -	36,815
Support Services:					
Purchased Professional and Technical Services				1,808	1,808
Other Purchased Services		1,899			1,899
Supplies & Materials	3,719				3,719
Total	3,719	1,899	-	1,808	7,426
TOTAL EXPENDITURES	\$ 13,875	\$ 1,899	\$ 26,659	\$ 1,808	\$ 44,241

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 BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/15
			Prior Years	Current Year	
Improvements and Renovations at Lebanon Borough School	02/24/2014	\$ 416,255		\$ 203,014	\$ 213,241
		\$ 416,255	\$ -	\$ 203,014	\$ 213,241

LEBANON BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues:	
State Sources-NJ SDA ROD Grants	\$ 166,502
Local Sources-Transfers In from Capital Reserve	249,753
Total Revenues	<u>416,255</u>
Expenditures:	
Architectural/Engineering Services	6,600
Construction Services	196,414
	<u>203,014</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	213,241
Net Position-Beginning	<u>-</u>
Net Position-Ending	<u>\$ 213,241</u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 213,241
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	81,206
Budgetary Basis (Schedule K-4)	<u>(166,502)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 127,945</u>
<u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 166,502
Adjustment to GAAP Basis	<u>(85,296)</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 81,206</u>

LEBANON BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
IMPROVEMENTS AND RENOVATIONS AT LEBANON BOROUGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfers In from Capital Reserve		\$ 249,753	\$ 249,753	\$ 249,753
State Sources-NJ SDA ROD Grants		166,502	166,502	166,502
Total Revenues	\$ -	416,255	416,255	416,255
Expenditures and Other Financing Uses:				
Architectural/Engineering Services		6,600	6,600	34,030
Construction Services		196,414	196,414	382,225
Total Expenditures	-	203,014	203,014	416,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 213,241	\$ 213,241	\$ -

Additional Project Information

Project Number	19-2590-050-14-1001
Grant Date	02/24/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 416,255
Additional Authorized Cost	
Revised Authorized Cost	\$ 416,255
Percentage Completion	49%

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 BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
MILK SERVICE ENTERPRISE FUND
JUNE 30, 2015

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 1,569
Total Current Assets	<u>1,569</u>

Noncurrent Assets:

Capital Assets	41,879
Less: Accumulated Depreciation	<u>(38,892)</u>
Total Noncurrent Assets	<u>2,987</u>

Total Assets	<u>4,556</u>
--------------	--------------

NET POSITION

Invested in Capital Assets, Net of Related Debt	2,987
Unrestricted	<u>1,569</u>

TOTAL NET POSITION	<u><u>\$ 4,556</u></u>
--------------------	------------------------

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
MILK SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Charges for Services:	
Daily Sales-Nonreimbursable Programs	\$ 897
Miscellaneous	12
Total Operating Revenues	<u>909</u>
Operating Expenses:	
Costs of Sales	1,235
Supplies	319
Depreciation Expense	130
Total Operating Expenses	<u>1,684</u>
Operating Income (Loss)	<u>(775)</u>
Nonoperating Revenues (Expenses):	
Local Sources:	
Interest on Investments	<u>8</u>
Change in Net Position	(767)
Net Position, Beginning	<u>5,323</u>
Net Position, Ending	<u>\$ 4,556</u>

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
MILK SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 909
Payments to Vendors	<u>(2,190)</u>
Net Cash Provided by Operating Activities	<u>(1,281)</u>
Cash Flows from Capital Related Financing Activities:	
Acquisition of Equipment	<u>(3,117)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>8</u>
Net Increase in Cash and Cash Equivalents	(4,390)
Cash and Cash Equivalents, July 1	<u>5,959</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,569</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ (775)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	130
Increase (Decrease) in Accounts Payable	<u>(636)</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (1,281)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Funds 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 BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 899	\$ 6,400	\$ 7,299
TOTAL ASSETS	<u>\$ 899</u>	<u>\$ 6,400</u>	<u>\$ 7,299</u>
LIABILITIES			
Due to Other Funds		\$ 2,983	\$ 2,983
Due to Students Groups	\$ 899		899
Payroll Deductions & Withholdings		<u>3,417</u>	<u>3,417</u>
TOTAL LIABILITIES	<u>\$ 899</u>	<u>\$ 6,400</u>	<u>\$ 7,299</u>

LEBANON BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

LEBANON BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 1,168	\$ 5,389	\$ 5,658	\$ 899
TOTAL ASSETS	\$ 1,168	\$ 5,389	\$ 5,658	\$ 899
LIABILITIES				
Due to Student Groups	\$ 1,168	\$ 5,389	\$ 5,658	\$ 899
TOTAL LIABILITIES	\$ 1,168	\$ 5,389	\$ 5,658	\$ 899

