

**LEBANON TOWNSHIP  
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**Prepared by  
Lebanon Township  
Department of Administration**

**LEBANON TOWNSHIP  
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2016**

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# 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, Principal

Abigail J. Postma, School Business Admin/Brd Sec

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 3, 2016

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, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular 15-08, "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 2015-2016 fiscal year with an average daily enrollment of 659.5 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%)
2015-16	659.5	(4.08%)

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 15-16 school year did not increase. Lebanon Township was not permitted to enroll all School Choice students who

applied for the 2015-16 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 continues to dedicate our resources towards providing the best possible education for our students. We have made a commitment to continue to use a balance of responsible assessment programs, current technology, and sound instructional methods. In order to support these initiatives, the district has dedicated resources for professional development activities for staff members.

In an effort to ensure that our students are able to compete in an increasingly complex work world, we continue to invest in technology for our classrooms. Our students have access to individual electronic devices as well as classroom based technology. Investing in hardware and human resources for the teaching of technology will serve our students well as they enter high school and ultimately, the world of work.

Our district has for many years sought opportunities to share services with other districts in order to maintain program efficacy and to act in a fiscally responsible manner. We continue this commitment with shared services agreements for the Superintendent's office, child study team services, and most recently facility services with the Township of Lebanon. We are proud of our schools and continue to look for new ways to share our expertise.

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 Bedard, Kurowicki and Company, Certified Public Accountants, PC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

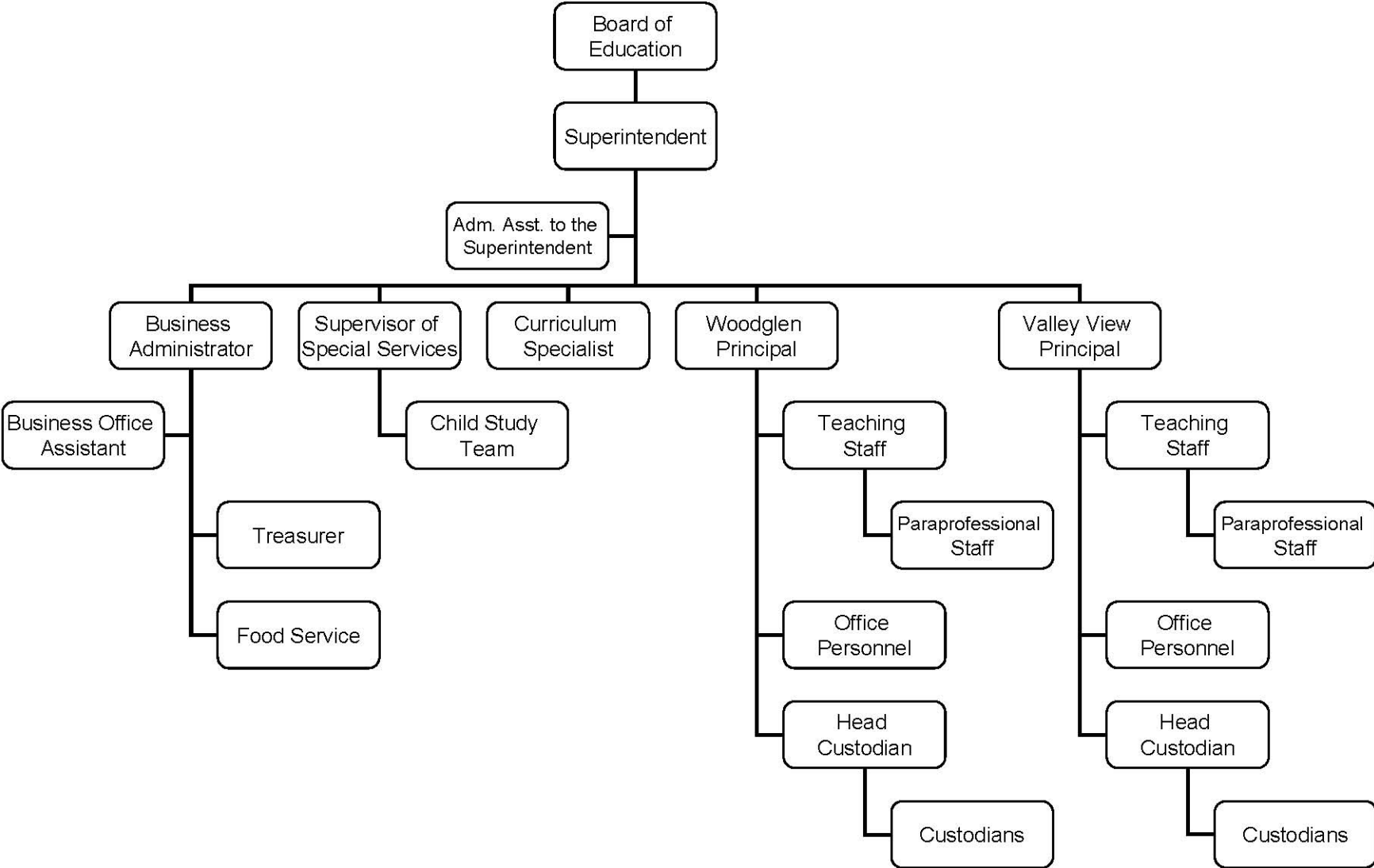
11) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Lebanon Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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 Komegay,  
Superintendent

# Lebanon Township School District Organizational Chart



LEBANON TOWNSHIP BOARD OF EDUCATION

JUNE 30, 2016

**ROSTER OF OFFICIALS**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>		<u>TERM EXPIRES</u>
Mira Leiwant	President	2016
Kathleen Walsh	Vice President	2017
Stephanie Cahill		2016
George Wilhelms		2016
Thomas Roll		2017
Ronald Pojedinec		2017
Kelly Weiler		2018
Michele Korfin		2018
Dana Pierro		2018

OTHER OFFICIALS

Jason Kornegay	Superintendent	
Julie Mumaw	School Business Administrator (From April 1, 2016)	
Ruth Fanjoy	School Business Administrator (To March 31, 2016)	
Gregory Della Pia	Treasurer	
Parker, McCay P.A.	Board Attorney	
Schwartz Simon Edelstein & Celso LLC	Board Attorney (Negotiations)	

LEBANON TOWNSHIP BOARD OF EDUCATION

JUNE 30, 2016

**CONSULTANTS AND ADVISORS**

AUDIT FIRM

Bedard, Kurowicki, & Co., CPA's, PC  
114 Broad Street  
Flemington, NJ 08822

ATTORNEY

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

Schwartz Simon Edelstein & Celso, LLC  
100 South Jefferson Road  
Suite 200  
Whippany, NJ 07981

OFFICAL DEPOSITORY

PNC Bank  
431 County Road 513  
Califon, NJ 07882

Investors Bank  
55 Old Highway 22  
Clinton, NJ 08809



Bedard, Kurowicki & Co.  
Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## **Independent Auditors' Report**

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 Lebanon Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Lebanon Township School District, as of June 30, 2016, 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, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension Contributions, as listed 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 introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate 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, and Schedule of Expenditures of State Financial Assistance are 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 3, 2016 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.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**



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

November 3, 2016  
Flemington, New Jersey



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**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, 2016. 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 2016 are as follows:

- In total, net position increased \$237,425 which represents a 4.74% increase from 2015. The increase was mostly due to effective cost-cutting measures incorporated in the District (Table 1).
- General revenues accounted for \$15,661,525 in revenue or 95.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$743,953 or 4.5% of the total revenues of \$16,405,478 (Table 2).
- Revenue from property taxes increased by \$141,000. Unrestricted grant revenues increased by \$629,905 and total expenses increased by \$560,254. (Table 2).
- The School District had \$15,976,197 in total governmental expenses. This was an increase in governmental expenses of \$554,401 from the prior fiscal year (Table 3).
- Among major funds, the General fund had \$13,893,354 in revenues and \$13,561,940 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**

**Fund Financial Statements**

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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

**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 2016"? 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 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

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 6/30/16 with comparisons to 6/30/15.

**Table 1**  
**Net Position**

	6/30/16	6/30/15	Variance	
			Dollars	%
<b>Assets</b>				
Current & other assets	\$ 3,953,226	\$ 3,590,075	\$ 363,151	10.12
Capital assets	4,950,768	4,981,086	(30,318)	(0.61)
Total assets	<u>8,903,994</u>	<u>8,571,161</u>	<u>332,833</u>	<u>3.88</u>
<b>Deferred outflows</b>				
Deferred pension activity	762,525	340,992	421,533	123.62
Total deferred outflow of resources	<u>762,525</u>	<u>340,992</u>	<u>421,533</u>	<u>123.62</u>
<b>Liabilities</b>				
Long-term liabilities	4,297,683	3,677,169	620,514	16.87
Other liabilities	49,334	19,723	29,611	150.13
Total liabilities	<u>4,347,017</u>	<u>3,696,892</u>	<u>650,125</u>	<u>17.59</u>
<b>Deferred inflows</b>				
Deferred pension activity	71,002	204,186	(133,184)	(65.23)
Total deferred inflow of resources	<u>71,002</u>	<u>204,186</u>	<u>(133,184)</u>	<u>(65.23)</u>
<b>Net Position</b>				
Net investment in capital assets	4,950,768	4,981,086	(30,318)	(0.61)
Restricted	1,884,059	1,701,163	182,896	10.75
Unrestricted	(1,586,327)	(1,671,174)	84,847	(5.08)
Total net position	<u>\$ 5,248,500</u>	<u>\$ 5,011,075</u>	<u>\$ 237,425</u>	<u>4.74</u>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**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 2016 with comparisons to fiscal year 2015.

