

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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

OF THE

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

Prepared by

LEBANON TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

LEBANON TOWNSHIP SCHOOL DISTRICT

70 BUNNVALE ROAD CALIFON, NJ 07830-4199

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

Jason Kornegay, Superintendent

Valley View School

400 Rt. 513

Califon, NJ 07830-4199

Phone: 832-2175

Fax: 832-6280

Patricia Bell, Interim Principal

Maria Jewett, Curriculum Coordinator, 638-4111 Ext.140

Colleen Andrade, Coordinator of Special Services

Phone: 832-2174

Fax: 832-5068

Woodglen School

70 Bunnvale Rd.

Califon, NJ 07830-4199

Phone: 638-4111

Fax: 638-8418

Michael B. Rubright, Principal

November 11, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Lebanon Township School District (District) for the fiscal year ended June 30, 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 financial section also includes the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2014-15 fiscal year with an average daily enrollment of 687.5 students. The following details the changes in the student enrollment of the District over the past several years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>ADE Student Enrollment</u>	<u>Percent Change</u>
1996-97	826.7	6.42%
1997-98	819.9	(0.82%)
1998-99	817.7	(0.27%)
1999-00	810.0	(0.94%)
2000-01	873.3	7.81%
2001-02	884.9	1.33%
2002-03	872.5	(1.40%)
2003-04	842.8	(3.40%)
2004-05	834.3	(1.01%)
2005-06	816.2	(2.17%)
2006-07	813.0	(0.39%)
2007-08	824.2	1.38%
2008-09	818.0	(0.75%)
2009-10	773.9	(5.39%)
2010-11	763.8	(1.3%)
2011-12	734.2	(3.9%)
2012-13	709.9	(3.3%)
2013-14	723.9	2.0%
2014-15	687.5	(5.6%)

The District has been experiencing decreased enrollment over the past few years. This trend is expected to continue mainly due to lower birthrates. Development of tracts of land has not occurred within the township, in light of the restrictions imposed by the NJ Highlands Act. The recent economic downturn has affected the local job market resulting in reduced house sales to new families.

School Choice students accounted for increased student enrollment in 2013-14. Lebanon Township School District's School Choice allocation for the 14-15 school year did not increase. Lebanon Township was not permitted to enroll all School Choice students who applied for the 2014-15 school year. District enrollment continues to decline due to local economic conditions.

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

2) ECONOMIC CONDITION AND OUTLOOK: The Lebanon Township area is largely residential. Recent re-sales of homes have been slow largely due to economic conditions. There are relatively few business enterprises on the tax rolls. The Township enjoys the benefit of gross receipt taxes from an electrical power plant, and funds the municipal budget to a significant degree through use of those taxes, in lieu of levying additional property taxes for municipal purposes.

The Lebanon Township School District is in a sound financial position with reserves sufficient to maintain its facilities and provide a strong educational program for the benefit of all township residents.

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

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

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

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

Lebanon Township School District has a strong commitment to shared services and has sought out several cost sharing opportunities. Lebanon Township participates in cooperative arrangements with the Hunterdon County Educational Services Commission and has entered into inter-local agreements with Delaware Valley Regional High School and Califon School District. As of the 2014-15 school year, student transportation coordination and Child Study Team services were shared in order to provide cost savings to both parties to the agreements.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that

adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

7) DEBT ADMINISTRATION: Lebanon Township School District has no outstanding debt.

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

governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, CPA, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

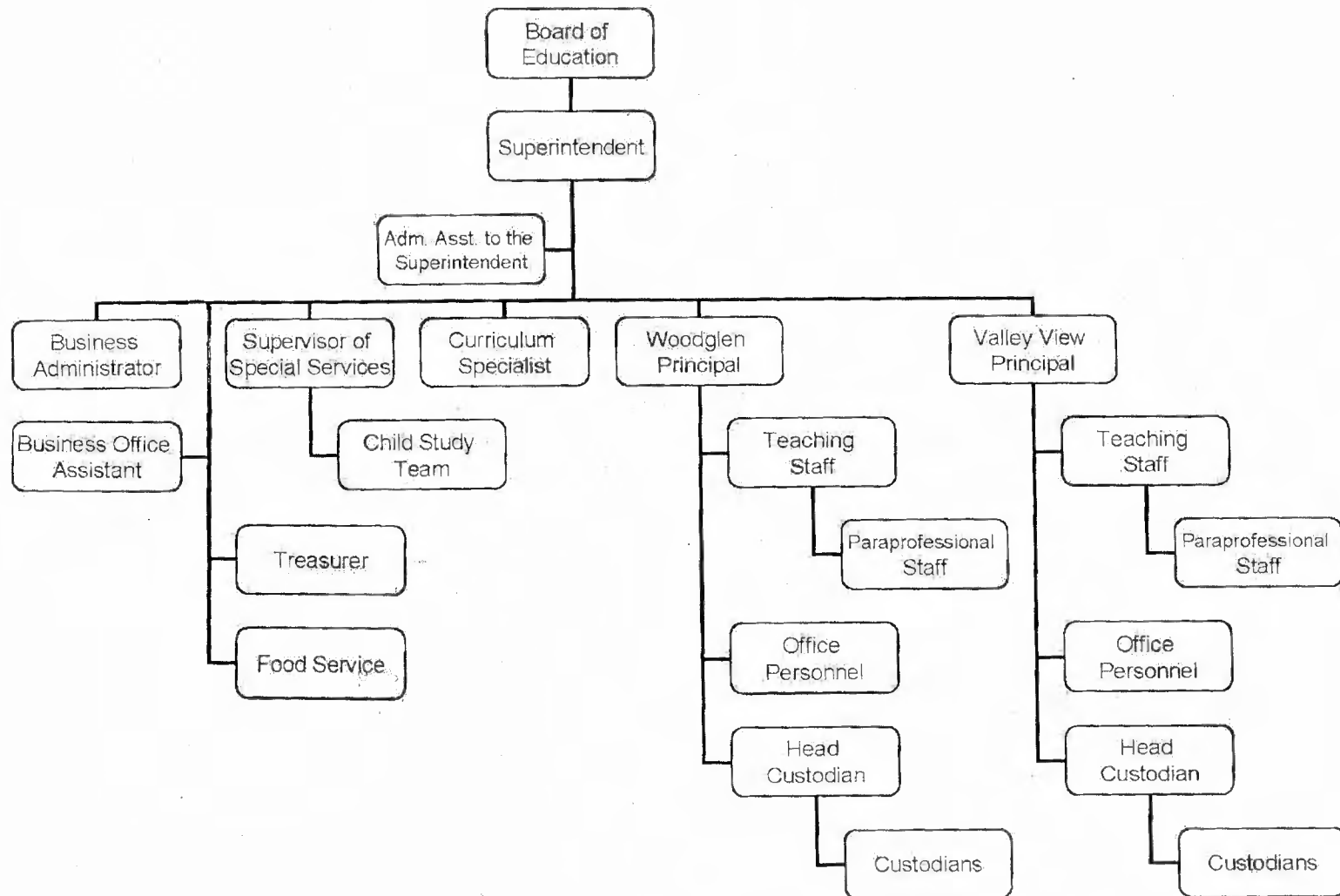


Jason Kornegay,
Superintendent



Ruth Fanjoy
School Business Administrator

Lebanon Township School District Organizational Chart



LEBANON TOWNSHIP BOARD OF EDUCATION
JUNE 30, 2015

ROSTER OF OFFICIALS

<u>Members of the Board of Education</u>		Term Expires
Stephanie Cahill	President	2016
George Wilhelms	Vice President	2016
Mira Leiwant		2016
Thomas Roll		2017
Ronald Pojedinec		2017
Kathleen Walsh		2017
Kelly Weiler		2015
John Roncoroni		2015
Georgette Szymczak		2015
 <u>Other Officials</u>		
Jason Kornegay	Superintendent	
Ruth Fanjoy	Business Administrator	
Gregory Della Pia	Treasurer	
Parker, McCay, P.A.	Board Attorney	

LEBANON TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Parker, McCay P.A.
9000 Midlantic Dr. Suite 300
Mount Laurel, NJ 08054-5054

OFFICIAL DEPOSITORY

PNC Bank
431 County Rd. 513
Califon, NJ 07882

Investors Bank
55 Old Highway 22
Clinton, NJ 08809

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

November 11, 2015

Honorable President and
Members of the Board of Education
Lebanon Township 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 Township 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 11, 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 Township 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 statements and financial statements 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 \$251,817 which represents a 4.78% decrease from 2014. The decrease was mostly due to expenditures incurred to maintain and preserve the District's facilities (Table 1).
- General revenues accounted for \$14,741,439 in revenue or 96.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$614,543 or 4.0% of the total revenues of \$15,355,982 (Table 2).
- Revenue from property taxes increased by \$115,612. Unrestricted grant revenues increased by \$1,790,101 and total expenses increased by \$1,592,601. This was mostly due to a change in the reporting of TPAF pension expense and related revenue as a result of GASB Statement Number 68 (Table 2).
- The School District had \$15,421,796 in total governmental expenses. This was an increase in governmental expenses of \$1,601,523 from the prior fiscal year (Table 3).
- Among major funds, the General Fund had \$13,333,807 in revenues and \$13,570,782 in expenditures (Exhibit B-2).

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 Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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 and Special Revenue Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

Reporting the School District as a Whole

Statement of Net 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 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 accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net 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

**LEBANON TOWNSHIP SCHOOL DISTRICT
CALIFON, NEW JERSEY**

11.2

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

factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, required educational programs and other considerations.

In the Statement of Net 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.

THE SCHOOL DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School 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	\$ 3,590,075	\$ 3,868,127	\$ (278,052)	(7.19)
Capital Assets	4,981,086	4,996,532	(15,446)	(0.31)
Total Assets	<u>8,571,161</u>	<u>8,864,659</u>	<u>(293,498)</u>	<u>(3.31)</u>
DEFERRED OUTFLOWS				
Deferred Pension Activity	340,992	134,041	206,951	154.39
Total Deferred Outflow of Resources	<u>340,992</u>	<u>134,041</u>	<u>206,951</u>	<u>154.39</u>
LIABILITIES				
Long-Term Liabilities	3,677,169	3,682,468	(5,299)	(0.14)
Other Liabilities	19,723	53,340	(33,617)	(63.02)
Total Liabilities	<u>3,696,892</u>	<u>3,735,808</u>	<u>(38,916)</u>	<u>(1.04)</u>
DEFERRED INFLOWS				
Deferred Pension Activity	204,186		204,186	*
Total Deferred Inflow of Resources	<u>204,186</u>	<u>-</u>	<u>204,186</u>	*
NET POSITION				
Net Investment in Capital Assets	4,981,086	4,996,532	(15,446)	(0.31)
Restricted	1,701,163	1,762,133	(60,970)	(3.46)
Unrestricted	<u>(1,671,174)</u>	<u>(1,495,773)</u>	<u>(175,401)</u>	<u>11.73</u>
Total Net Position	<u>\$ 5,011,075</u>	<u>\$ 5,262,892</u>	<u>\$ (251,817)</u>	<u>(4.78)</u>

* = Undefined

**LEBANON TOWNSHIP SCHOOL DISTRICT
CALIFON, NEW JERSEY**

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

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 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 fiscal year 2015 with comparisons to fiscal year 2014.

**Table 2
Changes in Net Position**

	6/30/15	6/30/14	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 387,948	\$ 371,219	\$ 16,729	4.51
Operating Grants	226,595	229,119	(2,524)	(1.10)
General Revenues:				
Property Taxes	9,400,000	9,284,388	115,612	1.25
Unrestricted Grants	5,324,981	3,534,880	1,790,101	50.64
Other	16,458	19,163	(2,705)	(14.12)
Total Revenues	<u>15,355,982</u>	<u>13,438,769</u>	<u>1,917,213</u>	14.27
Program Expenses				
Instruction:				
Regular	6,533,194	5,885,932	647,262	11.00
Special	2,490,425	2,273,426	216,999	9.55
Other	209,639	251,327	(41,688)	(16.59)
Support Services:				
Tuition	376,397	288,322	88,075	30.55
Student & Instructional Staff	2,648,636	2,029,359	619,277	30.52
General & Business Administration	740,540	709,186	31,354	4.42
School Administration	815,851	760,430	55,421	7.29
Maintenance	1,009,734	1,101,846	(92,112)	(8.36)
Transportation	595,215	518,280	76,935	14.84
Food Service	186,003	194,925	(8,922)	(4.58)
Interest on Long-Term Debt	2,165	2,165	-	0.00
Total Expenses	<u>15,607,799</u>	<u>14,015,198</u>	<u>1,592,601</u>	11.36
Increase (Decrease) in Net Position	<u>\$ (251,817)</u>	<u>\$ (576,429)</u>	<u>\$ 324,612</u>	(56.31)

* = Undefined

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

Governmental Activities

Property taxes made up 61.9% of revenues for governmental activities for the Lebanon Township School District for fiscal year 2015. Note that property taxes made up 70.0% of revenue last year. The decrease in the property tax revenues is mostly due to the increase in reporting of state aid as a result of the GASB Statement number 68 requirement.