H-4

LEBANON BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash and Cash Equivalents	\$ 1,531	\$ 1,503,949	\$ 1,499,080	\$ 6,400
TOTAL ASSETS	\$ 1,531	\$ 1,503,949	\$ 1,499,080	\$ 6,400
LIABILITIES				
Due to Other Funds	\$ 500	\$ 6,983	\$ 4,500	\$ 2,983
Payroll Deductions and Withholdings	1,030	632,470	630,084	3,416
Net Payroll	1	864,496	864,496	1
TOTAL LIABILITIES	\$ 1,531	\$ 1,503,949	\$ 1,499,080	\$ 6,400

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 BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

LEBANON BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 1,200,115	\$ 1,326,505	\$ 1,556,663	\$ 1,683,316	\$ 1,800,620	\$ 1,908,092	\$ 1,943,739	\$ 1,875,601	\$ 1,840,060	\$ 1,976,950
Restricted	1	1	150,001	231,721	269,789	314,995	353,164	597,951	599,825	445,130
Unrestricted	158,935	401,971	310,025	429,231	460,756	433,839	400,427	314,718	(145,116)	(184,173)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,359,051	\$ 1,728,477	\$ 2,016,689	\$ 2,344,268	\$ 2,531,165	\$ 2,656,926	\$ 2,697,330	\$ 2,788,270	\$ 2,294,769	\$ 2,237,907
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets										\$ 2,987
Unrestricted	\$ 2,157	\$ 3,148	\$ 4,095	\$ 5,449	\$ 6,395	\$ 6,761	\$ 7,407	\$ 7,756	\$ 5,323	1,569
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 2,157	\$ 3,148	\$ 4,095	\$ 5,449	\$ 6,395	\$ 6,761	\$ 7,407	\$ 7,756	\$ 5,323	\$ 4,556
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 1,200,115	\$ 1,326,505	\$ 1,556,663	\$ 1,683,316	\$ 1,800,620	\$ 1,908,092	\$ 1,943,739	\$ 1,875,601	\$ 1,840,060	\$ 1,979,937
Restricted	1	1	150,001	231,721	269,789	314,995	353,164	597,951	599,825	445,130
Unrestricted	161,092	405,119	314,120	434,680	467,151	440,600	407,834	322,474	(139,793)	(182,604)
TOTAL DISTRICT-WIDE	\$ 1,361,208	\$ 1,731,625	\$ 2,020,784	\$ 2,349,717	\$ 2,537,560	\$ 2,663,687	\$ 2,704,737	\$ 2,796,026	\$ 2,300,092	\$ 2,242,463

LEBANON BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 796,691	\$ 858,128	\$ 924,948	\$ 786,211	\$ 832,127	\$ 758,752	\$ 825,775	\$ 965,736	\$ 1,027,792	\$ 1,123,180
Special Education	118,080	91,699	91,145	83,951	179,298	237,907	212,626	115,613	64,029	128,670
Other Special Education	27,899	98,578	108,340	100,884	101,076	40,512	42,184	31,277	36,665	87,030
Other Instruction	1,853	1,975	1,009	3,140	3,928	4,685	4,578	2,681	3,395	2,761
Support Services:										
Tuition	347,084	240,392	320,102	391,374	370,400	506,009	438,574	377,117	330,470	394,890
Student & Instruction Related Services	353,402	427,424	496,604	560,563	522,370	536,546	631,812	359,387	565,805	639,257
General & Business Administrative Services	84,899	109,042	94,241	95,717	114,329	106,795	198,834	398,048	433,000	401,782
School Administration	56,729	91,932	54,721	69,339	69,663	63,474	77,951	122,059	27,149	1,242
Plant Operations & Maintenance	149,100	223,320	174,408	169,900	172,390	181,853	167,672	188,054	199,797	203,325
Pupil Transportation	50,994	60,373	66,910	35,425	63,263	43,927	44,141	51,416	47,439	55,140
Interest on Long-Term Debt	65,392	54,192	42,992	31,792	20,592	9,392	1,648			
Total Governmental Activities Expenses	2,052,123	2,257,055	2,375,420	2,328,296	2,449,436	2,489,852	2,645,795	2,611,388	2,735,541	3,037,277
Business-Type Activities:										
Milk Service	1,257	1,265	1,570	1,326	975	860	769	670	3,534	1,684
Total Business-Type Activities	1,257	1,265	1,570	1,326	975	860	769	670	3,534	1,684
TOTAL DISTRICT EXPENSES	\$ 2,053,380	\$ 2,258,320	\$ 2,376,990	\$ 2,329,622	\$ 2,450,411	\$ 2,490,712	\$ 2,646,564	\$ 2,612,058	\$ 2,739,075	\$ 3,038,961