**Table 2**  
**Changes in Net Position**

	6/30/16	6/30/15	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 501,126	\$ 387,948	\$ 113,178	29.17
Operating grants	242,827	226,595	16,232	7.16
General revenues				
Property taxes	9,541,000	9,400,000	141,000	1.50
Unrestricted grants	5,954,886	5,324,981	629,905	11.83
Other	165,639	16,458	149,181	906.43
Total revenues	<u>16,405,478</u>	<u>15,355,982</u>	<u>1,049,496</u>	6.83
Program Expenses				
Instruction				
Regular	6,526,788	6,533,194	(6,406)	(0.10)
Special	2,795,503	2,490,425	305,078	12.25
Other	282,642	209,639	73,003	34.82
Support services				
Tuition	379,272	376,397	2,875	0.76
Student & instructional staff	2,755,646	2,648,636	107,010	4.04
General & business administration	840,737	740,540	100,197	13.53
School administration	817,775	815,851	1,924	0.24
Maintenance	1,008,798	1,009,734	(936)	(0.09)
Transportation	566,871	595,215	(28,344)	(4.76)
Food service	191,856	186,003	5,853	3.15
Interest on long-term debt	2,165	2,165	-	0.00
Total expenses	<u>16,168,056</u>	<u>15,607,799</u>	<u>560,254</u>	3.59
Increase (decrease) in net position	<u>\$ 237,425</u>	<u>\$ (251,817)</u>	<u>\$ 489,242</u>	(194.28)

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
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**Governmental Activities**

Property taxes made up 58.8% of revenues for governmental activities for the Lebanon Township School District for fiscal year 2016. Note that property taxes made up 61.9% of revenue last year. The decrease in the property tax revenue percentage is mostly due to the increase in reporting of state aid as a result of the GASB Statement number 68 requirement.

Instruction comprises 60.1% of District expenses. Support services expenses make up 39.9% of the expenses. These proportions remain relatively constant from year-to-year.

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 2016 and 2015. 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 grant/s and local donations.

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

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 9,604,933	\$ 9,233,258	\$ 9,254,676	\$ 9,067,438
Support services				
Tuition	379,272	376,397	227,752	223,742
Student & instructional staff	2,755,646	2,648,636	2,715,587	2,556,711
General & business administration	840,737	740,540	840,737	740,540
School administration	817,775	815,851	817,775	815,851
Plant operations & maintenance	1,008,798	1,009,734	1,003,416	1,000,411
Pupil transportation	566,871	595,215	558,435	573,254
Interest on long-term debt	2,165	2,165	2,165	2,165
<b>Total expenses</b>	<b>\$ 15,976,197</b>	<b>\$ 15,421,796</b>	<b>\$ 15,420,543</b>	<b>\$ 14,980,112</b>

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

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

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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
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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 2016, there were several budget transfers requiring Commissioner of Education approval (Exhibit C-1). The District used available balance in tuition, transportation and equipment to fund a facility renovation project and a deposit to capital reserve.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
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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 \$123,000 in miscellaneous revenue from a shared services agreement for Child Study Team services and Chief School Administrator services with the Califon School District during fiscal year 2016. This amount is classified as “charges for services” in the district-wide financial statements. Property tax revenue (at 58.8%) 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 2016, the School District had \$4,950,768 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 6/30/16 with comparisons to 6/30/15.

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

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 61,672	\$ 61,672	\$ -	-
Land improvements	170,998	185,995	(14,997)	(8.06)
Buildings & improvements	4,485,162	4,405,281	79,881	1.81
Furniture & equipment	220,626	253,503	(32,877)	(12.97)
Construction in progress	12,310	74,635	(62,325)	(83.51)
<b>Totals</b>	<u><u>\$ 4,950,768</u></u>	<u><u>\$ 4,981,086</u></u>	<u><u>\$ (30,318)</u></u>	<u><u>(0.61)</u></u>

During fiscal year 2016, the district completed a bridge project at Valley View School at a cost in fiscal year 2016 of \$210,466 and a total cost of \$285,101.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

**Debt and Long-Term Liabilities**

At June 30, 2016, the School District had \$4,297,683 in long-term liabilities which consisted of compensated absences liability and PERS net pension liability. The increase in long-term liabilities of \$620,514 is due to the increase in reporting of state aid as a result of the GASB Statement number 68 requirements.

**Table 5** provides a summary of the District's long-term liabilities at 6/30/16 with comparisons to 6/30/15.

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

	6/30/16	6/30/15	Variance	
			Dollars	%
PERS net pension liability	\$ 4,100,805	\$ 3,426,248	\$ 674,557	19.69
Compensated absences	196,878	250,921	(54,043)	(21.54)
Totals	<u>\$ 4,297,683</u>	<u>\$ 3,677,169</u>	<u>\$ 620,514</u>	16.87

**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 taxpayers. 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 2016 due to Choice students received from neighboring districts. The State of New Jersey capped the School Choice enrollment allocations at 2015 levels for the 2016 school year. Due to this cap, the district was unable to accommodate all the students who applied for the 2016 School Choice program. Without additional Choice students, district enrollment will continue to decline due to local conditions.

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.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
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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 and Superintendent Services with Califon School District for the 2016 school year. 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, Abby Postma, School Business Administrator/Board Secretary at Lebanon Township Board of Education, 70 Bunnvale Road, Califon, NJ 07830 or email at [apostma@lebtwpk8.org](mailto:apostma@lebtwpk8.org).

## **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, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,758,751	\$ 17,054	\$ 1,775,805
Internal balances	(3,714)	3,714	-
Due from other funds	4,478	-	4,478
Receivables, net	281,759	2,602	284,361
Inventory	-	4,523	4,523
<b>Restricted assets</b>			
Capital reserve account - cash	1,341,848	-	1,341,848
Maintenance reserve account - cash	542,211	-	542,211
<b>Capital assets, net (Note 4)</b>			
Land	73,982	-	73,982
Other capital assets, net of depreciation	4,832,284	44,502	4,876,786
<b>Total assets</b>	<b>8,831,599</b>	<b>72,395</b>	<b>8,903,994</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	762,525	-	762,525
<b>Liabilities</b>			
Accounts payable	27,377	10,588	37,965
Unearned revenue	7,335	4,034	11,369
<b>Long-term liabilities (Note 5)</b>			
Due within one year	32,295	-	32,295
Due beyond one year	4,265,388	-	4,265,388
<b>Total liabilities</b>	<b>4,332,395</b>	<b>14,622</b>	<b>4,347,017</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	71,002	-	71,002
<b>Net position</b>			
Net investment in capital assets	4,906,266	44,502	4,950,768
<b>Restricted for</b>			
Capital reserve	1,341,848	-	1,341,848
Maintenance reserve	542,211	-	542,211
Unrestricted	(1,599,598)	13,271	(1,586,327)
<b>Total net position</b>	<b>\$ 5,190,727</b>	<b>\$ 57,773</b>	<b>\$ 5,248,500</b>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,490,488	\$ 3,036,300	\$ 33,438	\$ 10,501	\$ -	\$ (6,482,849)	\$ -	\$ (6,482,849)
Special education	1,520,152	1,275,351	273,748	-	-	(2,521,755)	-	(2,521,755)
Other special instruction	79,581	59,365	-	16,915	-	(122,031)	-	(122,031)
Other instruction	97,852	45,844	15,655	-	-	(128,041)	-	(128,041)
Support services								
Tuition	379,272	-	-	151,520	-	(227,752)	-	(227,752)
Students & instruction related services	1,570,090	1,185,556	21,769	18,290	-	(2,715,587)	-	(2,715,587)
General & business administration services	511,695	329,042	-	-	-	(840,737)	-	(840,737)
School administration services	468,055	349,720	-	-	-	(817,775)	-	(817,775)
Plant operations & maintenance	782,701	226,097	5,382	-	-	(1,003,416)	-	(1,003,416)
Pupil transportation	566,871	-	8,436	-	-	(558,435)	-	(558,435)
Interest on long-term debt	2,165	-	-	-	-	(2,165)	-	(2,165)
Total governmental activities	<u>9,468,922</u>	<u>6,507,275</u>	<u>358,428</u>	<u>197,226</u>	<u>-</u>	<u>(15,420,543)</u>	<u>-</u>	<u>(15,420,543)</u>
Business-type activities								
Food service	191,856	-	142,698	45,601	-	-	(3,557)	(3,557)
Total business-type activities	<u>191,856</u>	<u>-</u>	<u>142,698</u>	<u>45,601</u>	<u>-</u>	<u>-</u>	<u>(3,557)</u>	<u>(3,557)</u>
Total primary government	<u>\$ 9,660,778</u>	<u>\$ 6,507,275</u>	<u>\$ 501,126</u>	<u>\$ 242,827</u>	<u>\$ -</u>	<u>(15,420,543)</u>	<u>(3,557)</u>	<u>(15,424,100)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						9,541,000	-	9,541,000
Federal & State aid not restricted						5,954,886	-	5,954,886
Investment earnings						14,833	-	14,833
Miscellaneous income						150,806	-	150,806
Total general revenues & special items						<u>15,661,525</u>	<u>-</u>	<u>15,661,525</u>
Change in net position						240,982	(3,557)	237,425
Net position - beginning						4,949,745	61,330	5,011,075
Net position - ending						<u>\$ 5,190,727</u>	<u>\$ 57,773</u>	<u>\$ 5,248,500</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, 2016**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash & cash equivalents	\$ 1,757,598	\$ 1,153	\$ -	\$ -	\$ 1,758,751
Due from other funds	4,478	-	-	-	4,478
Receivables from other governments					
State	247,686	-	-	-	247,686
Local	33,898	-	-	-	33,898
Other accounts receivable	175	-	-	-	175
Restricted cash & equivalents	1,884,059	-	-	-	1,884,059
<b>Total assets</b>	<b>\$ 3,927,894</b>	<b>\$ 1,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,929,047</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 3,714	\$ -	\$ -	\$ -	\$ 3,714
Accounts payable	27,377	-	-	-	27,377
Unearned revenue	6,182	1,153	-	-	7,335
<b>Total liabilities</b>	<b>37,273</b>	<b>1,153</b>	<b>-</b>	<b>-</b>	<b>38,426</b>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet (continued)**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus	\$ 933,805	\$ -	\$ -	\$ -	\$ 933,805
Excess surplus-designated for subsequent year's expenditures	774,066	-	-	-	774,066
Committed fund balance					
Capital reserve account	1,341,848	-	-	-	1,341,848
Maintenance reserve account	542,211	-	-	-	542,211
Assigned fund balance					
Year-end encumbrances	53,067	-	-	-	53,067
Unassigned fund balance	245,624	-	-	-	245,624
Total fund balances	<u>3,890,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,890,621</u>
Total liabilities and fund balances	<u>\$ 3,927,894</u>	<u>\$ 1,153</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 and therefore are not reported in the funds. The cost of assets is \$10,615,339 and the accumulated depreciation is \$5,709,073.	4,906,266
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	691,523
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds	<u>(4,297,683)</u>
Total net position of governmental activities	<u>\$ 5,190,727</u>