Instruction comprises 59.9% of district expenses. Support services expenses make up 40.1% of the expenses. These proportions remain relatively constant from year to year. Fiscal year 2015 saw a slight decrease (1.6%) in the percentage of instruction service expenses.

In the district-wide financial statements, the "Statement of Activities" (Exhibit A-2) shows the cost of program services and the charges for services and grants offsetting the cost of those services.

Table 3 provides a summary of the School District's cost of governmental services in fiscal years 2015 and 2014. Net cost of services identifies the cost of governmental services supported by tax revenue and unrestricted State entitlements net of restricted funds. Restricted funds are primarily attributable to federal grants and local donations.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/15	6/30/14	6/30/15	6/30/14
Instruction	\$ 9,233,258	\$ 8,410,685	\$ 9,067,438	\$ 8,205,943
Support Services:				
Tuition	376,397	288,322	223,742	33,105
Student & Instructional Staff	2,648,636	2,029,359	2,556,711	1,843,359
General & Business Administration	740,540	709,186	740,540	715,354
School Administration	815,851	760,430	815,851	722,507
Plant Operations & Maintenance	1,009,734	1,101,846	1,000,411	1,020,245
Pupil Transportation	595,215	518,280	573,254	548,118
Interest on Long-Term Debt	2,165	2,165	2,165	1,404
Total Expenses	\$ 15,421,796	\$ 13,820,273	\$ 14,980,112	\$ 13,090,035

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgeting Highlights

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

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

During fiscal year 2015, there were several budget transfers requiring commissioner of education approval. (Exhibit C-1). The district used available balance in tuition, transportation and

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

equipment to fund a facility renovation project and a deposit to maintenance reserve.

The total increase in the net expense budget from one year to the next is limited to CPI as defined by the NJ Department of Education, Division of Finance. The increase in total expenses is further limited by administrative spending maximums and availability of total revenue. The over-reaching limit on annual school district expenses is the limit on revenues. The various expense categories of the annual budget are forced to compete for a share of the limited funds. The conflict between instructional mandates requiring increased spending and the restrictions on revenue creates stress within the maximum permitted net budget.

Lebanon Township School District has four sources of revenue which support its general fund budget; miscellaneous revenue, state aid, property tax and fund balance. Miscellaneous revenue is a very small percentage of total revenue resulting mostly from tuition revenue. The district realized \$61,500 in miscellaneous revenue from a shared services agreement for Child Study Team services with the Califon School district during fiscal 2015. This amount is classified as "charges for services" in the district-wide financial statements. The amount of fiscal year 2015 state aid was approximately 21% of total revenue. Property tax (at 77%) remained the major source of revenue for Lebanon Township School District. The percentage of property tax increase is controlled by state and local government. The permissible property tax increase sets the level of budgeted expenses regardless of instructional needs.

Capital Assets

At the end of the fiscal year 2015, the School District had \$4,981,086 invested in land, buildings, furniture, equipment and construction in progress.

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	\$ 61,672	\$ 61,672	\$ -	0.00
Land Improvements	185,995	200,992	(14,997)	(7.46)
Buildings & Improvements	4,405,281	4,385,152	20,129	0.46
Furniture & Equipment	253,503	306,827	(53,324)	(17.38)
Construction in Progress	74,635	41,889	32,746	78.17
Totals	\$ 4,981,086	\$ 4,996,532	\$ (15,446)	(0.31)

* = Undefined

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

During fiscal year 2015, the district completed a boiler replacement project at Woodglen School at a cost in fiscal year 2015 of \$183,760 and continued a bridge project at Valley View School in fiscal year 2015 for \$61,885.

Debt and Long-Term Liabilities

At June 30, 2015, the School District had \$3,677,169 in long-term liabilities which consisted of compensated absences liability and PERS net pension liability. The decrease in long-term liabilities of \$5,299 is largely due to payouts to retirees for accumulated sick leave compensation.

Table 5 provides a summary of the District's long-term liabilities at 6/30/15 with comparisons to 6/30/14.

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

	6/30/15	6/30/14	Variance	
			Dollars	%
PERS Net Pension Liability	\$ 3,426,248	\$ 3,399,946	\$ 26,302	0.77
Compensated Absences	250,921	282,522	(31,601)	(11.19)
Totals	\$ 3,677,169	\$ 3,682,468	\$ (5,299)	(0.14)

For the Future

The Lebanon Township School District is in good financial condition presently. The School District has the reputation of providing a sound and enriching educational experience to all its students, while maintaining a strong financial footing.

The School District has demonstrated financial excellence for many years. The School District's system for financial planning, budgeting, and internal financial controls have resulted in the generation of fund balance, which is routinely returned to the tax payers. The school district has been able to reduce taxes by budgeting fund balance in support of district expenses in three out of the last four years. Fund balance was generated by unanticipated revenue and reduced expenses due to declining enrollment. The School District plans to continue its sound fiscal management practices to meet the challenges of the future.

Although enrollment has been slowly declining for the last ten years, enrollment remained steady for fiscal 2015 due to Choice students received from neighboring districts. The State of New Jersey capped the School Choice enrollment allocations at 2014 levels for the 2015 school year. Due to this cap, the district was unable to accommodate all the students who applied for the 2015 School Choice program. Without additional Choice students, district enrollment will continue to decline due to local conditions.

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

The challenge for the future will be to maintain robust programs with diminishing resources. Total expenses will continue to increase due to inflation, technology requirements and special education needs. Changes in the economy and falling local property values are contributing factors in the struggle to raise sufficient local tax revenues. Lebanon Township is primarily a residential community, with very few commercial properties.

The Lebanon Township School District is determined to maintain the quality of programs and services we offer our students. The School District continues to explore opportunities for shared service arrangements between school districts. Lebanon Township renewed its agreement to share Child Study Team Services with Califon School District for the 2015 school year. The district also entered into a new shared services agreement with Califon for school year 2015 Superintendent services. Enrollment is declining in both Lebanon Township and Califon school districts. The sharing of services has resulted in improved services for Califon and retention of service levels for Lebanon Township.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net 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 TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Cash & Cash Equivalents	\$ 1,581,894	\$ 16,897	\$ 1,598,791
Due from Other Funds	7,140		7,140
Receivables, Net	274,429	5,171	279,600
Inventory		3,381	3,381
Restricted Assets-Cash:			
Capital Reserve Account	1,158,952		1,158,952
Maintenance Reserve Account	542,211		542,211
Capital Assets (Note 4):			
Land and Construction in Progress	136,307		136,307
Other Capital Assets, Net of Depreciation	4,794,594	50,185	4,844,779
Total Assets	<u>8,495,527</u>	<u>75,634</u>	<u>8,571,161</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	<u>340,992</u>	-	<u>340,992</u>
LIABILITIES			
Accounts Payable	885	11,425	12,310
Deferred Revenue	4,534	2,879	7,413
Long-Term Liabilities (Note 5):			
Due Within One Year	32,295		32,295
Due Beyond One Year	3,644,874		3,644,874
Total Liabilities	<u>3,682,588</u>	<u>14,304</u>	<u>3,696,892</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Pension Activity	<u>204,186</u>	-	<u>204,186</u>
NET POSITION			
Net Investment in Capital Assets	4,930,901	50,185	4,981,086
Restricted For:			
Capital Reserve	1,158,952		1,158,952
Maintenance Reserve	542,211		542,211
Unrestricted	<u>(1,682,319)</u>	<u>11,145</u>	<u>(1,671,174)</u>
TOTAL NET POSITION	<u>\$ 4,949,745</u>	<u>\$ 61,330</u>	<u>\$ 5,011,075</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL 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
Government Activities:								
Instruction:								
Regular	\$ 3,861,655	\$ 2,671,539	\$ 29,800	\$ 5,636		\$ (6,497,758)		\$ (6,497,758)
Special Education	1,459,064	1,031,361	102,394			(2,388,031)		(2,388,031)
Other Special Instruction	55,440	34,078		10,570		(78,948)		(78,948)
Other Instruction	88,834	31,287	17,420			(102,701)		(102,701)
Support Services:								
Tuition	376,397			152,655		(223,742)		(223,742)
Students & Instruction Related Services	1,620,263	1,028,373	71,980	19,945		(2,556,711)		(2,556,711)
General & Business Administration Services	483,104	257,436				(740,540)		(740,540)
School Administration Services	494,690	321,161				(815,851)		(815,851)
Plant Operations & Maintenance	808,806	200,928	9,323			(1,000,411)		(1,000,411)
Pupil Transportation	595,215		21,961			(573,254)		(573,254)
Interest on Long-term Debt	2,165					(2,165)		(2,165)
Total Government Activities	<u>9,845,633</u>	<u>5,576,163</u>	<u>252,878</u>	<u>188,806</u>	<u>\$ -</u>	<u>(14,980,112)</u>	<u>\$ -</u>	<u>(14,980,112)</u>
Business-Type Activities:								
Food Service	186,003		135,070	37,789			(13,144)	(13,144)
Total Business-Type Activities	<u>186,003</u>	<u>-</u>	<u>135,070</u>	<u>37,789</u>	<u>-</u>	<u>-</u>	<u>(13,144)</u>	<u>(13,144)</u>
Total Primary Government	<u>\$ 10,031,636</u>	<u>\$ 5,576,163</u>	<u>\$ 387,948</u>	<u>\$ 226,595</u>	<u>\$ -</u>	<u>(14,980,112)</u>	<u>(13,144)</u>	<u>(14,993,256)</u>
			General Revenues, Transfers and Special Items					
						9,400,000		9,400,000
						5,324,981		5,324,981
						15,209		15,209
						1,249		1,249
						<u>14,741,439</u>	<u>-</u>	<u>14,741,439</u>
						(238,673)	(13,144)	(251,817)
						5,188,418	74,474	5,262,892
						<u>\$ 4,949,745</u>	<u>\$ 61,330</u>	<u>\$ 5,011,075</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 1,580,160	\$ 1,734			\$ 1,581,894
Due from Other Funds	7,140				7,140
Receivables from Other Governments:					
State	262,912				262,912
Local	11,517				11,517
Restricted Cash	1,701,163				1,701,163
TOTAL ASSETS	\$ 3,562,892	\$ 1,734	\$ -	\$ -	\$ 3,564,626
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 885				885
Unearned Revenue	2,800	\$ 1,734			4,534
Total Liabilities	3,685	1,734	\$ -	\$ -	5,419
Fund Balances:					
Restricted For:					
Excess Surplus	557,313				557,313
Excess Surplus-Designated for Subsequent Year's Expenditures	774,066				774,066
Committed For:					
Capital Reserve Account	1,158,952				1,158,952
Maintenance Reserve Account	542,211				542,211

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP 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: (Cont'd)					
Assigned For:					
Year-End Encumbrances	\$ 265,576				\$ 265,576
Unassigned Fund Balance	261,089				261,089
Total Fund Balances	<u>3,559,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,559,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,562,892</u>	<u>\$ 1,734</u>	<u>\$ -</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

\$ 10,382,448	
<u>5,451,547</u>	4,930,901

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

(3,677,169)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

136,806

Total Net Position of Governmental Activities

\$ 4,949,745

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 9,400,000				\$ 9,400,000
Tuition Charges-Individuals	29,800				29,800
Tuition Charges-Other LEA's	101,910				101,910
Interest Earned on Capital Reserve Funds	3,030				3,030
Interest on Investments	12,179				12,179
Shared Service Agreement Revenue	61,500				61,500
Building Use Fees	1,445				1,445
Miscellaneous	1,249	\$ 7,047			8,296
Total	9,611,113	7,047	\$ -	\$ -	9,618,160
State Sources	3,722,394				3,722,394
Federal Sources	300	181,759			182,059
Total Revenues	13,333,807	188,806	-	-	13,522,613
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	3,851,074	5,636			3,856,710
Special Education Instruction	1,458,580				1,458,580
Other Special Instruction	44,870	10,570			55,440
Other Instruction	71,414				71,414
Support Service & Undistributed Costs:					
Tuition	223,742	152,655			376,397
Student & Instruction Related Services	1,589,078	19,945			1,609,023
General & Business Administrative Services	483,613				483,613
School Administrative Services	501,258				501,258
Plant Operations & Maintenance	800,376				800,376
Pupil Transportation	573,254				573,254
Unallocated Benefits	3,725,713				3,725,713