LEBANON BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction			\$ 660	\$ 315		\$ 936	\$ 9,202	\$ 10,600	\$ 18,800	\$ 14,490
Special Education Instruction							10,455			
Student & Instruction Related Services										20
General & Business Administrative Services			2							1
Plant Operations & Maintenance	\$ 6,000	\$ 8,463	5,115			208	360	120	120	711
Operating Grants & Contributions	61,932	57,493	59,296	58,698	\$ 92,017	56,423	64,285	53,511	55,951	44,241
Capital Grants & Contributions										81,206
Total Governmental Activities Program Revenues	<u>67,932</u>	<u>65,956</u>	<u>65,073</u>	<u>59,013</u>	<u>92,017</u>	<u>57,567</u>	<u>84,302</u>	<u>64,231</u>	<u>74,871</u>	<u>140,669</u>
Business-Type Activities:										
Charges for Services:										
Milk Service	2,247	2,185	2,472	2,664	1,905	1,218	1,366	992	1,076	897
Total Business-Type Activities Program Revenues	<u>2,247</u>	<u>2,185</u>	<u>2,472</u>	<u>2,664</u>	<u>1,905</u>	<u>1,218</u>	<u>1,366</u>	<u>992</u>	<u>1,076</u>	<u>897</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 70,179</u>	<u>\$ 68,141</u>	<u>\$ 67,545</u>	<u>\$ 61,677</u>	<u>\$ 93,922</u>	<u>\$ 58,785</u>	<u>\$ 85,668</u>	<u>\$ 65,223</u>	<u>\$ 75,947</u>	<u>\$ 141,566</u>
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (1,984,191)	\$ (2,191,099)	\$ (2,310,347)	\$ (2,269,283)	\$ (2,357,419)	\$ (2,432,285)	\$ (2,561,493)	\$ (2,547,157)	\$ (2,660,670)	\$ (2,896,608)
Business-Type Activities	990	920	902	1,338	930	358	597	322	(2,458)	(787)
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (1,983,201)</u>	<u>\$ (2,190,179)</u>	<u>\$ (2,309,445)</u>	<u>\$ (2,267,945)</u>	<u>\$ (2,356,489)</u>	<u>\$ (2,431,927)</u>	<u>\$ (2,560,896)</u>	<u>\$ (2,546,835)</u>	<u>\$ (2,663,128)</u>	<u>\$ (2,897,395)</u>

LEBANON BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,747,377	\$ 2,005,741	\$ 2,034,312	\$ 2,115,684	\$ 2,115,684	\$ 2,190,311	\$ 2,224,117	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738
Taxes Levied for Debt Service	243,192	231,992	220,792	209,592	198,392	187,192	106,296			
Unrestricted Grants & Contributions	235,966	309,536	336,360	265,740	223,586	174,406	261,390	364,796	354,521	593,769
Investment Earnings	7,843	12,033	7,095	3,857	2,955	915	6,636	4,028	4,270	3,159
Miscellaneous Income	27,962	1,223		1,989	3,699	5,222	3,458	674		4,780
Special Item-Proceeds on Disposition of Assets										300
Total Governmental Activities	2,262,340	2,560,525	2,598,559	2,596,862	2,544,316	2,558,046	2,601,897	2,638,097	2,531,352	2,839,746
Business-Type Activities:										
Investment Earnings	36	71	45	16	16	8	49	27	25	8
Miscellaneous Income										12
Total Business-Type Activities	36	71	45	16	16	8	49	27	25	20
TOTAL DISTRICT-WIDE	\$ 2,262,376	\$ 2,560,596	\$ 2,598,604	\$ 2,596,878	\$ 2,544,332	\$ 2,558,054	\$ 2,601,946	\$ 2,638,124	\$ 2,531,377	\$ 2,839,766
CHANGE IN NET POSITION										
Governmental Activities	\$ 278,149	\$ 369,426	\$ 288,212	\$ 327,579	\$ 186,897	\$ 125,761	\$ 40,404	\$ 90,940	\$ (129,318)	\$ (56,862)
Business-Type Activities	1,026	991	947	1,354	946	366	646	349	(2,433)	(767)
TOTAL DISTRICT	\$ 279,175	\$ 370,417	\$ 289,159	\$ 328,933	\$ 187,843	\$ 126,127	\$ 41,050	\$ 91,289	\$ (131,751)	\$ (57,629)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 57,399	\$ 57,352	\$ 14,249	\$ 183,987	\$ 169,826	\$ 3,981	\$ 121,353	\$ 117,460	\$ 17,053	\$ 17,053
Committed	1	1	150,001	231,721	269,789	314,995	353,164	597,951	599,825	317,185
Assigned	75,128	228,123	97,950	60,474	123,317	258,130	113,548	1,741	18,200	3,490
Unassigned	92,858	165,474	245,141	237,551	236,621	246,753	237,094	234,231	234,587	231,514
Total General Fund	\$ 225,386	\$ 450,950	\$ 507,341	\$ 713,733	\$ 799,553	\$ 823,859	\$ 825,159	\$ 951,383	\$ 869,665	\$ 569,242
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,945
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,945