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, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 9,541,000	\$ -	\$ -	\$ -	\$ 9,541,000
Tuition - Individuals	24,000	-	-	-	24,000
Tuition - Other LEA's	273,748	-	-	-	273,748
Interest earned on capital reserve funds	2,936	-	-	-	2,936
Interest on investments	11,897	-	-	-	11,897
Shared service agreement revenue	145,436	-	-	-	145,436
Miscellaneous	5,370	10,501	-	-	15,871
Total	<u>10,004,387</u>	<u>10,501</u>	<u>-</u>	<u>-</u>	<u>10,014,888</u>
State sources	3,888,967	-	-	-	3,888,967
Federal sources	-	186,725	-	-	186,725
Total revenues	<u>13,893,354</u>	<u>197,226</u>	<u>-</u>	<u>-</u>	<u>14,090,580</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	3,467,183	10,501	-	-	3,477,684
Special education instruction	1,520,152	-	-	-	1,520,152
Other special instruction	62,666	16,915	-	-	79,581
Other instruction	82,197	-	-	-	82,197
<b>Support service &amp; undistributed cost</b>					
Tuition	227,752	151,520	-	-	379,272
Student & instruction related services	1,529,618	18,290	-	-	1,547,908
General & business administrative services	529,031	-	-	-	529,031
School administrative services	467,849	-	-	-	467,849
Plant operations & maintenance	776,354	-	-	-	776,354
Pupil transportation	558,435	-	-	-	558,435
Unallocated benefits	4,100,647	-	-	-	4,100,647

See accompanying notes to financial statements.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 237,891	\$ -	\$ -	\$ -	\$ 237,891
Debt service					
Assessment on SDA funding	2,165	-	-	-	2,165
Total expenditures	<u>13,561,940</u>	<u>197,226</u>	<u>-</u>	<u>-</u>	<u>13,759,166</u>
Net change in fund balance	331,414	-	-	-	331,414
Fund balances, July 1	<u>3,559,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,559,207</u>
Fund balances, June 30	<u><u>\$ 3,890,621</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,890,621</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, 2016**

Total net changes in fund balances - Governmental fund (from B-2)	\$	331,414
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:</p>		
Capital outlays	\$	237,891
Depreciation expense		(262,526)
		(24,635)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense</p>		
		(119,840)
<p>In the Statement of Activities, compensated absences &amp; early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		54,043
Change in net position of governmental activities	\$	240,982

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<u>Food Service Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 17,054
Due from other funds	3,714
Receivables from other governments	
State	143
Federal	2,459
Inventory	4,523
Total current assets	<u>27,893</u>
Noncurrent assets	
Capital assets	100,082
Less: Accumulated depreciation	55,580
Total noncurrent assets	<u>44,502</u>
Total assets	<u>72,395</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	10,588
Unearned revenues	4,034
Total liabilities	<u>14,622</u>
<b>NET POSITION</b>	
Net investment in capital assets	44,502
Unrestricted	13,271
Total net position	<u><u>\$ 57,773</u></u>

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, 2016**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - Reimbursable programs	\$ 101,627
Daily sales - Non-reimbursable programs	41,071
Total operating revenues	142,698
Operating expenses	
Cost of sales - Reimbursable programs	68,300
Cost of sales - Non-reimbursable programs	21,753
Salaries	62,116
Employee benefits	13,972
Purchased professional services	1,600
Purchased property services	4,144
Insurance	1,199
Management fee	7,410
Other purchased services	2,964
Supplies and materials (not included in cost of sales)	681
Utilities-Natural Gas	1,793
Depreciation	5,683
Miscellaneous	241
Total operating expenses	191,856
Operating income (loss)	(49,158)
Non-operating revenues (expenses)	
State sources	
State School Lunch Program	1,758
Federal sources	
National School Lunch Program	
Cash assistance	29,369
Non cash assistance (commodities)	14,474
Total non-operating revenues (expenses)	45,601
Change in net position	(3,557)
Net position, beginning	61,330
Net position, ending	\$ 57,773

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Cash Flow**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 143,534
Payments to food service management company	(164,947)
Payments to vendors (net)	(8,412)
Net cash provided by (used for) operating activities	<u>(29,825)</u>
Cash flows from non-capital financing activities	
State sources	1,995
Federal sources	31,701
General fund interfund activity	(3,714)
Net cash provided by (used for) noncapital financing activities	<u>29,982</u>
Net increase (decrease) in cash and cash equivalents	157
Cash and cash equivalents, beginning	<u>16,897</u>
Cash and cash equivalents, ending	<u><u>\$ 17,054</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (49,158)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,683
Federal food donation program	14,474
(Increase) decrease in inventory	(1,142)
Increase (decrease) in accounts payable	(837)
Increase (decrease) in unearned revenues	1,155
Net cash provided by (used for) operating activities	<u><u>\$ (29,825)</u></u>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 127,863	\$ 30,040	\$ 59,817
Total assets	<u>\$ 127,863</u>	<u>\$ 30,040</u>	<u>\$ 59,817</u>
<b>Liabilities</b>			
Due to other funds	\$ -	\$ -	\$ 4,478
Due to student groups	-	30,040	-
Payroll deductions and withholdings	-	-	55,339
Total liabilities	<u>-</u>	<u>\$ 30,040</u>	<u>\$ 59,817</u>
<b>Net Position</b>	<u>\$ 127,863</u>		

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Unemployment Compensation Fund</u>
Additions	
Employee contributions	\$ 12,954
Investment earnings - interest	449
Total additions	<u>13,403</u>
Deductions	
Unemployment claims	16,490
Other expenses	300
Total deductions	<u>16,790</u>
Change in net position	(3,387)
Net position - beginning of the year	<u>131,250</u>
Net position - end of the year	<u><u>\$ 127,863</u></u>

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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:

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

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

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 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, 2016 of 663 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**

Note 1 - Summary of significant accounting policies (continued)

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 non-fiduciary 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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 non-operating 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 non-instructional 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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

*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.

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) 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

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

*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, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

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 2015-2016 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 receivable/payables

Short-term Interfund receivables/payables represent 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures 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 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, 2016.

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 - 10
Computer equipment	5 - 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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.

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 deferred until it is used in the operations of the Food Service fund. Prepaid lunch debit card revenue balances at year-end are also included in 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental funds

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

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

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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 N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits and cash equivalents and investments (continued)

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.

N.J.S.A. 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, 2016 appear in the financial statements as summarized below:

Cash		\$	<u>3,877,584</u>
	<u>Ref.</u>		
Unrestricted cash			
Governmental funds, Balance Sheet	B-1	\$	1,758,751
Enterprise funds, Statement of Net Position	B-4		17,054
Fiduciary funds, Statement of Net Position	B-7		217,720
Restricted cash			
Governmental funds, Balance Sheet	B-1		<u>1,884,059</u>
Total cash		\$	<u>3,877,584</u>

*Deposits* - The District's carrying amount of bank deposits at June 30, 2016 is \$3,877,584 and the bank balance is \$4,085,266. Of the bank balance, \$267,149 is covered by Federal Depository Insurance and \$3,818,117 is insured by GUDPA.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits and cash equivalents and investments (continued)

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 or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. 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, 2016, the District had no investments.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 61,672	\$ -	\$ -	\$ 61,672
Construction in progress	74,635	222,776	285,101	12,310
Total	<u>136,307</u>	<u>222,776</u>	<u>285,101</u>	<u>73,982</u>
Capital assets, being depreciated				
Land improvements	373,247	-	-	373,247
Building & improvements	9,310,951	285,101	-	9,596,052
Furniture & equipment	561,943	15,115	5,000	572,058
Total	<u>10,246,141</u>	<u>300,216</u>	<u>5,000</u>	<u>10,541,357</u>
Accumulated depreciation				
Land improvements	187,252	14,997	-	202,249
Building & improvements	4,905,670	205,220	-	5,110,890
Furniture & equipment	358,625	42,309	5,000	395,934
Total	<u>5,451,547</u>	<u>262,526</u>	<u>5,000</u>	<u>5,709,073</u>
Total capital assets, being depreciated, net	<u>4,794,594</u>	<u>37,690</u>	<u>-</u>	<u>4,832,284</u>
Transfer	-	(285,101)	(285,101)	-
Governmental activities capital assets, net	<u>\$ 4,930,901</u>	<u>\$ (24,635)</u>	<u>\$ -</u>	<u>\$ 4,906,266</u>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 100,082	\$ -	\$ -	\$ 100,082
Accumulated depreciation	49,897	5,683	-	55,580
Business type activities capital assets, net	<u>\$ 50,185</u>	<u>\$ (5,683)</u>	<u>\$ -</u>	<u>\$ 44,502</u>