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 245,645				\$ 245,645
Debt Service:					
Assessment for Debt Service on SDA Funding	2,165				2,165
Total Expenditures	<u>13,570,782</u>	<u>\$ 188,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,759,588</u>
Net Change in Fund Balance	(236,975)				(236,975)
Fund Balances, July 1	<u>3,796,182</u>				<u>3,796,182</u>
Fund Balances, June 30	<u><u>\$ 3,559,207</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,559,207</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

Total Net Changes in Fund Balances-Governmental Fund (from B-2) \$ (236,975)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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

Capital Outlays	\$ 245,645	
Depreciation Expense	<u>(255,407)</u>	(9,762)

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. (23,537)

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. 31,601

Change in Net Position of Governmental Activities \$ (238,673)

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

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 16,897
Receivables from Other Governments:	
State	380
Federal	4,791
Inventory	3,381
Total Current Assets	25,449
Noncurrent Assets:	
Capital Assets	100,082
Less: Accumulated Depreciation	49,897
Total Noncurrent Assets	50,185
Total Assets	75,634
LIABILITIES	
Current Liabilities:	
Accounts Payable	11,425
Unearned Revenues	2,879
Total Liabilities	14,304
NET POSITION	
Net Investment in Capital Assets	50,185
Unrestricted	11,145
Total Net Position	\$ 61,330

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Food Service Fund
	Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 95,480
Daily Sales-Unreimbursable Programs	39,590
Total Operating Revenues	135,070
Other Expenses:	
Costs of Sales-Reimbursable Programs	63,370
Costs of Sales-Nonreimbursable Programs	21,212
Salaries	59,825
Employee Benefits	13,457
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	6,489
Insurance	1,172
Management Fee	7,339
Other Purchased Services	2,796
Supplies and Materials	870
Utilities-Natural Gas	1,823
Depreciation	5,684
Miscellaneous	366
Total Operating Expenses	186,003
Operating Income (Loss)	(50,933)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,699
Federal Sources:	
National School Lunch Program:	
Cash Assistance	23,878
Non-Cash Assistance (Commodities)	12,212
Total Nonoperating Revenues (Expenses)	37,789
Change in Net Position	(13,144)
Net Position, Beginning	74,474
Net Position, Ending	\$ 61,330

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers (Net)	\$ 135,453
Payments to Food Service Management Company	(145,438)
Payments to Vendors (Net)	(10,256)
Net Cash Provided by (Used For) Operating Activities	(20,241)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,555
Federal Sources	20,838
General Fund Interfund Activity	2,814
Net Cash Provided by (Used For) Noncapital Financing Activities	25,207
Net Increase (Decrease) in Cash and Cash Equivalents	4,966
Cash and Cash Equivalents, July 1	11,931
Cash and Cash Equivalents, June 30	\$ 16,897
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (50,933)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,684
Federal Food Donation Program	12,212
(Increase) Decrease in Inventory	445
Increase (Decrease) in Account Payable	11,425
Increase (Decrease) in Unearned Revenue	926
Net Cash Provided by (Used For) Operating Activities	\$ (20,241)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 131,250	\$ 28,876	\$ 64,051
TOTAL ASSETS	<u>131,250</u>	<u>\$ 28,876</u>	<u>\$ 64,051</u>
LIABILITIES			
Due to Other Funds			\$ 7,140
Accounts Payable		\$ 7,500	
Due to Student Groups		21,376	
Payroll Deductions & Withholdings			<u>56,911</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 28,876</u>	<u>\$ 64,051</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 131,250</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 13,413
Investment Earnings-Interest	484
Total Additions	<u>13,897</u>
DEDUCTIONS	
Unemployment Claims	30,264
Other Expenses	291
Total Deductions	<u>30,555</u>
Change in Net Position	(16,658)
Net Position, Beginning of the Year	<u>147,908</u>
Net Position, End of the Year	<u><u>\$ 131,250</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2015 of 695 students.

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 TOWNSHIP 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 TOWNSHIP 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 Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (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

LEBANON TOWNSHIP 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

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.

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon, if necessary, 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.

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

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as 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 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

LEBANON TOWNSHIP 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:

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

K. Compensated Absences

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

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

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

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

LEBANON TOWNSHIP 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.

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

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net 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.

LEBANON TOWNSHIP 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)

- 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:

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.

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

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

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

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

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash	\$ <u>3,524,131</u>
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LEBANON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 3,283,057
Enterprise Fund, Statement of Net Position	B-4	16,897
Fiduciary Fund, Statement of Net Position	B-7	<u>224,177</u>
 Total Cash		 <u>\$ 3,524,131</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$3,524,131 and the bank balance is \$3,691,259. Of the bank balance, \$283,292 is covered by federal depository insurance and \$3,407,967 is insured by GUDPA.

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 had no investments.

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

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	\$ 61,672			\$ 61,672
Construction in Progress	41,889	\$ 245,645	\$ 212,899	74,635
Total	<u>103,561</u>	<u>245,645</u>	<u>212,899</u>	<u>136,307</u>
Capital Assets, Being Depreciated:				
Land Improvements	373,247			373,247
Building & Improvements	9,098,052	212,899		9,310,951
Furniture & Equipment	561,943			561,943
Total	<u>10,033,242</u>	<u>212,899</u>	<u>-0-</u>	<u>10,246,141</u>
Accumulated Depreciation:				
Land Improvements	172,255	14,997		187,252
Building & Improvements	4,712,900	192,770		4,905,670
Furniture & Equipment	310,985	47,640		358,625
Total	<u>5,196,140</u>	<u>255,407</u>	<u>-0-</u>	<u>5,451,547</u>
Total Capital Assets, Being Depreciated, Net	<u>4,837,102</u>	<u>(42,508)</u>	<u>-0-</u>	<u>4,794,594</u>
Transfers Between Capital Assets	<u>-0-</u>	<u>(212,899)</u>	<u>(212,899)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,940,663</u>	<u>\$ (9,762)</u>	<u>\$ -0-</u>	<u>\$ 4,930,901</u>
Business-Type Activities:				
Furniture & Equipment	\$ 124,192		\$ 24,110	\$ 100,082
Less: Accum Depreciation	68,323	\$ 5,684	24,110	49,897
Business-Type Activities Capital Assets, Net	<u>\$ 55,869</u>	<u>\$ (5,684)</u>	<u>\$ -0-</u>	<u>\$ 50,185</u>

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

Instruction:	
Regular	\$ 123,972
Special Education	45,015
Other Special Instruction	1,711
Co-curricular Activities	2,204
Support Services:	
Student & Instruction	50,418
General & Business Admin	15,685
School Administration	15,850
Plant & Maintenance	552
Total Depreciation Expense, Governmental Activities	<u>\$ 255,407</u>

LEBANON TOWNSHIP 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>Accruals</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
PERS Net Pension Liability	\$ 3,399,946	\$ 26,302		\$ 3,426,248	
Compensated Absences Payable	<u>282,522</u>	<u>19,909</u>	<u>\$ 51,510</u>	<u>250,921</u>	<u>\$ 32,295</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 3,682,468</u>	<u>\$ 46,211</u>	<u>\$ 51,510</u>	<u>\$ 3,677,169</u>	<u>\$ 32,295</u>

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

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2015 is \$26,286,099. General obligation debt at June 30, 2015 is \$-0-, resulting in a legal debt margin of \$26,286,099.

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

NOTE 6. PENSION PLANS

Description of Systems

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

A. 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/annrpts.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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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

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

NOTE 6. PENSION PLANS

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

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.

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.

LEBANON TOWNSHIP 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)

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.

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	\$ 7,150,053	\$ 6,630,592
Plan Fiduciary Net Position	<u>3,723,805</u>	<u>3,230,646</u>
Net Pension Liability	<u>\$ 3,426,248</u>	<u>\$ 3,399,946</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:

LEBANON TOWNSHIP 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 (Cont'd)

Components of Net Pension Liability

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.

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.

LEBANON TOWNSHIP 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)

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%)	\$ 3,426,248
At a 1% Lower Rate (4.39%)	4,310,336
At a 1% Higher Rate (6.39%)	2,683,838
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 3,399,946
At a 1% Lower Rate (4.55%)	4,232,485
At a 1% Higher Rate (6.55%)	2,702,389

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	107,740	
Net difference between projected and actual earnings on pension plan investments		204,186
Changes in proportion and differences between District contributions and proportionate share of contributions	82,390	
District contributions subsequent to the measurement date	<u>150,862</u>	<u> </u>
Total	<u>\$ 340,992</u>	<u>\$ 204,186</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 \$150,862 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

LEBANON TOWNSHIP 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)

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-	\$ 127,545	\$ 19,805	\$ 107,740
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	255,232	51,046	<u>204,186</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (96,446)</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	\$ (31,241)
2016	(31,241)
2017	(31,241)
2018	(31,241)
2019	19,804
Thereafter	<u>8,714</u>
Total	<u>\$ (96,446)</u>

LEBANON TOWNSHIP 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 \$174,399 which represents the District's proportionate share of allocable plan pension expense of \$176,152 plus the net amortization of deferred amounts from changes in proportion of \$15,145 and less other adjustments to the net pension liability of \$16,898. 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	\$ 160,306
Interest on Total Pension Liability	378,231
Member Contributions	(87,791)
Administrative Expense	2,674
Expected Investment Return Net of Investment Expense	(244,938)
Pension Expense Related to Specific Liabilities of Individual Employers	(1,089)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	19,805
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(51,046)</u>
Pension Expense	<u>\$ 176,152</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/annrprts.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 TOWNSHIP 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.

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:

LEBANON TOWNSHIP 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)

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 29,777,099	\$28,627,267
Employer Pension Expense & Related Revenue	1,602,287	N/A
Non-Employer Contribution	236,665	366,861
Allocable Proportionate Percentage	.0557135872	.0566436727

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/njdcrp.

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. 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.

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

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (Cont'd)

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 748,864	100%
06/30/14	622,136	100%
06/30/13	797,721	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 150,862	100%
06/30/14	134,041	100%
06/30/13	142,960	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$459,448 to the TPAF for post-retirement medical benefits and \$19,425 for the non-contributory insurance premiums and \$269,991 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$402,304 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.

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.

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

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

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, PO Box 295, Trenton, NJ 08625-0295 or 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:

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

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

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

There was one interfund balance in the District's records as of June 30, 2015. The balance due from the Payroll Agency Fund to the General Fund of \$7,140 represents payroll withholdings for health insurance, small balances canceled and excess DCRP contributions for June due to the General Fund.

This interfund balance, except for a \$2,000 inprest balance which will remain on the records of the District, will be liquidated within one year.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2015 consisted of the following:

Food	\$	2,455
Supplies		926
	\$	3,381

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

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

NOTE 12. RISK MANAGEMENT (Cont'd)

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

Fiscal Year	Other Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2014-2015	\$ -0-	\$ 484	\$ 13,413	\$ 30,555	\$ 131,250
2013-2014	-0-	493	12,687	737	147,908
2012-2013	-0-	1,199	12,115	8,065	135,465

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The District adopted a resolution to authorize a deposit to their capital reserve account for \$150,000 in fiscal year 2015.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals	Ending Balance
Capital Reserve	\$ 1,219,922	\$ 150,000	\$ 3,030	\$ 214,000	\$ 1,158,952
Maintenance	542,211				542,211
Totals	<u>\$ 1,762,133</u>	<u>\$ 150,000</u>	<u>\$ 3,030</u>	<u>\$ 214,000</u>	<u>\$ 1,701,163</u>

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

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
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	\$ 774,066	\$ 557,313
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	557,313	1,212,316
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	1,158,952	1,219,922
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	542,211	542,211
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,	265,576	15,153
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>492,808</u>	<u>478,748</u>
Total Fund Balance	<u>\$ 3,790,926</u>	<u>\$ 4,025,663</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$774,066.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 11, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

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

NOTE 17. 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.