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 1,990,569	\$ 2,237,733	\$ 2,255,104	\$ 2,325,276	\$ 2,314,076	\$ 2,377,503	\$ 2,330,413	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738
Tuition Charges							19,555	10,600	18,800	14,330
Interest Earnings	7,843	12,033	7,095	3,857	2,955	915	6,636	4,028	4,270	3,159
Miscellaneous	31,356	2,223	1,817	1,989	5,557	6,020	5,566	794	8,216	5,791
State Sources	242,788	311,999	338,278	267,853	225,553	175,349	257,198	364,796	354,521	378,190
State Sources-Capital Projects										81,206
Federal Sources	51,716	54,030	55,563	56,585	88,192	54,890	66,739	53,511	47,855	44,241
Total Revenues	2,324,272	2,618,018	2,657,857	2,655,560	2,636,333	2,614,677	2,686,097	2,702,328	2,606,223	2,764,655
Expenditures:										
Instruction:										
Regular Instruction	559,174	576,112	647,875	573,384	612,896	540,854	594,992	666,093	706,976	656,588
Special Education Instruction	81,687	60,519	59,558	63,951	67,707	131,031	116,730	58,446	31,270	48,981
Other Special Instruction	19,544	64,948	71,196	73,267	73,771	26,502	27,546	24,919	30,335	59,730
School Sponsored/Other Instructional	1,300	1,350	700	2,642	3,315	3,742	3,675	2,150	2,675	2,100
Support Services:										
Tuition	318,627	238,464	318,182	389,500	368,521	504,091	436,674	375,224	330,470	394,890
Student & Inst Related Services	263,741	287,203	318,929	372,679	359,609	380,719	444,062	242,715	395,480	382,248
General Administration	49,215	62,829	47,543	46,589	59,376	48,108	133,530	309,412	284,790	191,434
School Administration Services	39,416	60,644	35,821	41,691	50,621	45,024	57,337	98,138	20,813	984
Central Services	30,924	40,254	41,615	43,301	42,830	47,507	50,907	54,271	101,612	104,478
Plant Operations & Maintenance	122,403	197,275	148,537	148,157	147,780	150,362	137,968	153,800	162,341	158,844
Pupil Transportation	50,994	60,373	66,910	35,425	63,263	43,927	44,141	51,416	47,439	55,140
Employee Benefits	274,037	290,534	261,647	253,069	285,273	298,398	314,522	304,111	343,540	449,769
On-Behalf TPAF Pension & Social Security Contribution	89,908	162,464	183,642	119,528	123,137	126,491	152,132	181,898	145,199	182,193
Capital Outlay			119,223	17,695	2,005				29,050	2,499
Special Revenue Funds	61,932	57,493	59,296	58,698	92,017	56,423	64,285	53,511	55,951	44,241
Capital Projects										203,014
Debt Service:										
Principal	175,000	175,000	175,000	175,000	175,000	175,000	103,000			
Interest & Other Charges	68,192	56,992	45,792	34,592	23,392	12,192	3,296			
Total Expenditures	2,206,094	2,392,454	2,601,466	2,449,168	2,550,513	2,590,371	2,684,797	2,576,104	2,687,941	2,937,133
Net Change in Fund Balances	\$ 118,178	\$ 225,564	\$ 56,391	\$ 206,392	\$ 85,820	\$ 24,306	\$ 1,300	\$ 126,224	\$ (81,718)	\$ (172,478)
Debt Service as a Percentage of Non-capital Expenditures	12.39%	10.74%	9.76%	9.43%	8.44%	7.79%	4.12%	0.00%	0.00%	0.00%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.
The Central Service account classification was added beginning with year end June 30, 2005
Prior to June 30, 2005, Central Services was combined in Other Support Services as Business and Other Support Services