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

Instruction	
Regular	\$ 119,787
Special education	51,044
Other special instruction	2,104
Co-curricular activities	2,760
Support services	
Student & instruction	51,774
General & business administration	18,177
School administration	15,915
Maintenance	965
Total depreciation expense, governmental activities	<u>\$ 262,526</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
PERS net pension liability	\$ 3,426,248	\$ 674,557	\$ -	\$ 4,100,805	\$ -
Compensated absences payable	250,921	10,882	64,925	196,878	32,295
Total governmental activities long-term liabilities	<u>\$ 3,677,169</u>	<u>\$ 685,439</u>	<u>\$ 64,925</u>	<u>\$ 4,297,683</u>	<u>\$ 32,295</u>

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, 2016 is \$26,341,652. General obligation debt at June 30, 2016 is \$0, resulting in a legal debt margin of \$26,341,652.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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 systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 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:

Tier	Definition
1	Members enrolled prior to July 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**

Note 6 - Pension plan (continued)

A. Public employee's retirement systems (PERS) (continued)

Plan description (continued)

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, 2015 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

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 through June 30, 2015. 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**

Note 6 - Pension plan (continued)

A Public employee's retirement systems (PERS) (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 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 2015, 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 7,875,268	\$ 7,150,053
Plan fiduciary net position	3,774,463	3,723,805
Net pension liability	<u>\$ 4,100,805</u>	<u>\$ 3,426,248</u>

Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%
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The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A Public employee's retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, 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:

	2015
At current discount rate (4.90%)	\$ 4,100,805
At a 1% lower rate (3.90%)	5,096,799
At a 1% higher rate (5.90%)	3,265,771
	2014
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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

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	\$ 97,831	\$ -
Changes of assumptions	440,394	-
Net difference between projected and actual earnings on pension plan investments	-	65,933
Changes in proportion and differences between District contributions and proportionate share of contributions	67,244	5,069
District contributions subsequent to the measurement date	<u>157,056</u>	<u>-</u>
Total	<u>\$ 762,525</u>	<u>\$ 71,002</u>

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$157,056 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions	\$ 107,552	\$ 545,876	\$ 115,203	\$ 538,225
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	203,830	(108,674)	29,223	<u>65,933</u>
Net of deferred outflows/(inflows)				<u>\$ 472,292</u>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (Continued)

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>	
2016	\$ 85,981
2017	85,981
2018	85,981
2019	136,938
2020	77,411
Total	<u>\$ 472,292</u>

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$276,896 which represents the District's proportionate share of allocable plan pension expense of \$269,012 plus the pension expense related to specific individual employers of \$467 plus the net amortization of deferred amounts from changes in proportion of \$14,071 and less other adjustments to the net pension liability of \$6,654. 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, 2015 are as follows:

Service cost	\$ 161,130
Interest on total pension liability	383,999
Member contributions	(89,130)
Administrative expense	2,994
Expected investment return net of investment expense	(274,369)
Pension expense related to specific liabilities of individual employers	(1,593)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	94,477
Amortization of expected versus actual experience	20,727
Amortization of projected versus actual investment earnings on pension plan investments	(29,223)
Pension expense	<u>\$ 269,012</u>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
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](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 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.

The following represents the membership Tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 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 non-employer 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 non-employer 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, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 33,834,792	\$ 29,777,099
Employer pension expense and related revenue	2,065,919	1,602,287
Non-employer contribution	287,698	236,665
Allocable proportionate percentage	.0535324466%	.0557135872%

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 (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

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, P.O. Box 295, Trenton, New Jersey 08625-0295.

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.

Contribution requirements

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 947,209	100%
06/30/15	748,864	100%
06/30/14	622,136	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 157,056	100%
06/30/15	150,862	100%
06/30/14	134,041	100%



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution requirements (continued)

During the year ended June 30, 2016, the State of New Jersey contributed \$514,836 to the TPAF for post-retirement medical benefits, \$20,516 for non-contributory insurance premiums and \$411,857 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$363,871 during the year ended June 30, 2016 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 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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 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 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

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

*Plan Description* - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at ([www.nj.gov/treasury/pensions](http://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
- AXA Equitable Life Insurance Co
- Financial Resources & Retirement Advisory Inc.
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

The following Interfund balances remained on the District's records as of June 30, 2016:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 4,478	\$ 3,714
Food Service Fund	3,714	-
Payroll Agency Fund	-	4,478
Total	\$ 8,192	\$ 8,192

The balance due from the Payroll Agency fund to the General fund represents an imprest balance of \$2,000 and other cancelled balances of \$2,478. The balance due from the General fund to the Food Service fund represents Food Service Aid received, not yet distributed at year-end. All balances are expected to be liquidated within one fiscal year, except the payroll agency imprest balance.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 10 - Inventory

Inventory in the Food Service fund as of June 30, 2016 consisted of the following:

Food	\$	3,277
Supplies		1,246
Total		4,523

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to 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	Prior Year Refund	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2015 - 2016	\$	\$ 449	\$ 12,954	\$ (16,790)	\$ 127,863
2014 - 2015	-	484	13,413	(30,555)	131,250
2013 - 2014	-	493	12,687	(737)	147,908

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Legal reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General fund and its activity is included in the General fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual General fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d) 1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$200,000 to their Capital Reserve by Board resolution in June 2016 as summarized in the following schedule.

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

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,158,952	\$ 200,000	\$ 2,936	\$ -	\$ (20,040)	\$1,341,848
Maintenance	542,211	-	-	-	-	542,211
Total	<u>\$1,701,163</u>	<u>\$ 200,000</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ (20,040)</u>	<u>\$1,884,059</u>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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, 2016 and 2015 is as follows:

	2015	2016
<b>Restricted</b>		
Excess surplus - Represents amount in excess of allowable percentage. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 774,066	\$ 933,805
Excess surplus - Designated for subsequent year's expenditures - Represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements	557,313	774,066
<b>Committed</b>		
Capital reserve account - Represents funds restricted to capital projects in the District's long range facilities plan	1,158,952	1,341,848
Maintenance reserve - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9)	542,211	542,211
<b>Assigned</b>		
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	53,067
<b>Unassigned</b>		
Undesignated - Represents fun balance which has not been restricted or designated.	492,808	479,511
<b>Total fund balance</b>	<b>\$ 3,790,926</b>	<b>\$ 4,124,508</b>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$933,805.

Note 16 - Subsequent events

The District has evaluated subsequent events through November 3, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

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

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement, which is effective for reporting periods after June 15, 2016, is not expected to have a material impact on the District's financial reporting.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

- Note 17 - Recent accounting pronouncements not yet effective (continued)  
In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.
- Note 18 - Deficit balance in unrestricted net position  
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$1,599,598 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources					
Local tax levy	\$ 9,541,000	\$ -	\$ 9,541,000	\$ 9,541,000	\$ -
Tuition from individuals	30,000	-	30,000	24,000	(6,000)
Tuition from other LEAs within the state	94,000	-	94,000	273,748	179,748
Unrestricted miscellaneous revenues	147,176	-	147,176	162,703	15,527
Interest earned on capital reserve funds	500	-	500	2,936	2,436
<b>Total</b>	<b>9,812,676</b>	<b>-</b>	<b>9,812,676</b>	<b>10,004,387</b>	<b>191,711</b>
State Sources					
School Choice Aid	322,074	-	322,074	322,074	-
Categorical Transportation Aid	335,006	-	335,006	335,006	-
Extraordinary Aid	-	-	-	224,941	224,941
Categorical Special Education Aid	429,461	-	429,461	429,461	-
Equalization Aid	1,058,133	-	1,058,133	1,058,133	-
Categorical Security Aid	54,166	-	54,166	54,166	-
Adjustment Aid	126,718	-	126,718	126,718	-
Other State Aids	24,986	-	24,986	29,556	4,570
TPAF Pension (on-behalf)	-	-	-	432,373	432,373
TPAF Social Security (reimbursed)	-	-	-	363,871	363,871
TPAF Post Retirement Benefits	-	-	-	514,836	514,836
<b>Total</b>	<b>2,350,544</b>	<b>-</b>	<b>2,350,544</b>	<b>3,891,135</b>	<b>1,540,591</b>
<b>Total Revenues</b>	<b>\$ 12,163,220</b>	<b>\$ -</b>	<b>\$ 12,163,220</b>	<b>\$ 13,895,522</b>	<b>\$ 1,732,302</b>
<b>EXPENDITURES</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 28,684	\$ 27,804	\$ 56,488	\$ 55,808	\$ 680
Kindergarten	198,078	-	198,078	196,499	1,579
Grades 1-5	1,625,607	(44,802)	1,580,805	1,539,471	41,334
Grades 6-8	1,389,930	(46,866)	1,343,064	1,325,262	17,802
Home instruction					
Salaries of teacher	3,587	(434)	3,153	-	3,153
Purchased professional - educational services	965	503	1,468	793	675
Other purchased services	139	(68)	71	-	71
Regular programs - undistributed instruction					
Other salaries for instruction	205,710	(72,000)	133,710	131,055	2,655
Purchased professional - educational services	5,000	8,404	13,404	5,054	8,350
Purchased technical services	54,883	(25,536)	29,347	27,352	1,995
Other purchased services	4,500	34,684	39,184	36,594	2,590
General supplies	277,160	(40,351)	236,809	148,495	88,314
Other objects	1,474	-	1,474	800	674
<b>Total</b>	<b>3,795,717</b>	<b>(158,662)</b>	<b>3,637,055</b>	<b>3,467,183</b>	<b>169,872</b>