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.

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

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:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 8,454,323
Add: Deferred Outflow of Resources for Pension Activity	134,041
Less: PERS Net Pension Liability as of June 30, 2014	<u>(3,399,946)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 5,188,418</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 \$1,682,319 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 TOWNSHIP 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	\$ 9,400,000		\$ 9,400,000	\$ 9,400,000	
Tuition Charges-Individuals	30,000		30,000	29,800	\$ (200)
Tuition Charges-Other LEA's	69,000		69,000	101,910	32,910
Interest on Capital Reserve Funds	500		500	3,030	2,530
Interest on Investments	8,000		8,000	12,179	4,179
Shared Service Agreement Revenue	60,000		60,000	61,500	1,500
Building Use Fees				1,445	1,445
Unrestricted Miscellaneous Revenues				1,249	1,249
Total	9,567,500	\$ -	9,567,500	9,611,113	43,613
State Sources:					
Equalization Aid	1,058,133		1,058,133	1,058,133	
School Choice Aid	299,862		299,862	299,862	
Categorical Transportation Aid	335,006		335,006	335,006	
Categorical Special Education Aid	429,461		429,461	429,461	
Categorical Security Aid	54,166		54,166	54,166	
Adjustment Aid	126,718		126,718	126,718	
Additional Adjustment Aid	11,106		11,106	11,106	
PARCC Readiness Aid	6,940		6,940	6,940	
Per Pupil Growth Aid	6,940		6,940	6,940	
Extraordinary Special Education Costs Aid:					
Current Year Award				238,140	238,140
Additional Prior Year Award				2,324	2,324
Non Public Transportation Aid				4,668	4,668
On-Behalf TPAF Pension Contribution				289,416	289,416
On-Behalf TPAF Post Retirement Medical				459,448	459,448
Reimbursed TPAF Social Security Contribution				402,304	402,304
Total	2,328,332	-	2,328,332	3,724,632	1,396,300
Federal Sources:					
ARRA SEMI Aid				300	300
TOTAL REVENUES	\$ 11,895,832	\$ -	\$ 11,895,832	\$ 13,336,045	\$ 1,440,213
EXPENDITURES					
Current:					
Instructional:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Preschool	\$ 26,653	\$ 720	\$ 27,373	\$ 27,132	\$ 241
Kindergarten	193,883	(376)	193,507	186,328	7,179
Grades 1-5	1,710,039	(22,003)	1,688,036	1,686,436	1,600
Grades 6-8	1,385,326	101,658	1,486,984	1,473,713	13,271
Regular Programs-Home Instruction:					
Salaries of Teachers	3,587		3,587	579	3,008
Purchased Professional-Educational Services		965	965		965
Other Purchased Services	140	(140)			
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	161,458	14,626	176,084	174,593	1,491
Purchased Professional-Educational Services	5,000	(3,892)	1,108	1,106	2
Purchased Technical Services	54,331	(25,898)	28,433	26,575	1,858
Other Purchased Services	4,500	14,449	18,949	17,979	970
General Supplies	342,739	(62,605)	280,134	244,921	35,213
Textbooks		12,141	12,141	11,517	624
Other Objects	1,474		1,474	195	1,279
Total	3,889,130	29,645	3,918,775	3,851,074	67,701

LEBANON TOWNSHIP 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)					
Special Education-Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 149,707	\$ 2,949	\$ 152,656	\$ 151,443	\$ 1,213
Other Salaries for Instruction	52,000	(14,478)	37,522	36,603	919
General Supplies	5,052	(972)	4,080	3,191	889
Total	206,759	(12,501)	194,258	191,237	3,021
Resource Room/Resource Center:					
Salaries of Teachers	901,690	(12,841)	888,849	887,649	1,200
Other Salaries for Instruction	86,588	53,130	139,718	136,863	2,855
General Supplies	10,000	(3,000)	7,000	6,814	186
Total	998,278	37,289	1,035,567	1,031,326	4,241
Autism:					
Salaries of Teachers	56,804	(1,096)	55,708	55,708	
Other Salaries for Instruction	169,918	(99,064)	70,854	69,885	969
General Supplies	2,500	(1,740)	760		760
Total	229,222	(101,900)	127,322	125,593	1,729
Preschool Disabilities-Part Time:					
Salaries of Teachers	63,340		63,340	63,180	160
Other Salaries for Instruction	86,782	(35,000)	51,782	46,215	5,567
General Supplies	1,200		1,200	1,029	171
Total	151,322	(35,000)	116,322	110,424	5,898
Total Special Education-Instruction	1,585,581	(112,112)	1,473,469	1,458,580	14,889
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	72,564	(24,189)	48,375	43,487	4,888
General Supplies	2,400		2,400	1,289	1,111
Total	74,964	(24,189)	50,775	44,776	5,999
Bilingual Education-Instruction:					
Salaries of Teachers	1,200		1,200		1,200
General Supplies	350		350	94	256
Total	1,550	-	1,550	94	1,456
School Sponsored Co-Curricular Activities:					
Salaries	61,774	(566)	61,208	59,750	1,458
Purchased Services	6,000	987	6,987	6,987	
Supplies & Materials	3,855	(228)	3,627	3,627	
Other Objects	1,145	(95)	1,050	1,050	
Total	72,774	98	72,872	71,414	1,458
Total Instructional	\$ 5,623,999	\$ (106,558)	\$ 5,517,441	\$ 5,425,938	\$ 91,503
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to Other LEAs Within the State-Special	\$ 51,281	\$ 63,617	\$ 114,898	\$ 114,898	
Private Schools for the Disabled Within State	71,625	41,026	112,651	108,844	\$ 3,807
Total	122,906	104,643	227,549	223,742	3,807
Health Services:					
Salaries	146,280	1,576	147,856	147,136	720
Purchased Professional & Technical Services	2,441		2,441	2,000	441
Supplies & Materials	4,500	1,480	5,980	5,401	579
Total	153,221	3,056	156,277	154,537	1,740

LEBANON TOWNSHIP 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)					
Speech, OT, PT & Related Services:					
Salaries	\$ 167,672	\$ 2,570	\$ 170,242	\$ 170,242	
Purchased Professional-Educational Services	191,400	(2,570)	188,830	116,300	\$ 72,530
Supplies & Materials	4,000		4,000	2,995	1,005
Total	363,072	-	363,072	289,537	73,535
Other Support Services-Students-Extraordinary:					
Salaries	158,429	113,559	271,988	260,813	11,175
Purchased Professional-Educational Services	8,700	(3,500)	5,200		5,200
Supplies & Materials	7,500	540	8,040	2,220	5,820
Total	174,629	110,599	285,228	263,033	22,195
Guidance:					
Salaries of Other Professional Staff	128,404		128,404	121,057	7,347
Other Purchased Professional & Technical Services	500		500		500
Supplies & Materials	1,100		1,100	721	379
Total	130,004	-	130,004	121,778	8,226
Child Study Team:					
Salaries of Other Professional Staff	274,757	18,246	293,003	292,315	688
Salaries of Secretarial & Clerical Assistants	40,918	259	41,177	40,918	259
Other Purchased Professional & Technical Services	7,680	6,188	13,868	11,568	2,300
Miscellaneous Purchased Services	13,106	(1,020)	12,086	11,455	631
Supplies & Materials	4,000	1,200	5,200	5,165	35
Total	340,461	24,873	365,334	361,421	3,913
Improvement of Instruction Services:					
Salaries of Other Professional Staff	93,415	2	93,417	93,415	2
Other Purchased Services	1,585	8,372	9,957	8,392	1,565
Supplies & Materials	800		800	169	631
Total	95,800	8,374	104,174	101,976	2,198
Educational Media Services/School Library:					
Salaries	230,628	(64,301)	166,327	165,646	681
Salaries of Technology Coordinators		90,532	90,532	90,000	532
Other Purchased Services	400		400		400
Supplies & Material	20,937	(414)	20,523	20,127	396
Other Objects	550	(118)	432	427	5
Total	252,515	25,699	278,214	276,200	2,014
Instructional Staff Training Services:					
Purchased Professional-Educational Services	3,000	547	3,547	3,547	
Other Purchased Professional & Technical Services		12,102	12,102	12,102	
Other Purchased Services	6,500	(547)	5,953	4,787	1,166
Supplies & Material	500	(200)	300	60	240
Other Objects		200	200	100	100
Total	10,000	12,102	22,102	20,596	1,506

LEBANON TOWNSHIP 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)					
Support Services General Administration:					
Salaries	\$ 194,296	\$ 1,600	\$ 195,896	\$ 193,644	\$ 2,252
Legal Services	5,329	11,500	16,829	15,874	955
Audit Fees	15,750		15,750	15,750	
Architectural/Engineering Services	5,768	(2,500)	3,268	1,000	2,268
Purchased Technical Services		5,859	5,859	4,557	1,302
Communications & Telephone	29,440	(10,240)	19,200	13,397	5,803
Board of Education Other Purchased Services	5,400	(3,292)	2,108	2,108	
Miscellaneous Purchased Services	22,885	953	23,838	20,367	3,471
General Supplies	4,910	(2,000)	2,910	1,049	1,861
Board of Education In-House Training/Meeting Supplies	600		600	272	328
Miscellaneous Expenditures	3,300	(1,300)	2,000	1,833	167
Board of Education Membership Dues & Fees	7,057		7,057	6,787	270
Total	294,735	580	295,315	276,638	18,677
Support Services School Administration:					
Salaries of Principals & Assistant Principals	232,608	16,132	248,740	247,586	1,154
Salaries of Secretarial & Clerical Assistants	239,327	(5,684)	233,643	232,069	1,574
Purchased Professional & Technical Services	20,000	(3,421)	16,579	15,294	1,285
Other Purchased Services	2,500	(1,100)	1,400		1,400
Supplies & Materials	14,370		14,370	5,290	9,080
Other Objects	2,060		2,060	1,019	1,041
Total	510,865	5,927	516,792	501,258	15,534
Central Services:					
Salaries	161,681	4,935	166,616	165,290	1,326
Purchased Technical Services	15,511	9,964	25,475	25,331	144
Miscellaneous Purchased Services	2,045		2,045	951	1,094
Supplies & Materials	2,000		2,000	1,009	991
Miscellaneous Expenditures	1,800		1,800	1,579	221
Total	183,037	14,899	197,936	194,160	3,776
Administrative Information Technology:					
Salaries	16,048	(16,048)			
Purchased Technical Services	16,809	(8,064)	8,745	8,745	
Supplies & Materials	15,792	(11,722)	4,070	4,070	
Total	48,649	(35,834)	12,815	12,815	-
Required Maintenance for School Facilities:					
Salaries	65,020	523	65,543	65,139	404
Cleaning, Repair & Maintenance Services	100,812	(12,311)	88,501	83,578	4,923
General Supplies	4,000	2,396	6,396	6,056	340
Other Objects	1,906	(1,001)	905	362	543
Total	171,738	(10,393)	161,345	155,135	6,210
Custodial Services:					
Salaries	345,442	21,000	366,442	348,901	17,541
Purchased Professional & Technical Services	4,835	1,523	6,358	6,293	65
Cleaning, Repair & Maintenance Services	31,137	(6,612)	24,525	22,850	1,675
Insurance	37,479		37,479	35,555	1,924
Miscellaneous Purchased Services	786		786	318	468
General Supplies	46,000	3,017	49,017	40,851	8,166
Energy (Natural Gas)	40,000		40,000	37,610	2,390
Energy (Electricity)	125,000		125,000	79,057	45,943
Energy (Oil)	103,000	(11,872)	91,128	50,672	40,456
Other Objects	100		100		100
Total	733,779	7,056	740,835	622,107	118,728