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

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 7,843	\$ 12,033	\$ 7,095	\$ 3,857	\$ 2,955	\$ 915	\$ 6,636	\$ 4,028	\$ 4,028	\$ 3,159
Tuition							19,555	10,600	10,600	14,330
Refunds		20			8		236			
Rental										591
Prior Year:										
Refunds				738		352	857			
Outstanding Checks Canceled	9,618			1,118	782	150				
Accounts Payable Canceled	18,000					527				3,632
Excess Payroll Balance Canceled		1,061			515	22				1,000
E-Rate Telephone Reimbursements					1,729	4,100	2,275	674		
Miscellaneous	344	142	2	133	665	279	450	120	120	568
Annual Totals	<u>\$ 35,805</u>	<u>\$ 13,256</u>	<u>\$ 7,097</u>	<u>\$ 5,846</u>	<u>\$ 6,654</u>	<u>\$ 6,345</u>	<u>\$ 30,009</u>	<u>\$ 15,422</u>	<u>\$ 14,748</u>	<u>\$ 23,280</u>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 10,517,914	\$ 25,286,100	\$ 22,244,800	\$ 20,349,100	\$ 18,632,900	\$ 3,071,000	\$ 3,378,200	\$ 3,382,200	\$ 1,541,600	\$ 1,529,600
Residential	74,578,400	173,037,900	182,402,100	188,128,400	195,305,400	152,497,700	152,203,500	152,148,400	154,328,000	154,414,600
Farm Regular	436,900	842,000	842,000	842,000	842,000	681,000	681,000	681,000	681,000	681,000
Q Farm	19,700	5,824	5,824	5,859	5,859	30,279	30,279	29,923	29,923	29,923
Commercial	71,527,250	123,971,600	105,616,600	106,826,900	106,168,100	100,201,000	89,249,100	88,706,900	88,137,700	88,252,700
Industrial	9,741,900	18,021,700	17,298,000	11,213,400	11,213,400	9,668,000	8,748,080	8,172,380	8,172,380	8,713,980
Apartment		1,301,000	1,301,000	1,301,000	1,301,000	10,678,400	17,275,800	19,915,800	21,079,800	26,106,800
Total Assessed Value	166,822,064	342,466,124	329,710,324	328,666,659	333,468,659	276,827,379	271,565,959	273,036,603	273,970,403	279,728,603
Public Utilities (a)	891,149	1,385,623	1,350,942	1,536,124	1,194,467	1,194,467	780,720	659,123	-	-
Net Valuation Taxable	\$ 167,713,213	\$ 343,851,747	\$ 331,061,266	\$ 330,202,783	\$ 334,663,126	\$ 278,021,846	\$ 272,346,679	\$ 273,695,726	\$ 273,970,403	\$ 279,728,603
Estimated Actual County Equalized Value	\$ 325,300,841	\$ 356,323,054	\$ 321,364,845	\$ 303,175,862	\$ 330,253,732	\$ 300,015,040	\$ 284,970,889	\$ 277,132,165	\$ 262,423,758	\$ 280,317,269
Percentage of Net Valuation to Estimated Actual County Equalized Value	51.56%	96.50%	103.02%	108.91%	101.34%	92.67%	95.57%	98.76%	104.40%	99.79%
Total Direct School Tax Rate (b)	\$ 1.33	\$ 0.66	\$ 0.70	\$ 0.70	\$ 0.71	\$ 0.84	\$ 0.83	\$ 0.79	\$ 0.82	\$ 0.85

*

*

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

* Limited exemptions and abatements

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

Assessment Year	School District Direct Rate							Total Direct & Overlapping Tax Rate
			(From J-6)		Regional School Rate	Overlapping Rates		
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Municipality		County		
2006	\$ 1.19	\$ 0.14	\$ 1.33	\$ 0.69	\$ 0.34	\$ 0.69	\$ 3.05	
2007	* 0.60	0.06	0.66	0.37	0.17	0.34	1.54	
2008	0.64	0.06	0.70	0.36	0.18	0.32	1.56	
2009	0.64	0.06	0.70	0.34	0.19	0.32	1.55	
2010	0.65	0.06	0.71	0.43	0.19	0.34	1.67	
2011	* 0.80	0.04	0.84	0.58	0.25	0.36	2.03	
2012	0.83		0.83	0.57	0.28	0.37	2.05	
2013	0.79		0.79	0.61	0.30	0.36	2.06	
2014	0.82		0.82	0.63	0.33	0.35	2.13	
2015	0.85		0.85	0.59	0.36	0.37	2.17	

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Presidential Place At Lebanon LLC	\$ 23,965,800	1	8.57%			
Wells Operating Part LP c/o Thomson	16,000,000	2	5.72%	\$ 13,227,000	2	7.89%
Camelot Ridge, LLC	14,881,900	3	5.32%	4,786,000	4	2.85%
Hunterdon Executive Center	12,000,000	4	4.29%			
IHP Lebanon	7,382,800	5	2.64%			
Cokesbury Road Industrial Park LLC	5,788,100	6	2.07%	4,030,700	5	2.40%
Architectural Holdings LLC	5,700,000	7	2.04%	3,729,500	6	2.22%
Joseph P Moglia & Daughters LLC	5,272,900	8	1.89%	3,371,100	7	2.01%
Hunterdon Plaza Associates LLC	5,050,000	9	1.81%	3,156,600	9	1.88%
111 Cokesbury LLC	3,885,380	10	1.39%			
Aqua Realty LLC				19,469,000	1	11.61%
Apple Hospitality Five Inc.				9,610,000	3	5.73%
Bellemead Development Corporation #1				3,220,000	8	1.92%
Toys DC East LLC				3,004,714	10	1.79%
	<u>\$ 99,926,880</u>		<u>35.74%</u>	<u>\$ 67,604,614</u>		<u>40.31%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 4,720,432	\$ 4,634,390	98.18%
2006	5,139,174	5,041,175	98.09%
2007	5,353,022	5,237,125	97.83%
2008	5,212,106	5,107,705	98.00%
2009	5,190,040	5,115,754	98.57%
2010	5,676,175	5,518,266	97.22%
2011	5,787,603	5,723,712	98.90%
2012	5,640,867	5,578,701	98.90%
2013	5,730,949	5,675,214	99.03%
2014	5,832,350	5,786,410	99.21%