See independent auditors' report.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 154,096	\$ 6,594	\$ 160,690	\$ 159,515	\$ 1,175
Other salaries for instruction	36,698	46,931	83,629	83,467	162
General supplies	3,500	3,649	7,149	6,969	180
Total	<u>194,294</u>	<u>57,174</u>	<u>251,468</u>	<u>249,951</u>	<u>1,517</u>
Resource room/resource center					
Salaries of teachers	846,001	(60,743)	785,258	773,730	11,528
Other salaries for instruction	174,401	111,268	285,669	283,777	1,892
General supplies	8,000	(2,188)	5,812	5,812	-
Total	<u>1,028,402</u>	<u>48,337</u>	<u>1,076,739</u>	<u>1,063,319</u>	<u>13,420</u>
Autism					
Salaries of teachers	\$ 57,458	\$ (850)	\$ 56,608	\$ 56,608	\$ -
Other salaries for instruction	-	41,699	41,699	41,699	-
General supplies	1,000	-	1,000	897	103
Total	<u>58,458</u>	<u>40,849</u>	<u>99,307</u>	<u>99,204</u>	<u>103</u>
Preschool disabilities - part-time					
Salaries of teachers	64,922	9,063	73,985	73,183	802
Other salaries for instruction	29,915	6,951	36,866	33,507	3,359
General supplies	1,200	-	1,200	988	212
Total	<u>96,037</u>	<u>16,014</u>	<u>112,051</u>	<u>107,678</u>	<u>4,373</u>
Total special education	<u>1,377,191</u>	<u>162,374</u>	<u>1,539,565</u>	<u>1,520,152</u>	<u>19,413</u>
Basic skills/remedial					
Salaries of teachers	43,401	50,000	93,401	61,341	32,060
General supplies	2,400	-	2,400	1,223	1,177
Total	<u>45,801</u>	<u>50,000</u>	<u>95,801</u>	<u>62,564</u>	<u>33,237</u>
Bilingual education - instruction					
Salaries of teachers	1,200	-	1,200	-	1,200
General supplies	350	-	350	102	248
Total	<u>1,550</u>	<u>-</u>	<u>1,550</u>	<u>102</u>	<u>1,448</u>
School-sponsored co/extra curricular activities-instruction					
Salaries	61,774	13,300	75,074	75,047	27
Purchased services	6,000	-	6,000	4,967	1,033
Supplies and materials	3,981	(350)	3,631	1,113	2,518
Other objects	1,145	-	1,145	1,070	75
Total	<u>72,900</u>	<u>12,950</u>	<u>85,850</u>	<u>82,197</u>	<u>3,653</u>
Total instruction regular	<u>\$ 5,293,159</u>	<u>\$ 66,662</u>	<u>\$ 5,359,821</u>	<u>\$ 5,132,198</u>	<u>\$ 227,623</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 112,074	\$ (94,408)	\$ 17,666	\$ 11,197	\$ 6,469
Tuition to priv. school for the disabled w/i state	122,147	94,408	216,555	216,555	-
Total	<u>234,221</u>	<u>-</u>	<u>234,221</u>	<u>227,752</u>	<u>6,469</u>
Undistributed expenditures - health services					
Salaries	150,418	39,540	189,958	185,966	3,992
Purchased professional and technical services	2,441	1,960	4,401	3,162	1,239
Supplies and materials	4,500	3,144	7,644	7,282	362
Total	<u>157,359</u>	<u>44,644</u>	<u>202,003</u>	<u>196,410</u>	<u>5,593</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	173,944	-	173,944	171,140	2,804
Purchased professional - educational services	148,359	-	148,359	137,319	11,040
Supplies and materials	4,000	538	4,538	3,725	813
Total	<u>326,303</u>	<u>538</u>	<u>326,841</u>	<u>312,184</u>	<u>14,657</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	311,484	(140,000)	171,484	164,592	6,892
Purchased professional - educational services	4,700	-	4,700	-	4,700
Supplies and materials	6,000	(878)	5,122	4,546	576
Total	<u>322,184</u>	<u>(140,878)</u>	<u>181,306</u>	<u>169,138</u>	<u>12,168</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	128,893	-	128,893	128,893	-
Other purchased professional & technical services	500	-	500	-	500
Supplies and materials	1,000	171	1,171	915	256
Total	<u>130,393</u>	<u>171</u>	<u>130,564</u>	<u>129,808</u>	<u>756</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 286,115	\$ 39,529	\$ 325,644	\$ 325,644	\$ -
Salaries of secretarial and clerical assistants	41,736	-	41,736	41,736	-
Other purchased professional & technical services	10,615	2,470	13,085	9,847	3,238
Other purchased services	12,270	557	12,827	10,654	2,173
Supplies and materials	4,000	(2,617)	1,383	1,383	-
Total	<u>354,736</u>	<u>39,939</u>	<u>394,675</u>	<u>389,264</u>	<u>5,411</u>
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	95,260	(26,000)	69,260	47,148	22,112
Other purchased services	1,585	-	1,585	74	1,511
Supplies and materials	800	-	800	116	684
Total	<u>97,645</u>	<u>(26,000)</u>	<u>71,645</u>	<u>47,338</u>	<u>24,307</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (cont'd)</b>					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 171,525	\$ (30,346)	\$ 141,179	\$ 139,946	\$ 1,233
Salaries of technology coordinators	92,025	-	92,025	91,800	225
Supplies and materials	21,693	13,999	35,692	32,120	3,572
Other objects	550	(550)	-	-	-
<b>Total</b>	<b>285,793</b>	<b>(16,897)</b>	<b>268,896</b>	<b>263,866</b>	<b>5,030</b>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	17,000	(12,740)	4,260	165	4,095
Other purchased professional & technical services	-	12,500	12,500	11,952	548
Other purchased services	9,300	11	9,311	8,834	477
Supplies and materials	500	89	589	589	-
Other objects	-	200	200	70	130
<b>Total</b>	<b>26,800</b>	<b>60</b>	<b>26,860</b>	<b>21,610</b>	<b>5,250</b>
Undistributed expend. - support service - general admin.					
Salaries	134,717	80,150	214,867	214,867	-
Legal services	9,764	18,810	28,574	28,574	-
Audit fees	15,750	-	15,750	15,750	-
Architectural/engineering services	-	2,000	2,000	2,000	-
Purchased technical services	-	4,464	4,464	4,040	424
Communications/telephone	33,318	(13,750)	19,568	4,602	14,966
Boe other purchased services	4,000	(2,638)	1,362	268	1,094
Misc purch services	24,186	9,717	33,903	32,224	1,679
General supplies	3,000	(2,000)	1,000	931	69
Boe in-house training/meeting supplies	600	(164)	436	169	267
Judgments against the school district	-	8,600	8,600	8,600	-
Miscellaneous expenditures	3,300	(1,250)	2,050	2,050	-
Boe membership dues and fees	7,057	(270)	6,787	6,787	-
<b>Total</b>	<b>235,692</b>	<b>103,669</b>	<b>339,361</b>	<b>320,862</b>	<b>18,499</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	249,775	(28,750)	221,025	221,025	-
Salaries of secretarial and clerical assistants	233,091	(1,250)	231,841	221,997	9,844
Purchased professional and technical services	20,981	-	20,981	15,607	5,374
Other purchased services	2,500	(60)	2,440	750	1,690
Supplies and materials	14,370	115	14,485	7,600	6,885
Other objects	2,060	-	2,060	870	1,190
<b>Total</b>	<b>522,777</b>	<b>(29,945)</b>	<b>492,832</b>	<b>467,849</b>	<b>24,983</b>
Undistributed expenditures - central services					
Salaries	\$ 166,265	\$ -	\$ 166,265	\$ 148,207	\$ 18,058
Unused vacation payment to terminated/retired staff	-	17,749	17,749	17,749	-
Purchased technical services	25,280	-	25,280	20,795	4,485
Miscellaneous purchased services	1,850	(559)	1,291	419	872
Supplies and materials	2,000	-	2,000	897	1,103
Other objects	1,800	-	1,800	1,579	221
<b>Total</b>	<b>197,195</b>	<b>17,190</b>	<b>214,385</b>	<b>189,646</b>	<b>24,739</b>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - admin. info. technology					
Purchased technical services	\$ 15,203	\$ 3,122	\$ 18,325	\$ 18,325	\$ -
Supplies and materials	2,347	(1,267)	1,080	198	882
<b>Total</b>	<b>17,550</b>	<b>1,855</b>	<b>19,405</b>	<b>18,523</b>	<b>882</b>
Undistributed expend. - required maint. for school facilities					
Salaries	66,320	(388)	65,932	65,562	370
Cleaning, repair, and maintenance services	75,772	71,000	146,772	134,162	12,610
General supplies	4,000	1,281	5,281	5,281	-
Other objects	1,906	-	1,906	1,427	479
<b>Total</b>	<b>147,998</b>	<b>71,893</b>	<b>219,891</b>	<b>206,432</b>	<b>13,459</b>
Undistributed expenditures - custodial services					
Salaries	363,744	(13,370)	350,374	311,515	38,859
Purchased professional and technical services	6,100	2,120	8,220	8,219	1
Cleaning, repair, and maintenance service	13,860	7,993	21,853	19,877	1,976
Insurance	41,227	(5,642)	35,585	35,326	259
Miscellaneous purchased services	325	329	654	654	-
General supplies	51,471	(174)	51,297	43,236	8,061
Energy (natural gas)	40,000	(7,458)	32,542	25,822	6,720
Energy (electricity)	95,000	(14,485)	80,515	78,894	1,621
Energy (oil)	105,000	(47,730)	57,270	28,357	28,913
Other objects	100	-	100	-	100
<b>Total</b>	<b>716,827</b>	<b>(78,417)</b>	<b>638,410</b>	<b>551,900</b>	<b>86,510</b>
Undistributed expenditures - Care and upkeep of grounds					
Salaries	18,046	-	18,046	16,832	1,214
Cleaning, repair, and maintenance service	2,950	(172)	2,778	60	2,718
General supplies	800	335	1,135	1,130	5
<b>Total</b>	<b>21,796</b>	<b>163</b>	<b>21,959</b>	<b>18,022</b>	<b>3,937</b>
Undistributed expenditures - student transportation service					
Management fee - esc & ctsa trans. program	10,583	-	10,583	8,248	2,335
Other purchased professional and technical service	14,000	(706)	13,294	12,563	731
Contract service-aid in lieu pymts-non-public schools	21,216	(1,768)	19,448	19,028	420
Contract serv-aid in lieu pymts-choice school students	4,420	884	5,304	4,911	393
Contract services (between home & school) - vendors	-	300	300	300	-
Contr service (oth. than between home & school) - vend	14,000	-	14,000	11,911	2,089
Contr service (between home & school) - joint agreements	333,075	-	333,075	326,988	6,087
Contract service (sp ed stds) - vendors	21,550	-	21,550	18,950	2,600
Contract service (reg. students) - escs & ctsas	-	1,658	1,658	1,658	-
Contract service (spl. ed. students) - escs & ctsas	205,431	(369)	205,062	153,878	51,184
<b>Total</b>	<b>624,275</b>	<b>(1)</b>	<b>624,274</b>	<b>558,435</b>	<b>65,839</b>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (cont'd)</b>					
Unallocated benefits-employee benefits					
Social security contributions	\$ 169,188	\$ 11,784	\$ 180,972	\$ 180,972	\$ -
Other retirement contributions - PERS	144,142	17,494	161,636	157,056	4,580
Other retirement contributions - regular	12,148	-	12,148	8,231	3,917
Workmen's compensation	81,014	(37,003)	44,011	44,011	-
Health benefits	2,553,192	(88,360)	2,464,832	2,321,618	143,214
Tuition reimbursement	36,840	-	36,840	30,266	6,574
Other employee benefits	9,962	17,849	27,811	4,851	22,960
Unused sick payment to terminated/retired staff	25,575	16,987	42,562	42,562	-
<b>Total</b>	<u>3,032,061</u>	<u>(61,249)</u>	<u>2,970,812</u>	<u>2,789,567</u>	<u>181,245</u>
On-behalf TPAF pension contribution	\$ -	\$ -	\$ -	\$ 432,373	\$ (432,373)
On-behalf TPAF post retirement medical benefits	-	-	-	514,836	(514,836)
Reimbursed TPAF social security contribution	-	-	-	363,871	(363,871)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,080</u>	<u>(1,311,080)</u>
<b>Total undistributed expenditures</b>	<u>\$ 7,451,605</u>	<u>\$ (73,265)</u>	<u>\$ 7,378,340</u>	<u>\$ 8,189,686</u>	<u>\$ (811,346)</u>
<b>Total current</b>	<u>\$ 12,744,764</u>	<u>\$ (6,603)</u>	<u>\$ 12,738,161</u>	<u>\$ 13,321,884</u>	<u>\$ (583,723)</u>
<b>Capital outlay</b>					
Equipment					
Undistributed					
Undistributed expend. - required maint. for school facilities	\$ 15,115	\$ (15,115)	\$ -	\$ -	\$ -
Undistributed expenditures - custodial services	-	15,115	15,115	15,115	-
<b>Total equipment</b>	<u>15,115</u>	<u>-</u>	<u>15,115</u>	<u>15,115</u>	<u>-</u>
Facilities acquisition and construction service					
Architectural/engineering services	\$ -	\$ 5,247	\$ 5,247	\$ 5,247	\$ -
Other purchased professional and technology services	9,450	(731)	8,719	8,719	-
Construction services	214,000	22,242	236,242	208,810	27,432
Assessment for debt service on SDA funding	2,165	-	2,165	2,165	-
<b>Total facilities acquisition and construction service</b>	<u>225,615</u>	<u>26,758</u>	<u>252,373</u>	<u>224,941</u>	<u>27,432</u>
<b>Total capital outlay</b>	<u>\$ 240,730</u>	<u>\$ 26,758</u>	<u>\$ 267,488</u>	<u>\$ 240,056</u>	<u>\$ 27,432</u>
<b>Total expenditures</b>	<u>\$ 12,985,494</u>	<u>\$ 20,155</u>	<u>\$ 13,005,649</u>	<u>\$ 13,561,940</u>	<u>\$ (556,291)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (822,274)	\$ (20,155)	\$ (842,429)	\$ 333,582	\$ 1,176,011
Fund balances, July 1	3,790,926	-	3,790,926	3,790,926	-
Fund balances, June 30	<u>\$ 2,968,652</u>	<u>\$ (20,155)</u>	<u>\$ 2,948,497</u>	<u>\$ 4,124,508</u>	<u>\$ 1,176,011</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Adjustment for Prior Year Encumbrances	\$ (265,576)	\$ -	\$ (265,576)	\$ (265,576)	\$ -
Increase in Capital Reserve	-	200,000	200,000	200,000	-
Interest Deposit to Capital Reserve	500	2,436	2,936	2,936	-
Withdrawal from Capital Reserve	-	(20,040)	(20,040)	(20,040)	-
Other adjustment	115	(115)			
Budgeted Fund Balance	(557,313)	(202,436)	(759,749)	416,262	1,176,011
<b>Total</b>	<u>\$ (822,274)</u>	<u>\$ (20,155)</u>	<u>\$ (842,429)</u>	<u>\$ 333,582</u>	<u>\$ 1,176,011</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 774,066	
Excess surplus - current year				933,805	
Committed fund balance					
Capital reserve				1,341,848	
Maintenance reserve				542,211	
Assigned fund balance					
Year-end encumbrances				53,067	
Unassigned fund balance				<u>479,511</u>	
Fund balance per budgetary basis				4,124,508	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(233,887)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,890,621</u>	