LEBANON TOWNSHIP 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)					
Care and Upkeep of Grounds:					
Salaries	\$ 19,375	\$ (9,000)	\$ 10,375	\$ 8,800	\$ 1,575
Cleaning, Repair & Maintenance Services	2,950	3,575	6,525	4,877	1,648
General Supplies	800	402	1,202	1,097	105
Total	<u>23,125</u>	<u>(5,023)</u>	<u>18,102</u>	<u>14,774</u>	<u>3,328</u>
Security:					
Cleaning, Repair & Maintenance Services		8,360	8,360	8,360	
Total	<u>-</u>	<u>8,360</u>	<u>8,360</u>	<u>8,360</u>	<u>-</u>
Student Transportation Services:					
Management Fee-ESC & CSTA Transportation Program	7,054	2,507	9,561	9,087	474
Other Purchased Professional & Technical Services		12,000	12,000	12,000	
Contracted Services-Aid In Lieu of Payments for Non Public Schools	22,984	(1,426)	21,558	20,774	784
Contracted Services-Aid In Lieu of Payments for Choice School	3,536	884	4,420	4,420	
Contracted Services (Other Than Between Home & School)-Vendors	13,000	4,000	17,000	15,886	1,114
Contracted Services (Between Home & School)-Joint Agreements	336,298	(15,412)	320,886	314,338	6,548
Contracted Services (Special Education Students)-Vendors		21,150	21,150	19,250	1,900
Contracted Services (Special Education Students)-Joint Agreements	21,550	(21,550)			
Contracted Services (Regular Students)- ESCs & CTSA	2,497	(2,218)	279	279	
Contracted Services (Special Education Students)-ESCs & CTSA	128,259	61,841	190,100	177,220	12,880
Total	<u>535,178</u>	<u>61,776</u>	<u>596,954</u>	<u>573,254</u>	<u>23,700</u>
Unallocated Benefits:					
Social Security Contributions	149,188	29,774	178,962	178,962	
Other Retirement Contributions-PERS	172,887	(21,812)	151,075	150,862	213
Other Retirement Contributions-Regular	12,135	385	12,520	8,616	3,904
Workmen's Compensation	89,505	(13,673)	75,832	75,014	818
Health Benefits	2,551,597	(219,416)	2,332,181	2,080,005	252,176
Tuition Reimbursement	30,236	13,248	43,484	36,944	6,540
Other Employee Benefits	31,138	22,358	53,496	44,142	9,354
Total	<u>3,036,686</u>	<u>(189,136)</u>	<u>2,847,550</u>	<u>2,574,545</u>	<u>273,005</u>
On-Behalf TPAF Pension Contribution				289,416	(289,416)
On-Behalf TPAF Post Retirement Medical				459,448	(459,448)
Reimbursed TPAF Social Security Contribution				402,304	(402,304)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151,168</u>	<u>(1,151,168)</u>
Total Undistributed Expenditures	<u>\$ 7,180,400</u>	<u>\$ 147,558</u>	<u>\$ 7,327,958</u>	<u>\$ 7,897,034</u>	<u>\$ (569,076)</u>
TOTAL CURRENT	<u>\$ 12,804,399</u>	<u>\$ 41,000</u>	<u>\$ 12,845,399</u>	<u>\$ 13,322,972</u>	<u>\$ (477,573)</u>

LEBANON TOWNSHIP 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)					
CAPITAL OUTLAY					
Equipment:					
Required Maintenance for School Facilities		\$ 15,115	\$ 15,115		\$ 15,115
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	\$ 18,400	62,300	80,700	\$ 66,550	14,150
Other Purchased Professional/Technical Services		1,450	1,450	1,450	
Construction Services	297,837	94,135	391,972	177,645	214,327
Assessment for Debt Service on SDA Funding	2,165		2,165	2,165	
TOTAL CAPITAL OUTLAY	<u>\$ 318,402</u>	<u>\$ 173,000</u>	<u>\$ 491,402</u>	<u>\$ 247,810</u>	<u>\$ 243,592</u>
TOTAL EXPENDITURES	<u>\$ 13,122,801</u>	<u>\$ 214,000</u>	<u>\$ 13,336,801</u>	<u>\$ 13,570,782</u>	<u>\$ (233,981)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures	\$ (1,226,969)	\$ (214,000)	\$ (1,440,969)	\$ (234,737)	\$ 1,206,232
Fund Balances, July 1	4,025,663	-	4,025,663	4,025,663	-
Fund Balances, June 30	<u>\$ 2,798,694</u>	<u>\$ (214,000)</u>	<u>\$ 2,584,694</u>	<u>\$ 3,790,926</u>	<u>\$ 1,206,232</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (15,153)		\$ (15,153)	\$ (15,153)	
Increase in Capital Reserve	500	\$ 150,000	150,500	153,030	\$ 2,530
Withdrawal from Capital Reserve		(214,000)	(214,000)	(214,000)	
Budgeted Fund Balance	<u>(1,212,316)</u>	<u>(150,000)</u>	<u>(1,362,316)</u>	<u>(158,614)</u>	<u>1,203,702</u>
TOTAL	<u>\$ (1,226,969)</u>	<u>\$ (214,000)</u>	<u>\$ (1,440,969)</u>	<u>\$ (234,737)</u>	<u>\$ 1,206,232</u>
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2015-2016 Budget				\$ 557,313	
Current Year-Designated for 2016-2017 Budget				774,066	
Committed Fund Balance:					
Capital Reserve				1,158,952	
Maintenance Reserve				542,211	
Assigned Fund Balance:					
Year-End Encumbrances				265,576	
Unassigned Fund Balance				<u>492,808</u>	
				3,790,926	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(231,719)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,559,207</u>	

LEBANON TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(NOT APPLICABLE TO THIS REPORT)

LEBANON TOWNSHIP 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	\$ 7,090		\$ 7,090	\$ 5,356	\$ 1,734
Federal Sources	181,759		181,759	181,759	
TOTAL REVENUES	<u>\$ 188,849</u>	<u>\$ -</u>	<u>\$ 188,849</u>	<u>\$ 187,115</u>	<u>\$ 1,734</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 734		\$ 734		\$ 734
Other Purchased Services	152,655		152,655	\$ 152,655	
General Supplies	15,515		15,515	14,515	1,000
Total	<u>168,904</u>	<u>\$ -</u>	<u>168,904</u>	<u>167,170</u>	<u>1,734</u>
Support Services:					
Salaries	825		825	825	
Purchased Professional & Technical Services	18,534		18,534	18,534	
Supplies & Materials	586		586	586	
Total	<u>19,945</u>	<u>-</u>	<u>19,945</u>	<u>19,945</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 188,849</u>	<u>\$ -</u>	<u>\$ 188,849</u>	<u>\$ 187,115</u>	<u>\$ 1,734</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

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

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 13,336,045	\$ 187,115
Differences-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		1,691
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	229,481	
State Aid Receivable Current Year	(231,719)	
Total Revenues (GAAP Basis)	<u>\$ 13,333,807</u>	<u>\$ 188,806</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 13,570,782	\$ 187,115
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding Encumbrances Prior Year		<u>1,691</u>
Total Expenditures (GAAP Basis)	<u>\$ 13,570,782</u>	<u>\$ 188,806</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART III

LEBANON TOWNSHIP 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	N/A	N/A	N/A	N/A	N/A	N/A
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		29,777,099	28,627,267							
Total	\$ -	\$ 29,777,099	\$ 28,627,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 5,349,284	\$ 5,362,213							
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	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

LEBANON TOWNSHIP 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	\$ 289,416	\$ 235,691	\$ 355,672	\$ 190,689	\$ 18,311	\$ 19,256	\$ 18,672	\$ 414,361	\$ 410,525	\$ 59,042
Contributions in Relation to the Contractually Required Contribution	(289,416)	(235,691)	(355,672)	(190,689)	(18,311)	(19,256)	(18,672)	(414,361)	(410,525)	(59,042)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 5,454,550	\$ 5,349,284	\$ 5,362,213	\$ 5,468,705	\$ 5,562,089	\$ 5,918,789	\$ 5,711,188	\$ 5,389,635	\$ 5,368,045	\$ 5,151,617
Contributions as a Percentage of Covered Employee Payroll	5.31%	4.41%	6.63%	3.49%	0.33%	0.33%	0.33%	7.69%	7.65%	1.15%

LEBANON TOWNSHIP 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		0.0182999320%	0.0177895997%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 3,426,248	\$ 3,399,946							
District's Covered Employee Payroll	N/A	1,220,679	1,256,197	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		280.68%	270.65%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

LEBANON TOWNSHIP 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	\$ 150,862	\$ 134,041	\$ 142,960	\$ 147,742	\$ 139,542	\$ 106,262	\$ 98,017	\$ 70,167	\$ 36,309	\$ 19,679
Contributions in Relation to the Contractually Required Contribution	(150,862)	(134,041)	(142,960)	(147,742)	(139,542)	(106,262)	(98,017)	(70,167)	(36,309)	(19,679)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 1,283,165	\$ 1,220,679	\$ 1,256,197	\$ 1,206,157	\$ 1,260,352	\$ 1,289,596	\$ 1,264,991	\$ 1,170,518	\$ 1,184,876	\$ 1,118,701
Contributions as a Percentage of Covered Employee Payroll	11.76%	10.98%	11.38%	12.25%	11.07%	8.24%	7.75%	5.99%	3.06%	1.76%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III

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

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Local Grants	Total
REVENUES						
Local Sources					\$ 5,356	\$ 5,356
Federal Sources	\$ 10,570	\$ 14,133	\$ 152,655	\$ 4,401		181,759
TOTAL REVENUES	\$ 10,570	\$ 14,133	\$ 152,655	\$ 4,401	\$ 5,356	\$ 187,115
EXPENDITURES						
Instruction:						
Other Purchased Services			\$ 152,655			\$ 152,655
General Supplies	\$ 10,570				\$ 3,945	14,515
Total	10,570	\$ -	152,655	\$ -	3,945	167,170
Support Services:						
Salaries					825	825
Purchased Professional & Technical Services		14,133		4,401		18,534
Supplies & Materials					586	586
Total	-	14,133	-	4,401	1,411	19,945
TOTAL EXPENDITURES	\$ 10,570	\$ 14,133	\$ 152,655	\$ 4,401	\$ 5,356	\$ 187,115

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

(NOT APPLICABLE TO THIS REPORT)

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.

PROPRIETARY FUND

DETAIL STATEMENTS

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

LEBANON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2015

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 16,897
Receivables from Other Governments:	
State	380
Federal	4,791
Inventory	3,381
Total Current Assets	25,449
Noncurrent Assets:	
Capital Assets	100,082
Less: Accumulated Depreciation	49,897
Total Noncurrent Assets	50,185
Total Assets	75,634
LIABILITIES	
Current Liabilities:	
Accounts Payable	11,425
Unearned Revenues	2,879
Total Liabilities	14,304
NET POSITION	
Net Investment in Capital Assets	50,185
Unrestricted	11,145
Total Net Position	\$ 61,330

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

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 95,480
Daily Sales-Unreimbursable Programs	39,590
Total Operating Revenues	135,070
Other Expenses:	
Costs of Sales-Reimbursable Programs	63,370
Costs of Sales-Nonreimbursable Programs	21,212
Salaries	59,825
Employee Benefits	13,457
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	6,489
Insurance	1,172
Management Fee	7,339
Other Purchased Services	2,796
Supplies and Materials	870
Utilities-Natural Gas	1,823
Depreciation	5,684
Miscellaneous	366
Total Operating Expenses	186,003
Operating Income (Loss)	(50,933)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,699
Federal Sources:	
National School Lunch Program:	
Cash Assistance	23,878
Non-Cash Assistance (Commodities)	12,212
Total Nonoperating Revenues (Expenses)	37,789
Change in Net Position	(13,144)
Net Position, Beginning	74,474
Net Position, Ending	\$ 61,330

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

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers (Net)	\$ 135,453
Payments to Food Service Management Company	(145,438)
Payments to Vendors (Net)	(10,256)
Net Cash Provided by (Used For) Operating Activities	<u>(20,241)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,555
Federal Sources	20,838
General Fund Interfund Activity	2,814
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>25,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,966
Cash and Cash Equivalents, July 1	<u>11,931</u>
Cash and Cash Equivalents, June 30	<u>\$ 16,897</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (50,933)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,684
Federal Food Donation Program	12,212
(Increase) Decrease in Inventory	445
Increase (Decrease) in Account Payable	11,425
Increase (Decrease) in Unearned Revenue	926
Net Cash Provided by (Used For) Operating Activities	<u>\$ (20,241)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

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

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 131,250	\$ 28,876	\$ 64,051	\$ 224,177
Total Assets	<u>131,250</u>	<u>28,876</u>	<u>64,051</u>	<u>224,177</u>
LIABILITIES				
Due to Other Funds			7,140	7,140
Accounts Payable		7,500		7,500
Due to Student Groups		21,376		21,376
Payroll Deductions & Withholdings			56,911	56,911
Total Liabilities	<u>-</u>	<u>28,876</u>	<u>64,051</u>	<u>92,927</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 131,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,250</u>