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 BOROUGH 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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 978,000					\$ 978,000	0.90%	\$ 542
2007	803,000					803,000	0.65%	424
2008	628,000					628,000	0.47%	321
2009	453,000					453,000	0.33%	226
2010	278,000					278,000	0.31%	205
2011	103,000					103,000	0.11%	73
2012							N/A	N/A
2013							N/A	N/A
2014							N/A	N/A
2015							N/A	N/A

NOTES: (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(2) The Lebanon Borough School District had no bonded debt as of June 30, 2015 and the previous three fiscal years

(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 BOROUGH 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 of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 978,000		\$ 978,000	0.58%	\$ 542
2007 *	803,000		803,000	0.23%	424
2008	628,000		628,000	0.19%	321
2009	453,000		453,000	0.14%	226
2010	278,000		278,000	0.08%	205
2011 *	103,000		103,000	0.04%	73
2012				N/A	N/A
2013				N/A	N/A
2014				N/A	N/A
2015				N/A	N/A

- NOTES** (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.
 (2) The Lebanon Borough School District had no bonded debt as of June 30, 2015 and the three previous fiscal years
 (a) See Exhibit J-6 for property tax data.
 (b) Population data can be found in Exhibit J-14.

* Revalued/Reassessed

LEBANON BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 4,540,521	100.00	\$ 4,540,521
Regional High School	2,160,000	3.35	72,392
County General Obligation Debt	70,347,424	1.29	908,664
Subtotal, Overlapping Debt			5,521,577
School District Direct Debt			-
Total Direct and Overlapping Debt			<u>\$ 5,521,577</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 BOROUGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$ 274,546,952
2013	261,529,313
2012	<u>274,975,657</u>
	<u>\$ 811,051,922</u>

Average Equalized Valuation of Taxable Property \$ 270,350,641

Debt Limit (3.0% of Average Equalization Value) \$ 8,110,519 (a)

Total Net Debt Applicable to Limit -

Legal Debt Margin \$ 8,110,519

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 6,453,948	\$ 7,720,720	\$ 8,790,810	\$ 9,528,440	\$ 9,699,418	\$ 9,541,180	\$ 9,189,075	\$ 8,695,624	\$ 8,261,643	\$ 8,110,519
Total Net Debt Applicable	<u>978,000</u>	<u>803,000</u>	<u>628,000</u>	<u>453,000</u>	<u>278,000</u>	<u>103,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 5,475,948</u>	<u>\$ 6,917,720</u>	<u>\$ 8,162,810</u>	<u>\$ 9,075,440</u>	<u>\$ 9,421,418</u>	<u>\$ 9,438,180</u>	<u>\$ 9,189,075</u>	<u>\$ 8,695,624</u>	<u>\$ 8,261,643</u>	<u>\$ 8,110,519</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.15%	10.40%	7.14%	4.75%	2.87%	1.08%	0.00%	0.00%	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 BOROUGH SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	1,805	\$ 117,186,015	\$ 64,923	5.9%
2007	1,894	129,343,154	68,291	5.2%
2008	1,958	134,606,626	68,747	6.7%
2009	2,007	131,857,893	65,699	11.9%
2010	1,358	89,208,378	65,691	12.2%
2011	1,405	97,952,385	69,717	12.0%
2012	1,396	104,049,464	74,534	12.3%
2013	1,391	105,052,493	75,523	6.3%
2014	1,388	N/A	N/A	5.3%
2015	1,388	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 2010 census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

LEBANON BOROUGH SCHOOL DISTRICT
FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	9.6	9.1	9.7	8.7	9.1	8.9	9.2	10.7	9.6	9.4
Special Education	3.0	3.0	3.0	5.5	5.5	4.2	2.7	2.0	1.0	1.0
Support Services:										
Student and Instruction Related Services	2.2	2.0	3.0	3.0	2.8	3.1	3.7	3.8	4.0	4.4
General Administration	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.6	3.0	3.0
School Administration Services	2.0	2.0	1.0	1.0	0.6	0.4	0.4	0.6		
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>17.9</u>	<u>17.2</u>	<u>17.8</u>	<u>19.3</u>	<u>19.2</u>	<u>17.8</u>	<u>17.2</u>	<u>18.7</u>	<u>18.6</u>	<u>18.8</u>