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources	\$ 11,655	\$ -	\$ 11,655	\$ 11,493	\$ 162
Federal sources	186,725	-	186,725	186,725	-
Total revenues	<u>\$ 198,380</u>	<u>\$ -</u>	<u>\$ 198,380</u>	<u>\$ 198,218</u>	<u>\$ 162</u>
<b>Expenditures</b>					
<b>Instruction</b>					
Other salaries for instruction	\$ 1,647	\$ -	\$ 1,647	\$ 1,647	\$ -
Other purchased services	151,520	-	151,520	151,520	-
General supplies	25,931	-	25,931	25,769	162
Totals	<u>179,098</u>	<u>-</u>	<u>179,098</u>	<u>178,936</u>	<u>162</u>
<b>Support services</b>					
Purchased professional & technical services	18,290	-	18,290	18,290	-
General supplies	992	-	992	992	-
Total	<u>19,282</u>	<u>-</u>	<u>19,282</u>	<u>19,282</u>	<u>-</u>
Total expenditures	<u>\$ 198,380</u>	<u>\$ -</u>	<u>\$ 198,380</u>	<u>\$ 198,218</u>	<u>\$ 162</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 13,895,522	\$ 198,218
<b>Differences - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances current year	-	(992)
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	231,719	-
State aid receivable current year	(233,887)	-
Total revenues (GAAP basis)	<u>\$ 13,893,354</u>	<u>\$ 197,226</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 13,561,940	\$ 198,218
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 current year	-	(992)
Total expenditures (GAAP basis)	<u>\$ 13,561,940</u>	<u>\$ 197,226</u>

See independent auditors' report.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	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	\$ -	33,834,792	29,777,099	28,627,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 33,834,792</b>	<b>\$ 29,777,099</b>	<b>\$ 28,627,267</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	\$ -	\$ 5,454,550	\$ 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%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Pension Contributions - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 432,373	\$ 289,416	\$ 235,691	\$ 355,672	\$ 190,689	\$ 18,311	\$ 19,256	\$ 18,672	\$ 414,361	\$ 410,525
Contributions in relation to the contractually required contribution	(432,373)	(289,416)	(235,691)	(355,672)	(190,689)	(18,311)	(19,256)	(18,672)	(414,361)	(410,525)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,091,375	\$ 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
Contributions as a percentage of covered employee payroll	8.49%	5.31%	4.41%	6.63%	3.49%	0.33%	0.33%	0.33%	7.69%	7.65%

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.0182680226%	0.0182999320%	0.0177895997%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 4,100,805	\$ 3,426,248	\$ 3,399,946	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	1,283,165	1,220,679	1,256,197	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	N/A	319.59%	280.68%	270.65%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District Contributions - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 157,056	\$ 150,862	\$ 134,041	\$ 142,960	\$ 147,742	\$ 139,542	\$ 106,262	\$ 98,017	\$ 70,167	\$ 36,309
Contributions in relation to the contractually required contribution	<u>(157,056)</u>	<u>(150,862)</u>	<u>(134,041)</u>	<u>(142,960)</u>	<u>(147,742)</u>	<u>(139,542)</u>	<u>(106,262)</u>	<u>(98,017)</u>	<u>(70,167)</u>	<u>(36,309)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,250,681	\$ 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
Contributions as a percentage of covered employee payroll	12.56%	11.76%	10.98%	11.38%	12.25%	11.07%	8.24%	7.75%	5.99%	3.06%

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2016**

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.