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

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	\$ 13,413
Investment Earnings-Interest	484
Total Additions	13,897
DEDUCTIONS	
Unemployment Claims	30,264
Other Expenses	291
Total Deductions	30,555
Change in Net Position	(16,658)
Net Position, Beginning of the Year	147,908
Net Position, End of the Year	\$ 131,250

LEBANON TOWNSHIP 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 & Cash Equivalents	\$ 20,923	\$ 70,145	\$ 62,192	\$ 28,876
TOTAL ASSETS	<u>\$ 20,923</u>	<u>\$ 70,145</u>	<u>\$ 62,192</u>	<u>\$ 28,876</u>
LIABILITIES				
Accounts Payable		\$ 7,500		\$ 7,500
Due to Student Groups:	\$ 20,923	62,645	\$ 62,192	21,376
TOTAL LIABILITIES	<u>\$ 20,923</u>	<u>\$ 70,145</u>	<u>\$ 62,192</u>	<u>\$ 28,876</u>

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

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash & Cash Equivalents	\$ 58,022	\$ 8,567,461	\$ 8,561,432	\$ 64,051
TOTAL ASSETS	<u>\$ 58,022</u>	<u>\$ 8,567,461</u>	<u>\$ 8,561,432</u>	<u>\$ 64,051</u>
LIABILITIES				
Due to Other Funds		\$ 7,140		\$ 7,140
Payroll Deductions & Withholdings	\$ 58,166	3,655,699	\$ 3,656,955	56,910
Net Payroll	<u>(144)</u>	<u>4,904,622</u>	<u>4,904,477</u>	<u>1</u>
TOTAL LIABILITIES	<u>\$ 58,022</u>	<u>\$ 8,567,461</u>	<u>\$ 8,561,432</u>	<u>\$ 64,051</u>

LONG-TERM DEBT SCHEDULES

NOT APPLICABLE TO THIS REPORT

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.

STATISTICAL SECTION

LEBANON TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<hr/>	
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 TOWNSHIP 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	\$ 3,787,940	\$ 3,991,105	\$ 4,069,578	\$ 4,156,714	\$ 4,449,939	\$ 4,477,929	\$ 4,551,241	\$ 4,940,904	\$ 4,940,663	\$ 4,930,901
Restricted	111,362	117,070	421,504	556,107	876,370	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163
Unrestricted	476,066	457,632	962,161	1,388,700	1,381,457	1,964,510	2,390,445	2,960,197	(1,514,378)	(1,682,319)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,375,368	\$ 4,565,807	\$ 5,453,243	\$ 6,101,521	\$ 6,707,766	\$ 7,597,909	\$ 8,601,220	\$ 9,019,061	\$ 5,188,418	\$ 4,949,745
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 1,798	\$ 3,538	\$ 12,879	\$ 11,516	\$ 10,185	\$ 11,016	\$ 12,574	\$ 32,680	\$ 55,869	\$ 50,185
Unrestricted	30,325	44,003	35,824	44,880	52,419	60,310	60,814	53,485	18,605	11,145
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 32,123	\$ 47,541	\$ 48,703	\$ 56,396	\$ 62,604	\$ 71,326	\$ 73,388	\$ 86,165	\$ 74,474	\$ 61,330
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 3,789,738	\$ 3,994,643	\$ 4,082,457	\$ 4,168,230	\$ 4,460,124	\$ 4,488,945	\$ 4,563,815	\$ 4,973,584	\$ 4,996,532	\$ 4,981,086
Restricted	111,362	117,070	421,504	556,107	876,370	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163
Unrestricted	506,391	501,635	997,985	1,433,580	1,433,876	2,024,820	2,451,259	3,013,682	(1,495,773)	(1,671,174)
TOTAL DISTRICT-WIDE	\$ 4,407,491	\$ 4,613,348	\$ 5,501,946	\$ 6,157,917	\$ 6,770,370	\$ 7,669,235	\$ 8,674,608	\$ 9,105,226	\$ 5,262,892	\$ 5,011,075

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

EXPENSES	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Instruction:										
Regular	\$ 4,948,587	\$ 5,368,371	\$ 5,345,663	\$ 5,362,897	\$ 5,514,367	\$ 5,363,751	\$ 5,518,904	\$ 5,887,139	\$ 5,885,932	\$ 6,533,194
Special Education	1,802,932	1,659,918	1,928,685	2,013,346	2,078,765	2,115,683	2,121,094	2,272,114	2,273,426	2,490,425
Other Special Education	208,035	294,495	308,073	272,549	291,423	132,108	132,959	119,278	124,697	89,518
Other Instruction	77,827	82,803	78,102	84,642	80,644	141,299	106,561	103,361	126,630	120,121
Support Services:										
Tuition	61,304	120,214	162,470	205,804	141,425	109,139	55,167	129,655	288,322	376,397
Student & Instruction Related Services	1,999,652	2,334,726	2,087,523	2,142,892	2,176,309	2,125,452	2,081,507	2,035,380	2,029,359	2,648,636
General & Business Administrative Services	690,614	742,551	716,631	709,695	728,841	708,959	746,309	715,354	709,186	740,540
School Administration	550,812	588,178	624,084	614,757	621,827	625,411	683,479	724,079	760,430	815,851
Plant Operations & Maintenance	1,098,801	1,165,989	1,155,278	1,106,652	1,179,840	1,077,859	1,033,704	1,025,581	1,101,846	1,009,734
Pupil Transportation	732,610	807,758	756,759	853,317	670,888	670,448	641,285	548,118	518,280	595,215
Transfers to Charter Schools	8,305	32,147	9,311		12,255	12,361				
Interest on Long-Term Debt	69,674	55,766	41,252	26,607	11,489	758	441	1,404	2,165	2,165
Total Governmental Activities Expenses	<u>12,249,153</u>	<u>13,252,916</u>	<u>13,213,831</u>	<u>13,393,158</u>	<u>13,508,073</u>	<u>13,083,228</u>	<u>13,121,410</u>	<u>13,561,463</u>	<u>13,820,273</u>	<u>15,421,796</u>
Business-Type Activities:										
Food Services	181,309	176,787	194,116	187,507	186,129	188,398	194,480	186,324	194,925	186,003
Total Business-Type Activities	<u>181,309</u>	<u>176,787</u>	<u>194,116</u>	<u>187,507</u>	<u>186,129</u>	<u>188,398</u>	<u>194,480</u>	<u>186,324</u>	<u>194,925</u>	<u>186,003</u>
TOTAL DISTRICT EXPENSES	<u>\$ 12,430,462</u>	<u>\$ 13,429,703</u>	<u>\$ 13,407,947</u>	<u>\$ 13,580,665</u>	<u>\$ 13,694,202</u>	<u>\$ 13,271,626</u>	<u>\$ 13,315,890</u>	<u>\$ 13,747,787</u>	<u>\$ 14,015,198</u>	<u>\$ 15,607,799</u>

LEBANON TOWNSHIP 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	\$ 1,440	\$ 576	\$ 1,305	\$ 1,040	\$ 23,940	\$ 20,100	\$ 25,500	\$ 23,400	\$ 31,520	\$ 29,800
Special Education Instruction					6,417	29,200	77,600	103,967	80,500	102,394
CoCurricular Activities	16,510	17,063	16,710	22,920	17,107	18,475	19,375	17,793	19,940	17,420
Student and Instruction Related Services	31,422	43,861			607	2,566	38,314	103,613	63,000	71,980
General Administration	16				215	8				
School Administration Services		1,008		130		1,241	1,728	1,572	1,770	
Plant Operations & Maintenance	7,013	8,898	6,342	8,722	15,798	6,368	8,056	5,336	7,880	9,323
Pupil Transportation									21,725	21,961
Operating Grants & Contributions	203,501	192,179	195,936	185,075	288,232	292,809	232,700	215,747	190,769	188,806
Capital Grants & Contributions					10,037	82,284				
Total Governmental Activities Program Revenues	259,902	263,585	220,293	217,887	362,353	453,051	403,273	471,428	417,104	441,684
Business-Type Activities:										
Charges for Services:										
Food Service Sales	145,171	161,004	159,152	159,632	154,849	155,834	154,637	139,159	144,884	135,070
Operating Grants & Contributions	27,380	29,107	34,983	35,034	36,772	41,025	41,859	34,942	38,350	37,789
Total Business-Type Activities Program Revenues	172,551	190,111	194,135	194,666	191,621	196,859	196,496	174,101	183,234	172,859
TOTAL DISTRICT-PROGRAM REVENUES	\$ 432,453	\$ 453,696	\$ 414,428	\$ 412,553	\$ 553,974	\$ 649,910	\$ 599,769	\$ 645,529	\$ 600,338	\$ 614,543
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (11,989,251)	\$ (12,989,331)	\$ (12,993,538)	\$ (13,175,271)	\$ (13,145,720)	\$ (12,630,177)	\$ (12,718,137)	\$ (13,090,035)	\$ (13,403,169)	\$ (14,980,112)
Business-Type Activities	(8,758)	13,324	19	7,159	5,492	8,461	2,016	(12,223)	(11,691)	(13,144)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (11,998,009)	\$ (12,976,007)	\$ (12,993,519)	\$ (13,168,112)	\$ (13,140,228)	\$ (12,621,716)	\$ (12,716,121)	\$ (13,102,258)	\$ (13,414,860)	\$ (14,993,256)

LEBANON TOWNSHIP 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	\$ 8,670,304	\$ 9,178,909	\$ 9,878,661	\$ 10,108,113	\$ 10,453,000	\$ 10,606,595	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000
Taxes Levied for Debt Service	255,203	256,210	244,921	241,412	233,595					
Unrestricted Grants & Contributions	3,171,873	3,621,157	3,670,439	3,375,465	2,866,679	2,880,928	3,340,762	3,463,915	3,534,880	5,324,981
Tuition Received	78,729	65,809	13,231	54,734						
Investment Earnings	38,253	55,207	66,036	37,434	36,431	17,062	23,643	12,714	16,521	15,209
Miscellaneous Income	6,059	2,478	7,686	6,391	162,260	15,735	448	19,071	2,642	1,249
Transfers In (Out)								(25,000)		
Loss on Disposal of Capital Assets	(17,972)									
Total Governmental Activities	12,202,449	13,179,770	13,880,974	13,823,549	13,751,965	13,520,320	13,721,448	13,507,876	12,838,431	14,741,439
Business-Type Activities:										
Investment Earnings	456	974	1,143	477	716	261	46			
Miscellaneous	268	1,120		57						
Transfers In (Out)								25,000		
Total Business-Type Activities	724	2,094	1,143	534	716	261	46	25,000	-	-
TOTAL DISTRICT-WIDE	\$ 12,203,173	\$ 13,181,864	\$ 13,882,117	\$ 13,824,083	\$ 13,752,681	\$ 13,520,581	\$ 13,721,494	\$ 13,532,876	\$ 12,838,431	\$ 14,741,439
CHANGE IN NET POSITION										
Governmental Activities	\$ 213,198	\$ 190,439	\$ 887,436	\$ 648,278	\$ 606,245	\$ 890,143	\$ 1,003,311	\$ 417,841	\$ (564,738)	\$ (238,673)
Business-Type Activities	(8,034)	15,418	1,162	7,693	6,208	8,722	2,062	12,777	(11,691)	(13,144)
TOTAL DISTRICT	\$ 205,164	\$ 205,857	\$ 888,598	\$ 655,971	\$ 612,453	\$ 898,865	\$ 1,005,373	\$ 430,618	\$ (576,429)	\$ (251,817)