Sources: District Personnel Records

LEBANON BOROUGH 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
2006	89	\$ 1,962,902	\$ 22,055	-0.03%	9	1 to 9.89	89.2	86.1	7.60%	96.52%
2007	82	2,160,462	26,347	19.46%	9	1 to 9.11	82.0	79.2	-8.07%	96.59%
2008	80	2,261,451	28,268	7.29%	10	1 to 8.00	82.0	79.2	0.00%	96.59%
2009	81	2,221,881	27,431	-2.96%	11	1 to 7.40	81.0	78.7	-1.22%	97.16%
2010	85	2,342,605	27,560	0.47%	12	1 to 7.10	85.0	82.5	4.94%	97.06%
2011	73	2,403,179	32,920	19.45%	12	1 to 6.10	75.0	72.3	-11.76%	96.40%
2012	89	2,578,501	28,972	-11.99%	12	1 to 7.42	82.1	79.4	9.47%	96.71%
2013	79	2,576,104	32,609	12.55%	13	1 to 6.08	76.0	74.1	-7.43%	97.50%
2014	91	2,658,891	29,219	-10.40%	14	1 to 6.50	91.0	87.2	19.74%	95.82%
2015	90	2,731,620	30,351	3.88%	14	1 to 6.43	92.4	88.7	1.56%	95.99%

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 BOROUGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Lebanon Borough School (1989)</u>										
Square Feet	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369
Capacity (Students)	143	143	143	143	143	143	143	143	143	143
Enrollment	89	81	80	81	85	75	89	79	91	95

Number of Schools at June 30, 2015:
 Elementary & Middle

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 BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

<u>Fiscal Year Ending</u>	*School Facilities	Lebanon <u>Borough School</u>	<u>Total</u>
2006		\$ 5,473	\$ 5,473
2007		74,011	74,011
2008		19,264	19,264
2009		13,269	13,269
2010		23,266	23,266
2011		26,762	26,762
2012		16,645	16,645
2013		27,229	27,229
2014		13,374	13,374
2015		<u>18,541</u>	<u>18,541</u>
Total School Facilities		<u>\$ 237,834</u>	<u>\$ 237,834</u>

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

Source: District Records

LEBANON BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy-NJ School Boards Assoc		
Insurance Group:		
Property-Building Blanket and Contents (Fund Limit)	\$ 350,000,000	\$ 1,000
General Liability	6,000,000	
Equipment Breakdown	100,000,000	1,000
Crime Public Employee Dishonesty	100,000	500
Auto Liability	6,000,000	
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability-NJ School Boards Assoc		
Insurance Group:		
Errors and Omissions	3,000,000	5,000
Workers Compensation-NJ School Boards Assoc		
Insurance Group:		
Employers Liability	2,000,000	
Disease Each Employee	2,000,000	
Disease Policy Limit	2,000,000	
Public Employees' Faithful Performance-NJ School Boards Assoc		
Assoc Insurance Group:		
Treasurer of School Monies	130,000	1,000
School Board Secretary	50,000	500
School Business Administrator	50,000	500
Student Accident Insurance-BMI Benefits through Berkeley:		
Policy Limit	1,000,000	
Pollution Policy-NJ School Boards Assoc		
Insurance Group through Zurich:		
Claim Limit	1,000,000	25,000

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 AUDITOR'S REPORT

November 19, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lebanon Borough School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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 AUDITOR'S REPORT

November 19, 2015

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Lebanon Borough School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 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 or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

William M. Colantano, Jr.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 19, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