## **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, 2016**

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Local Grants	Total
<b>Revenues</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 11,493	\$ 11,493
Federal sources	16,915	13,801	151,520	4,489	-	186,725
Total revenues	<u>\$ 16,915</u>	<u>\$ 13,801</u>	<u>\$ 151,520</u>	<u>\$ 4,489</u>	<u>\$ -</u>	<u>\$ 198,218</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Other salaries for instruction	\$ -	\$ -	\$ -	\$ -	\$ 1,647	\$ 1,647
Other purchased services	-	-	151,520	-	-	151,520
General supplies	16,915	-	-	-	8,854	25,769
Total	<u>16,915</u>	<u>-</u>	<u>151,520</u>	<u>-</u>	<u>10,501</u>	<u>178,936</u>
<b>Support services</b>						
Purchased professional & technical services	-	13,801	-	4,489	-	18,290
Supplies & materials	-	-	-	-	992	992
Total	<u>-</u>	<u>13,801</u>	<u>-</u>	<u>4,489</u>	<u>992</u>	<u>19,282</u>
Total expenditures	<u>\$ 16,915</u>	<u>\$ 13,801</u>	<u>\$ 151,520</u>	<u>\$ 4,489</u>	<u>\$ 11,493</u>	<u>\$ 198,218</u>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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

(NOT APPLICABLE TO THIS REPORT)



## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fund Net Position**  
**Enterprise Fund - Food Service**  
**June 30, 2016**

## Assets

## Current assets

Cash & cash equivalents	\$ 17,054
Due from other funds	3,714
Receivables from other governments	
State	143
Federal	2,459
Inventory	4,523
Total current assets	<u>27,893</u>

## Noncurrent assets

Capital assets	100,082
Less: accumulated depreciation	<u>55,580</u>
Total noncurrent assets	<u>44,502</u>

## Total assets

72,395

## Liabilities

## Current liabilities

Accounts Payable	10,588
Unearned revenues	<u>4,034</u>
Total liabilities	<u>14,622</u>

## Net Position

Net investment in capital assets	44,502
Unrestricted	<u>13,271</u>
Total Net Position	<u>\$ 57,773</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**Enterprise Fund - Food Service**  
**For the Fiscal Year Ended June 30, 2016**

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 101,627
Daily sales - non-reimbursable programs	41,071
Total operating revenues	<u>142,698</u>
Operating expenses	
Cost of sales - reimbursable programs	68,300
Cost of sales - non-reimbursable programs	21,753
Salaries	62,116
Employee benefits	13,972
Purchased professional services	1,600
Purchased property services	4,144
Insurance	1,199
Management fee	7,410
Other purchased services	2,964
Supplies and materials	681
Utilities-Natural Gas	1,793
Depreciation	5,683
Miscellaneous	241
Total operating expenses	<u>191,856</u>
Operating income (loss)	<u>(49,158)</u>
Non-operating revenues (expenses)	
State sources	
State School Lunch Program	1,758
Federal sources	
National School Lunch Program	
Cash assistance	29,369
Non-cash assistance (commodities)	14,474
Total non-operating revenues (expenses)	<u>45,601</u>
Change in net position	(3,557)
Net position - beginning	<u>61,330</u>
Net position - ending	<u>\$ 57,773</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Enterprise Fund - Food Service**  
**For the Fiscal Year Ended June 30, 2016**

Cash flows from operating activities	
Receipts from customers (net)	\$ 143,534
Payments to Food Service Management Co.	(164,947)
Payments to vendors (net)	<u>(8,412)</u>
Net cash provided by (used for) operating activities	<u>(29,825)</u>
Cash flows from noncapital financing activities	
State sources	1,995
Federal sources	31,701
General fund interfund activity	<u>(3,714)</u>
Net cash provided by (used for) noncapital financing activities	<u>29,982</u>
Net increase (decrease) in cash and cash equivalents	157
Cash and cash equivalents, beginning	<u>16,897</u>
Cash and cash equivalents, ending	<u><u>\$ 17,054</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (49,158)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,683
Federal food donation program	14,474
(Increase) decrease in inventory	(1,142)
Increase (decrease) in accounts payable	(837)
Increase (decrease) in unearned revenues	<u>1,155</u>
Net cash provided by (used for) operating activities	<u><u>\$ (29,825)</u></u>

See independent auditors' report.

## **FIDUCIARY FUND**

### **DETAIL STATEMENTS**

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Schedule of Fiduciary Fund Net Position**  
**June 30, 2016**

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 127,863	\$ 30,040	\$ 59,817	\$ 217,720
<b>Total assets</b>	<b>\$ 127,863</b>	<b>\$ 30,040</b>	<b>\$ 59,817</b>	<b>\$ 217,720</b>
<b>Liabilities</b>				
Due to other funds	\$ -	\$ -	\$ 4,478	\$ 4,478
Due to students groups	-	30,040	-	30,040
Payroll deductions & withholdings	-	-	55,339	55,339
<b>Total liabilities</b>	<b>-</b>	<b>30,040</b>	<b>59,817</b>	<b>89,857</b>
<b>Net position</b>				
Held in Trust for unemployment claims & other purposes	\$ 127,863	\$ -	\$ -	\$ 127,863

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Schedule of Changes in Fiduciary Net Position**  
**Unemployment Compensation Fund**  
**For the Fiscal Year Ended June 30, 2016**

Additions	
Employee contributions	\$ 12,954
Investment earnings - interest	449
Total additions	<u>13,403</u>
Deductions	
Unemployment claims	16,490
Other expenses	300
Total deductions	<u>16,790</u>
Change in net position	(3,387)
Net position - beginning of the year	<u>131,250</u>
Net position - end of the year	<u><u>\$ 127,863</u></u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund**  
**Schedule of Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2016**

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
<b>Assets</b>				
Cash and cash equivalents	\$ 28,876	\$ 79,999	\$ 78,835	\$ 30,040
<b>Total assets</b>	<b>\$ 28,876</b>	<b>\$ 79,999</b>	<b>\$ 78,835</b>	<b>\$ 30,040</b>
<b>Liabilities</b>				
Accounts payable	\$ 7,500	\$ -	\$ 7,500	\$ -
Due to student groups	21,376	79,999	71,335	30,040
<b>Total liabilities</b>	<b>\$ 28,876</b>	<b>\$ 79,999</b>	<b>\$ 78,835</b>	<b>\$ 30,040</b>

See independent auditors' report.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund**  
**Schedule of Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2016**

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
<b>Assets</b>				
Cash and cash equivalents	\$ 64,051	\$ 8,204,728	\$ 8,208,962	\$ 59,817
<b>Total assets</b>	<b>\$ 64,051</b>	<b>\$ 8,204,728</b>	<b>\$ 8,208,962</b>	<b>\$ 59,817</b>
<b>Liabilities</b>				
Due to other funds	\$ 7,140	\$ -	\$ 2,662	\$ 4,478
Payroll deductions and withholdings	56,910	3,687,482	3,689,054	55,338
Net payroll	1	4,517,246	4,517,246	1
<b>Total liabilities</b>	<b>\$ 64,051</b>	<b>\$ 8,204,728</b>	<b>\$ 8,208,962</b>	<b>\$ 59,817</b>