LEBANON TOWNSHIP 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	\$ 79,892	\$ 284,455	\$ 978,698	\$ 1,436,679	\$ 1,337,333	\$ 1,739,195	\$ 2,040,110	\$ 2,152,445	\$ 1,769,629	\$ 1,331,379
Committed	111,362	117,070	421,504	600,991	743,833	1,155,470	1,659,534	1,660,171	1,762,133	1,701,163
Assigned	732,133	317,018	114,915	157,275	62,313	178,035	249,172	285,478	15,153	265,576
Unassigned	167,618	206,617	204,734	110,995	345,494	385,114	382,176	280,728	249,267	261,089
Total General Fund	<u>\$ 1,091,005</u>	<u>\$ 925,160</u>	<u>\$ 1,719,851</u>	<u>\$ 2,305,940</u>	<u>\$ 2,488,973</u>	<u>\$ 3,457,814</u>	<u>\$ 4,330,992</u>	<u>\$ 4,378,822</u>	<u>\$ 3,796,182</u>	<u>\$ 3,559,207</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund					\$ 132,537					
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEBANON TOWNSHIP 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	\$ 8,925,507	\$ 9,435,119	\$ 10,123,582	\$ 10,349,525	\$ 10,686,595	\$ 10,606,595	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000
Tuition Charges	78,729	65,809	13,231	54,734	30,357	49,300	103,100	127,367	111,100	131,710
Interest Earnings	38,253	55,207	66,036	37,434	36,431	17,062	23,643	12,714	16,521	15,209
Contributions and Donations from Private Sources					179,735	29,897	35,605	30,789		
Miscellaneous	22,856	23,018	36,365	25,623	6,934	22,111	1,923	20,604	84,378	71,241
State Sources	3,174,458	3,623,376	3,670,439	3,374,902	2,588,923	2,880,928	3,259,742	3,463,915	3,534,880	3,722,394
State Sources-Capital Projects					10,037	82,284				
Federal Sources	189,735	175,708	173,599	173,201	548,253	262,912	278,115	184,958	170,663	182,059
Total Revenues	12,429,538	13,378,237	14,083,252	14,015,419	14,087,265	13,951,089	14,058,723	13,877,523	13,201,930	13,522,613
Expenditures:										
Instruction:										
Regular Instruction	3,434,363	3,422,195	3,526,557	3,699,233	3,777,125	3,600,814	3,607,286	3,813,094	4,034,402	3,851,074
Special Education Instruction	1,087,252	1,104,657	1,099,793	1,260,116	1,273,291	1,239,095	1,348,439	1,438,200	1,501,049	1,458,580
Other Special Instruction	176,361	235,605	247,058	235,975	248,880	106,924	85,713	76,051	75,615	44,870
Other Instruction	50,427	64,436	60,214	60,597	62,439	58,174	58,294	57,570	73,455	71,414
Support Services:										
Tuition	61,204	120,214	139,444	192,683	59,444	109,139	25,403	33,105	146,046	223,742
Student & Inst Related Services	1,264,856	1,293,322	1,317,640	1,338,960	1,404,978	1,343,897	1,249,400	1,237,957	1,391,350	1,589,078
General Administration	313,012	302,536	308,503	300,917	315,595	309,418	315,754	281,078	297,086	276,638
School Administration Services	382,580	403,489	415,008	433,826	424,990	439,953	439,953	460,049	517,832	501,258
Central Services	181,799	176,354	167,780	178,302	184,258	172,493	179,732	176,509	182,883	194,160
Administrative Information Technology	71,205	103,323	80,690	80,949	81,502	75,806	36,958	50,157	38,019	12,815
Plant Operations & Maintenance	906,627	992,254	939,361	885,154	949,272	865,744	809,564	813,015	900,430	800,376
Pupil Transportation	732,610	807,758	756,759	853,316	670,888	670,448	641,285	548,118	496,555	573,254
Employee Benefits	2,346,668	2,546,776	2,436,058	2,591,955	2,689,640	2,783,759	2,896,371	2,790,032	2,670,626	2,574,545
On-Behalf TPAF Pension & Social Security Contribution	819,342	1,263,244	1,256,731	810,703	829,007	824,212	984,795	1,199,654	1,022,541	1,151,168
Capital Outlay	67,421	18,820	16,837	11,200	174,480	19,097	273,457	612,953	243,747	245,645
Transfer of Funds to Charter Schools	8,305	32,147	9,311		12,255	12,361				
Special Revenue Funds	203,501	192,179	195,936	185,075	288,232	292,809	232,700	215,747	190,769	188,806
Capital Projects Fund		135,379			25,100	205,804				
Debt Service:										
Principal	255,000	270,000	270,000	280,000	285,000					
Interest & Other Charges	73,100	59,394	44,881	30,369	15,319	758	441	1,404	2,165	2,165
Total Expenditures	12,435,633	13,544,082	13,288,561	13,429,330	13,771,695	13,114,785	13,185,545	13,804,693	13,784,570	13,759,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,095)	(165,845)	794,691	586,089	315,570	836,304	873,178	72,830	(582,640)	(236,975)
Other Financing Sources (Uses):										
Transfers In (Out)	-	-	-	-	-	-	-	(25,000)	-	-
Net Change in Fund Balances	\$ (6,095)	\$ (165,845)	\$ 794,691	\$ 586,089	\$ 315,570	\$ 836,304	\$ 873,178	\$ 47,830	\$ (582,640)	\$ (236,975)
Debt Service as a Percentage of Non- capital Expenditures	2.73%	2.52%	2.43%	2.37%	2.26%	0.01%	0.00%	0.01%	0.02%	0.02%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects fund and debt service.

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

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 38,253	\$ 55,207	\$ 66,036	\$ 54,734	\$ 36,431	\$ 17,062	\$ 23,643	\$ 12,714	\$ 16,521	\$ 15,209
Tuition	78,729	65,809	13,231	37,434	30,357	49,300	103,100	127,367	111,100	131,710
Shared Services									60,000	61,500
Lawsuit Settlements			4,126							
Insurance Rebates	3,768									
Miscellaneous Refunds						15,736				
Prior Year Refunds	2,024	2,042		10,610	170		447	19,000	2,470	570
Rentals	5,600	6,288	6,342	2,365	6,549	6,367	1,475	1,533	1,630	1,445
Donations			2,500		162,000					
Miscellaneous Other	273		539	211	215	8	1	71		221
Prior Year Outstanding Checks Voided	10	436	521						172	458
Annual Totals	<u>\$ 128,657</u>	<u>\$ 129,782</u>	<u>\$ 93,295</u>	<u>\$ 105,354</u>	<u>\$ 235,722</u>	<u>\$ 88,473</u>	<u>\$ 128,666</u>	<u>\$ 160,685</u>	<u>\$ 191,893</u>	<u>\$ 211,113</u>

Source: District Records

LEBANON TOWNSHIP 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	\$ 14,717,200	\$ 13,153,100	\$ 11,955,500	\$ 11,449,400	\$ 11,189,700	\$ 10,509,500	\$ 10,576,000	\$ 9,484,500	\$ 9,672,500	\$ 9,509,700
Residential	608,421,300	617,869,700	621,807,400	625,940,900	630,542,400	621,168,900	613,879,400	606,741,700	609,183,900	617,692,700
Farm Regular	75,030,800	73,636,500	74,728,800	74,591,100	74,457,119	75,978,600	78,536,600	78,980,056	76,537,900	71,112,500
Farm Qualified	2,139,921	2,000,945	2,020,910	2,030,885	1,977,653	2,066,637	2,049,179	2,038,683	2,007,849	1,976,112
Commercial	34,166,500	34,995,900	33,751,300	34,138,500	33,797,200	33,645,100	33,568,500	34,324,900	34,186,300	34,982,300
Industrial	3,410,900	3,410,900	4,441,300	3,487,500	3,410,900	3,410,900	3,340,100	3,340,100	3,340,100	3,340,100
Apartment	1,857,800	1,857,800	2,197,100	1,935,700	1,935,700	1,935,700	1,935,700	1,912,400	1,912,400	1,912,400
Total Assessed Value	739,744,421	746,924,845	750,902,310	753,573,985	757,310,672	748,715,337	743,885,479	736,822,339	736,840,949	740,525,812
Public Utilities (a)	1,282,589	1,114,528	1,016,472	840,088	1,080,582	1,226,821	1,326,945	87,531	69,480	68,276
Net Valuation Taxable	\$ 741,027,010	\$ 748,039,373	\$ 751,918,782	\$ 754,414,073	\$ 758,391,254	\$ 749,942,158	\$ 745,212,424	\$ 736,909,870	\$ 736,910,429	\$ 740,594,088
Estimated Actual County Equalized Value	\$ 1,041,400,313	\$ 1,141,925,288	\$ 1,129,472,950	\$ 1,082,074,508	\$ 1,033,089,843	\$ 966,420,307	\$ 932,914,902	\$ 890,310,342	\$ 857,870,116	\$ 876,546,441
Percentage of Net Valuation to Estimated Actual County Equalized Value	71.16%	65.51%	66.57%	69.72%	73.41%	77.60%	79.88%	82.77%	85.90%	84.49%
Total Direct School Tax Rate (b)	\$ 1.27	\$ 1.35	\$ 1.38	\$ 1.42	\$ 1.40	\$ 1.38	\$ 1.35	\$ 1.26	\$ 1.27	\$ 1.29

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

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

Assessment Year	School District Direct Rate						Total Direct & Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Overlapping Rates		
			Total Direct School Tax Rate			Municipality		County
2006	\$ 1.23	\$ 0.04	\$ 1.27	\$ 0.81	\$ 0.06	\$ 0.50	\$ 2.64	
2007	1.31	0.04	1.35	0.75	0.06	0.51	2.67	
2008	1.34	0.03	1.37	0.71	0.08	0.50	2.66	
2009	1.39	0.03	1.42	0.72	0.08	0.49	2.71	
2010	1.40		1.40	0.69	0.10	0.47	2.66	
2011	1.38		1.38	0.72	0.10	0.44	2.64	
2012	1.35		1.35	0.70	0.11	0.44	2.60	
2013	1.26		1.26	0.72	0.16	0.43	2.57	
2014	1.27		1.27	0.67	0.18	0.43	2.55	
2015	1.29		1.29	0.68	0.24	0.44	2.65	

Sources: Municipal Tax Collector

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

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

* Revalued/Reassessed

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Columbia Gas Transmission Corp	\$ 3,916,300	1	0.53%	\$ 3,916,300	1	0.53%
Individual Taxpayer #1	2,910,906	2	0.39%			
Trimmer Road Co LLC	2,467,273	3	0.33%	2,303,100	3	0.31%
Davara Industrial Center LLC	2,019,700	4	0.27%	1,888,100	4	0.25%
Individual Taxpayer #2	2,000,100	5	0.27%	2,334,500	2	0.31%
Eastern Concrete Materials Inc	1,750,000	6	0.24%	1,750,000	5	0.24%
Individual Taxpayer #3	1,361,000	7	0.18%			
Genon Rema NJ	1,311,400	8	0.18%	1,363,000	7	0.18%
Individual Taxpayer #4	1,277,830	9	0.17%	1,512,737	6	0.20%
High Bridge Quartet	1,255,800	10	0.17%	1,255,800	8	0.17%
Individual Taxpayer #5				1,212,000	9	0.16%
United Telephone Company of NJ				1,191,249	10	0.16%
	<u>\$ 20,270,309</u>		<u>2.73%</u>	<u>\$ 18,726,786</u>		<u>2.51%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 18,709,240	\$ 18,425,675	98.48%
2006	19,723,370	19,409,546	98.41%
2007	20,127,040	19,710,458	97.93%
2008	20,186,704	19,837,549	98.27%
2009	20,532,299	20,106,850	97.92%
2010	20,264,406	19,813,461	97.77%
2011	19,938,789	19,542,169	98.01%
2012	19,482,121	19,075,673	97.91%
2013	19,006,017	18,617,803	97.95%
2014	18,891,621	18,518,689	98.02%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 1,105,000					\$ 1,105,000	0.29%	\$ 177
2007	835,000					835,000	0.21%	134
2008	565,000					565,000	0.13%	91
2009	285,000					285,000	0.07%	46
2010							N/A	N/A
2011							N/A	N/A
2012							N/A	N/A
2013							N/A	N/A
2014							N/A	N/A
2015							N/A	N/A

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

The Lebanon Township School District has had no bonded debt for the current and five previous 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 TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 1,105,000		\$ 1,105,000	0.00	\$ 177
2007	835,000		835,000	0.00	134
2008	565,000		565,000	0.00	91
2009	285,000		285,000	0.00	46
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A

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

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

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

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

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 6,132,956	100.00	\$ 6,132,956
Regional High School	2,160,000	10.86	234,621
County General Obligation Debt	70,347,424	4.19	<u>2,944,969</u>
Subtotal, Overlapping Debt			9,312,546
School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,312,546</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$	872,104,331
2013		857,767,566
2012		898,738,044
	\$	<u>2,628,609,941</u>

Average Equalized Valuation of Taxable Property \$ 876,203,314

Debt Limit (3.0% of Average Equalization Value) 26,286,099 (a)