LEBANON BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015		
					June 30, 2014 (Acct Rec) Unearned Revenue						Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title II A	84.367A	NCLB-259015	\$ 1,899	07/01/2014-06/30/2015			\$ 1,899	\$ 1,899					
Small, Rural School Achievement Program	84.358A	S358A-143172	15,345	07/01/2014-09/30/2015							\$ (15,345)	\$ 1,470	
IDEA Basic	84.027	IDEA-259015	26,659	07/01/2014-06/30/2015			26,659	26,659					
IDEA Preschool	84.173	IDEA-259014	1,835	07/01/2013-06/30/2014	\$ (1,835)		1,835						
IDEA Preschool	84.173	IDEA-259015	1,808	07/01/2014-06/30/2015			1,808	1,808					
Total Special Revenue Fund					(1,835)	\$ -	32,201	44,241	\$ -	\$ -	(15,345)	1,470	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (1,835)	\$ -	\$ 32,201	\$ 44,241	\$ -	\$ -	\$ (15,345)	\$ 1,470	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Adjustments	Balance June 30, 2015			MEMO		
				Unearned Revenue (Accts Rec)	Due to Grantor					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education															
General Fund:															
Categorical Special Education Aid	15-495-034	\$ 64,267	07/01/2014-												
	-5120-089		06/30/2015			\$ 64,267	\$ 64,267						\$ 6,426	\$ 64,267	
Categorical Transportation Aid	15-495-034	12,988	07/01/2014-												
	-5120-014		06/30/2015			12,988	12,988						1,299	12,988	
Categorical Security Aid	15-495-034	7,997	07/01/2014-												
	-5120-084		06/30/2015			7,997	7,997						799	7,997	
School Choice Aid	15-495-034	25,652	07/01/2014-												
	-5120-068		06/30/2015			25,652	25,652						2,565	25,652	
Additional Adjustment Aid	15-495-034	61,273	07/01/2014-												
	-5120-085		06/30/2015			61,273	61,273						6,126	61,273	
Per Pupil Growth Aid	15-495-034	1,050	07/01/2014-												
	-5120-097		06/30/2015			1,050	1,050						105	1,050	
PARCC Readiness Aid	15-495-034	1,050	07/01/2014-												
	-5120-098		06/30/2015			1,050	1,050						105	1,050	
Extraordinary Special Education Costs Aid	14-100-034	22,597	07/01/2013-												
	-5120-473		06/30/2014	\$ (22,363)		22,597	234							22,597	
Extraordinary Special Education Costs Aid	15-100-034	19,551	07/01/2014-												
	-5120-473		06/30/2015				19,551			\$ (19,551)				19,551	
Nonpublic Remote Transportation Aid	14-495-034	2,214	07/01/2013-												
	-5120-014		06/30/2014	(2,214)		2,214								2,214	
Nonpublic Remote Transportation Aid	15-495-034	1,733	07/01/2014-												
	-5120-014		06/30/2015				1,733			(1,733)				1,733	
Reimbursed TPAF Social Security Contribution	15-495-034	68,750	07/01/2014-												
	-5094-003		06/30/2015			68,750	68,750							68,750	
On-Behalf TPAF Pension Contribution-Post Retirement Medical	15-495-034	69,600	07/01/2014-												
	-5094-001		06/30/2015			69,600	69,600							69,600	
On-Behalf TPAF Pension Contribution-Non Contributory Group Insurance	15-495-034	2,943	07/01/2014-												
	-5094-007		06/30/2015			2,943	2,943							2,943	
On-Behalf TPAF Pension Contribution-Normal Cost and Accrued Liability	15-495-034	40,900	07/01/2014-												
	-5094-006		06/30/2015			40,900	40,900							40,900	
Total General Fund				(24,577)	-	381,281	377,988	\$ -	\$ -	(21,284)	\$ -	\$ -	17,425	402,565	
Special Revenue Fund:															
Nonpublic Textbooks Aid	14-100-034	274	07/01/2013-												
	-5120-064		06/30/2014			274				274					
Nonpublic Technology Aid	14-100-034	100	07/01/2013-												
	-5120-373		06/30/2014			100				100					
Nonpublic Nursing Services	14-100-034	386	07/01/2013-												
	-5120-070		06/30/2014			386				386					
Nonpublic Auxiliary Services Aid- Exam and Classification	15-100-034	361	07/01/2014-												
	-5120-067		06/30/2015			361							361		
Total Special Revenue Fund				-	760	361	-	760	-	-	-	361	-	-	
NJ School Development Authority:															
Capital Projects Fund:															
Improvements and Renovations at Lebanon Borough School	2590-050-14-1001	166,502	07/01/2014-												
			06/30/2015				166,502			(166,502)					
TOTAL STATE FINANCIAL ASSISTANCE				\$ (24,577)	\$ 760	\$ 381,642	\$ 544,490	\$ 760	\$ -	\$ (187,786)	\$ -	\$ 361	\$ 17,425	\$ 402,565	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015

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 Borough 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 and those recorded in the special revenue fund, which are presented using the budgetary 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 GENERAL-PURPOSE 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 purpose, that payment is not recognized until the subsequent budget year due to the state deferral 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 \$202 for the general fund and (\$85,296) 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 F-2 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the capital projects fund.

LEBANON BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 378,190	\$ 378,190
Capital Projects Fund		81,206	81,206
Special Revenue Fund	\$ 44,241		44,241
	<u>\$ 44,241</u>	<u>\$ 459,396</u>	<u>\$ 503,637</u>

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

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, 2015. 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, 2015.

LEBANON BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee _____ Yes _____ No

State Awards _____

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee _____ Yes X No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

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 15-08? _____ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
2590-050-14-1001	\$ 166,502	Capital Project NJ EDA Aid
15-495-034-5120-089	64,267	Categorical Special Education Aid

LEBANON BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

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, 2015.

LEBANON BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

K-7

There were no prior year findings or questioned costs.