Total Net Debt Applicable to Limit -

Legal Debt Margin \$ 26,286,099

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 26,142,900	\$ 28,867,905	\$ 31,058,983	\$ 32,280,625	\$ 32,045,626	\$ 30,900,772	\$ 29,397,436	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099
Total Net Debt Applicable	1,105,000	835,000	565,000	285,000						
Legal Debt Margin	<u>\$ 25,037,900</u>	<u>\$ 28,032,905</u>	<u>\$ 30,493,983</u>	<u>\$ 31,995,625</u>	<u>\$ 32,045,626</u>	<u>\$ 30,900,772</u>	<u>\$ 29,397,436</u>	<u>\$ 28,119,540</u>	<u>\$ 26,938,057</u>	<u>\$ 26,286,099</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.23%	2.89%	1.82%	0.88%	0.00%	0.00%	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 TOWNSHIP SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2006	6,227	\$ 404,275,521	\$ 64,923	6.2%
2007	6,228	425,316,348	68,291	5.4%
2008	6,213	427,125,111	68,747	7.0%
2009	6,215	408,319,285	65,699	12.4%
2010	6,584	432,509,544	65,691	12.7%
2011	6,525	454,903,425	69,717	12.4%
2012	6,487	483,502,058	74,534	12.4%
2013	6,468	488,482,764	75,523	6.3%
2014	6,453	N/A	N/A	4.8%
2015	6,453	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2000 census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	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 TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	57.3	56.7	56.2	59.7	60.6	54.5	56.2	53.8	53.8	52.5
Special Education	27.4	25.5	25.0	22.0	25.5	30.0	28.0	30.3	31.8	24.9
Other Instruction	2.5	3.0	2.5	3.5	3.3	1.8	1.0	1.1	1.1	0.6
Support Services:										
Student and Instruction Related Services	23.0	25.9	25.9	25.0	24.5	21.5	21.2	20.5	21.0	27.4
General Administration	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
School Administration Services	6.2	6.2	6.2	6.2	6.3	6.3	6.3	6.8	6.8	7.0
Central Services	2.0	2.0	2.0	2.0	2.0	1.8	1.8	1.8	1.8	2.0
Plant Operations and Maintenance	8.5	9.0	9.0	9.0	8.8	8.0	8.0	8.0	8.0	8.0
Total	<u>128.9</u>	<u>130.3</u>	<u>128.8</u>	<u>129.5</u>	<u>133.1</u>	<u>126.0</u>	<u>124.6</u>	<u>124.4</u>	<u>126.4</u>	<u>124.5</u>

Sources: District personnel records

LEBANON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	821	\$ 12,040,112	\$ 14,665	8.62%	88	1 to 9.70	816.2	783.3	-2.17%	95.97%
2007	830	13,060,489	15,736	7.30%	75	1 to 10.70	813.0	782.6	-0.39%	96.26%
2008	832	12,956,843	15,573	-1.03%	74	1 to 11.20	824.2	791.1	1.38%	95.98%
2009	819	13,107,761	16,005	2.77%	75	1 to 10.90	810.2	774.6	-1.70%	95.61%
2010	782	13,271,796	16,972	6.04%	75	1 to 10.50	773.9	741.9	-4.48%	95.87%
2011	767	12,889,126	16,805	-0.98%	70.2	1 to 10.93	763.8	731.2	-1.31%	95.73%
2012	734	12,911,647	17,591	4.68%	68.7	1 to 10.69	734.2	704.7	-3.88%	95.98%
2013	719	13,190,336	18,345	4.29%	66.7	1 to 10.78	709.9	677.0	-3.31%	95.37%
2014	729	13,538,658	18,572	1.23%	66.8	1 to 10.92	724.6	694.6	2.07%	95.86%
2015	698	13,511,778	19,358	4.23%	62.0	1 to 11.26	687.5	657.5	-5.12%	95.64%

Source: District Records

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Valley View Elementary (1974)</u>										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (Students)	404	404	404	404	404	404	404	404	404	404
Enrollment	440	443	455	434	423	411	392	350	367	332
<u>Woodglen Middle School (1954)</u>										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	394	387	380	383.5	357	353	354	365	366	350
Number of Schools at June 30, 2015:										
Elementary	1									
Middle School	1									

Source: District Facilities Office
 N/A=Not Available

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

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

JNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

Fiscal Year Ending June 30,	*School Facilities		Total
	Valley View	Woodglen	
2006	\$ 62,652	\$ 137,125	\$ 199,777
2007	119,939	119,075	239,014
2008	72,741	100,001	172,742
2009	68,815	77,624	146,439
2010	69,895	136,126	206,021
2011	83,007	53,069	136,076
2012	64,235	47,973	112,208
2013	47,005	46,010	93,015
2014	63,815	55,174	118,989
2015	83,807	71,328	155,135
Total School Facilities	<u>\$ 735,911</u>	<u>\$ 843,505</u>	<u>\$ 1,579,416</u>

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

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ School Boards Association:		
Property-Blanket Building & Contents (Fund Limit)	\$ 350,000,000	\$ 5,000
Employee Dishonesty Per Loss	100,000	1,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability-NJ School Boards Association:		
Policy Limit	11,000,000	5,000
Worker's Compensation-NJ School Boards Association:		
Accident	2,000,000	
Disease	2,000,000	
Disease Limit	2,000,000	
Public Employees' Faithful Performance-Selective Insurance Company:		
Treasurer of School Monies Bond	200,000	
Business Administrator's Bond	200,000	

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 11, 2015

Honorable President and
Members of the Board of Education
Lebanon Township 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 Township 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 11, 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

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Washington, NJ 07882 - 1530
Fax # (908) 689-8388
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INDEPENDENT AUDITOR'S REPORT

November 11, 2015

Honorable President and
Members of the Board of Education
Lebanon Township 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 Township 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.

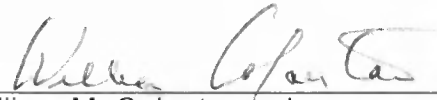
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

**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 11, 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 TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From-To	Balance June 30, 2014	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2015		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education:													
General Fund:													
ARRA - Medical Assistance Program (SEMI)	93.778	ARRA 260015	\$ 300	10/1/2008-12/31/2010			\$ 300	\$ 300					
Total General Fund					\$ -	\$ -	300	300	\$ -	\$ -	\$ -	\$ -	
US Department of Education Passed-Through State Department of Education:													
Special Revenue Fund:													
NCLB Title I Part A	84.010A	NCLB 260015	10,570	07/01/2014-06/30/2015			10,570	10,570					
NCLB Title II Part A	84.367A	NCLB 260015	14,133	07/01/2014-06/30/2015			14,133	14,133					
IDEA Basic	84.027	IDEA 260015	152,655	07/01/2014-06/30/2015			152,655	152,655					
IDEA Preschool	84.173	IDEA 260015	4,401	07/01/2014-06/30/2015			4,401	4,401					
Total Special Revenue Fund					-	-	181,759	181,759	-	-	-	-	
US Department of Agriculture Passed-Through State Department of Agriculture:													
Enterprise Fund:													
Child Nutrition Cluster:													
National School Lunch Program-Non-cash Assistance (Commodities)	10.555	N/A	13,773	07/01/2013-06/30/2014	693			693					
National School Lunch Program-Non-cash Assistance (Commodities)	10.555	N/A	12,755	07/01/2014-06/30/2015			12,755	11,519			1,236		
National School Lunch Program-Cash Assistance	10.555	N/A	22,393	07/01/2013-06/30/2014	(1,751)		1,751						
National School Lunch Program-Cash Assistance	10.555	N/A	23,878	07/01/2014-06/30/2015			19,087	23,878			(4,791)		
Total Enterprise Fund					(1,058)	-	33,593	36,090	-	-	(4,791)	1,236	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (1,058)	\$ -	\$ 215,652	\$ 218,149	\$ -	\$ -	\$ (4,791)	\$ 1,236	

SEE ACCOMPANYING NOTES TO SCHEDULE OF FINANCIAL ASSISTANCE

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

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From-To	Balance June 30, 2014		Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo	
				Deferred Rev. (Accts. Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education													
General Fund:													
Equalization Aid	15-495-034 -5120-078	\$ 1,058,133	07/01/2014- 06/30/2015			\$ 1,058,133	\$ 1,058,133					\$ 105,307	\$ 1,058,133
Categorical Transportation Aid	15-495-034 -5120-014	335,006	07/01/2014- 06/30/2015			335,006	335,006					33,340	335,006
Categorical Special Education Aid	15-495-034 -5120-089	429,461	07/01/2014- 06/30/2015			429,461	429,461					42,740	429,461
Categorical Security Aid	15-495-034 -5120-084	54,166	07/01/2014- 06/30/2015			54,166	54,166					5,391	54,166
Adjustment Aid (Includes Additional Aid)	15-495-034 -5120-085	137,824	07/01/2014- 06/30/2015			137,824	137,824					13,716	137,824
PARCC Readiness Aid	15-495-034 -5120-098	6,940	07/01/2014- 06/30/2015			6,940	6,940					691	6,940
Per Pupil Growth Aid	15-495-034 -5120-097	6,940	07/01/2014- 06/30/2015			6,940	6,940					691	6,940
School Choice Aid	15-495-034 -5120-068	299,862	07/01/2014- 06/30/2015			299,862	299,862					29,843	299,862
Extraordinary Special Education Costs Aid	15-100-034 -5120-473	238,140	07/01/2014- 06/30/2015				238,140			\$ (238,140)			238,140
Extraordinary Special Education Costs Aid	14-100-034 -5120-473	224,937	07/01/2013- 06/30/2014	\$ (222,613)		224,937	2,324						224,937
Non-public Transportation Aid	15-495-034 -5120-014	4,668	07/01/2014- 06/30/2015				4,668			(4,668)			4,668
Non-public Transportation Aid	14-495-034 -5120-014	4,710	07/01/2013- 06/30/2014	(4,710)		4,710							4,710
On-Behalf TPAF Pension Contribution- Post Retirement Medical	15-495-034 -5094-001	459,448	07/01/2014- 06/30/2015			459,448	459,448						459,448
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	15-495-034 -5094-007	19,425	07/01/2014- 06/30/2015			19,425	19,425						19,425
On-Behalf TPAF Pension Contribution- Normal Cost and Accrued Liability	15-495-034 -5094-006	269,991	07/01/2014- 06/30/2015			269,991	269,991						269,991
Reimbursed TPAF Social Security Contribution	14-495-034 -5095-002	400,405	07/01/2013- 06/30/2014	(20,146)		20,146							400,405
Reimbursed TPAF Social Security Contribution	15-495-034 -5094-003	402,304	07/01/2014- 06/30/2015				382,200			(20,104)			402,304
Total General Fund				<u>(247,469)</u>	<u>\$ -</u>	<u>3,709,189</u>	<u>3,724,632</u>	<u>\$ -</u>	<u>(262,912)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>231,719</u>	<u>4,352,360</u>
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	14-100-010 -3350-023	1,784	07/01/2013- 06/30/2014	(236)		236							1,784
State School Lunch Program	15-100-010 -3350-023	1,699	07/01/2014- 06/30/2015				1,319			(380)			1,699
Total Enterprise Fund				<u>(236)</u>	<u>-</u>	<u>1,555</u>	<u>1,699</u>	<u>-</u>	<u>(380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,483</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (247,705)</u>	<u>\$ -</u>	<u>\$ 3,710,744</u>	<u>\$ 3,726,331</u>	<u>\$ -</u>	<u>\$ (263,292)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,719</u>	<u>\$ 4,355,843</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND 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 Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,238) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 300	\$ 3,722,394	\$ 3,722,694
Special Revenue Fund	\$ 7,047	181,759		188,806
Food Service Fund		36,090	1,699	37,789
	<u>\$ 7,047</u>	<u>\$ 218,149</u>	<u>\$ 3,724,093</u>	<u>\$ 3,949,289</u>

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

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 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 TOWNSHIP 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: \$300,000

Auditee qualified as a low-risk auditee Yes No

State Awards

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

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
 for Major Programs: 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>
15-495-034-5120-014	\$ 335,006	Categorical Transportation Aid
15-495-034-5120-078	1,058,133	Equalization Aid
15-495-034-5120-085	137,824	Adjustment Aid
15-495-034-5120-089	429,461	Categorical Special Education Aid

LEBANON TOWNSHIP 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.

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

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.