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

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

**(NOT APPLICABLE TO THIS REPORT)**

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Government activities</b>										
Net investment in capital assets	\$ 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	\$ 4,906,266
Restricted	117,070	421,504	556,107	876,370	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059
Unrestricted	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)	(1,599,598)
Total governmental activities	<u>\$ 4,565,807</u>	<u>\$ 5,453,243</u>	<u>\$ 6,101,521</u>	<u>\$ 6,707,766</u>	<u>\$ 7,597,909</u>	<u>\$ 8,601,220</u>	<u>\$ 9,019,061</u>	<u>\$ 5,188,418</u>	<u>\$ 4,949,745</u>	<u>\$ 5,190,727</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 3,538	\$ 12,879	\$ 11,516	\$ 10,185	\$ 11,016	\$ 12,574	\$ 32,680	\$ 55,869	\$ 50,185	\$ 44,502
Unrestricted	44,003	35,824	44,880	52,419	60,310	60,814	53,485	18,605	11,145	13,271
Total business-type activities	<u>\$ 47,541</u>	<u>\$ 48,703</u>	<u>\$ 56,396</u>	<u>\$ 62,604</u>	<u>\$ 71,326</u>	<u>\$ 73,388</u>	<u>\$ 86,165</u>	<u>\$ 74,474</u>	<u>\$ 61,330</u>	<u>\$ 57,773</u>
<b>District-wide</b>										
Net investment in capital assets	\$ 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	\$ 4,950,768
Restricted	117,070	421,504	556,107	876,370	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059
Unrestricted	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)	(1,586,327)
Total district-wide	<u>\$ 4,613,348</u>	<u>\$ 5,501,946</u>	<u>\$ 6,157,917</u>	<u>\$ 6,770,370</u>	<u>\$ 7,669,235</u>	<u>\$ 8,674,608</u>	<u>\$ 9,105,226</u>	<u>\$ 5,262,892</u>	<u>\$ 5,011,075</u>	<u>\$ 5,248,500</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 6,526,788
Special education	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	2,795,503
Other special education	294,495	308,073	272,549	291,423	132,108	132,959	119,278	124,697	89,518	138,946
Other instruction	82,803	78,102	84,642	80,644	141,299	106,561	103,361	126,630	120,121	143,696
Support services										
Tuition	120,214	162,470	205,804	141,425	109,139	55,167	129,655	288,322	376,397	379,272
Student & instruction related services	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	2,755,646
General & business administrative services	742,551	716,631	709,695	728,841	708,959	746,309	715,354	709,186	740,540	840,737
School administration	588,178	624,084	614,757	621,827	625,411	683,479	724,079	760,430	815,851	817,775
Plant operations & maintenance	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	1,008,798
Pupil transportation	807,758	756,759	853,317	670,888	670,448	641,285	548,118	518,280	595,215	566,871
Transfer to Charter Schools	32,147	9,311	12,255	12,361	12,361	-	-	-	-	-
Interest on long-term debt	55,766	41,252	26,607	11,489	758	441	1,404	2,165	2,165	2,165
Total governmental activities expenses	<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>	<u>15,976,197</u>
Business-type activities										
Food Services	176,787	194,116	187,507	186,129	188,398	194,480	186,324	194,925	186,003	191,856
Total business-type activities	<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>	<u>191,856</u>
Total district expenses	<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>	<u>\$ 16,168,053</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 576	\$ 1,305	\$ 1,040	\$ 23,940	\$ 20,100	\$ 25,500	\$ 23,400	\$ 31,520	\$ 29,800	\$ 33,438
Special education instruction	-	-	-	6,417	29,200	77,600	103,967	80,500	102,394	273,748
CoCurricular Activities	17,063	16,710	22,920	17,107	18,475	19,375	17,793	19,940	17,420	15,655
Student & instruction related services	43,861	-	-	607	2,566	38,314	103,613	63,000	71,980	21,769
General & business administrative services	-	-	-	215	8	-	-	-	-	-
School administrative services	1,008	-	130	-	1,241	1,728	1,572	1,770	-	-
Plant operations & maintenance	8,898	6,342	8,722	15,798	6,368	8,056	5,336	7,880	9,323	5,382
Pupil Transportation								21,725	21,961	8,436
Operating grants & contributions	192,179	195,936	185,075	288,232	292,809	232,700	215,747	190,769	188,806	197,226
Capital grants & contributions	-	-	-	10,037	82,284	-	-	-	-	-
Total governmental activities program revenues	<u>263,585</u>	<u>220,293</u>	<u>217,887</u>	<u>362,353</u>	<u>453,051</u>	<u>403,273</u>	<u>471,428</u>	<u>417,104</u>	<u>441,684</u>	<u>555,654</u>
Business-type activities										
Charges for services										
Food service	161,004	159,152	159,632	154,849	155,834	154,637	139,159	144,884	135,070	142,698
Operating grants & contributions	29,107	34,983	35,034	36,772	41,025	41,859	34,942	38,350	37,789	45,601
Total business-type activities program revenues	<u>190,111</u>	<u>194,135</u>	<u>194,666</u>	<u>191,621</u>	<u>196,859</u>	<u>196,496</u>	<u>174,101</u>	<u>183,234</u>	<u>172,859</u>	<u>188,299</u>
Total district-program revenues	<u>\$ 453,696</u>	<u>\$ 414,428</u>	<u>\$ 412,553</u>	<u>\$ 553,974</u>	<u>\$ 649,910</u>	<u>\$ 599,769</u>	<u>\$ 645,529</u>	<u>\$ 600,338</u>	<u>\$ 614,543</u>	<u>\$ 743,953</u>
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (15,420,543)
Business-type activities	13,324	19	7,159	5,492	8,461	2,016	(12,223)	(11,691)	(13,144)	(3,557)
Total district-wide net expenses	<u>\$ (12,976,007)</u>	<u>\$ (12,993,519)</u>	<u>\$ (13,168,112)</u>	<u>\$ (13,140,228)</u>	<u>\$ (12,621,716)</u>	<u>\$ (12,716,121)</u>	<u>\$ (13,102,258)</u>	<u>\$ (13,414,860)</u>	<u>\$ (14,993,256)</u>	<u>\$ (15,424,100)</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 9,541,000
Taxes levied for debt service	256,210	244,921	241,412	233,595	-	-	-	-	-	-
Unrestricted grants & contributions	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	5,954,886
Investment earnings	65,809	13,231	54,734	-	-	-	-	-	-	-
Miscellaneous income	55,207	66,036	37,434	36,431	17,062	23,643	12,714	16,521	15,209	14,833
Transfers in (out)	2,478	7,686	6,391	162,260	15,735	448	19,071	2,642	1,249	150,806
Transfers in (out)	-	-	-	-	-	-	(25,000)	-	-	-
Total governmental activities	<u>13,179,770</u>	<u>13,880,974</u>	<u>13,823,549</u>	<u>13,751,965</u>	<u>13,520,320</u>	<u>13,721,448</u>	<u>13,507,876</u>	<u>12,838,431</u>	<u>14,741,439</u>	<u>15,661,525</u>
Business-type activities										
Investment earnings	974	1,143	477	716	261	46	-	-	-	-
Miscellaneous income	1,120	-	57	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	25,000	-	-	-
Total business-type activities	<u>2,094</u>	<u>1,143</u>	<u>534</u>	<u>716</u>	<u>261</u>	<u>46</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 13,181,864</u>	<u>\$ 13,882,117</u>	<u>\$ 13,824,083</u>	<u>\$ 13,752,681</u>	<u>\$ 13,520,581</u>	<u>\$ 13,721,494</u>	<u>\$ 13,532,876</u>	<u>\$ 12,838,431</u>	<u>\$ 14,741,439</u>	<u>\$ 15,661,525</u>
Change in net position										
Governmental activities	\$ 190,439	\$ 887,436	\$ 648,278	\$ 606,245	\$ 890,143	\$ 1,003,311	\$ 417,841	\$ (564,738)	\$ (238,673)	\$ 240,982
Business-type activities	15,418	1,162	7,693	6,208	8,722	2,062	12,777	(11,691)	(13,144)	(3,557)
Total district	<u>\$ 205,857</u>	<u>\$ 888,598</u>	<u>\$ 655,971</u>	<u>\$ 612,453</u>	<u>\$ 898,865</u>	<u>\$ 1,005,373</u>	<u>\$ 430,618</u>	<u>\$ (576,429)</u>	<u>\$ (251,817)</u>	<u>\$ 237,425</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 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	\$ 1,707,871
Committed	117,070	421,504	600,991	743,833	1,155,470	1,659,534	1,660,171	1,762,133	1,701,163	1,884,059
Assigned	317,018	114,915	157,275	62,313	178,035	249,172	285,478	15,153	265,576	53,067
Unassigned	206,617	204,734	110,995	345,494	385,114	382,176	280,728	249,267	261,089	245,624
Total general fund	<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>	<u>\$ 3,890,621</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>\$ 132,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 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	\$ 9,541,000
Tuition charges	65,809	13,231	54,734	30,357	49,300	103,100	127,367	111,100	131,710	297,748
Interest earnings	55,207	66,036	37,434	36,431	17,062	23,643	12,714	16,521	15,209	14,833
Miscellaneous	23,018	36,365	25,623	186,669	52,008	37,528	51,393	84,378	71,241	161,307
State sources	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	3,888,967
State sources-capital projects	-	-	-	10,037	82,284	-	-	-	-	-
Federal sources	175,708	173,599	173,201	548,253	262,912	278,115	184,958	170,663	182,059	186,725
<b>Total revenues</b>	<b>13,378,237</b>	<b>14,083,252</b>	<b>14,015,419</b>	<b>14,087,265</b>	<b>13,951,089</b>	<b>14,058,723</b>	<b>13,877,523</b>	<b>13,201,930</b>	<b>13,522,613</b>	<b>14,090,580</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	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	3,467,183
Special education instruction	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	1,520,152
Other special instruction	235,605	247,058	235,975	248,880	106,924	85,713	76,051	75,615	44,870	62,666
School sponsored/other instructional	64,436	60,214	60,597	62,439	58,174	58,294	57,570	73,455	71,414	82,197
<b>Support services</b>										
Tuition	120,214	139,444	192,683	59,444	109,139	25,403	33,105	146,046	223,742	227,752
Student & inst related services	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	1,529,618
General administration	302,536	308,503	300,917	315,595	309,418	315,754	281,078	297,086	276,638	320,862
School administration services	403,489	415,008	433,826	424,990	424,033	439,953	460,049	517,832	501,258	467,849
Central services	176,354	167,780	178,302	184,258	172,493	179,732	176,509	182,883	194,160	189,646
Administrative info technology	103,323	80,690	80,949	81,502	75,806	36,958	50,157	38,019	12,815	18,523
Plant operations & maintenance	992,254	939,361	885,154	949,272	865,744	809,564	813,015	900,430	800,376	776,354
Pupil transportation	807,758	756,759	853,316	670,888	670,448	641,285	548,118	496,555	573,254	558,435
Employee benefits	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	2,789,567
On-behalf TPAF pension & social security contribution	1,263,244	1,256,731	810,703	829,007	824,212	984,795	1,199,654	1,022,541	1,151,168	1,311,080
Capital outlay	18,820	16,837	11,200	174,480	19,097	273,457	612,953	243,747	245,645	237,891
Transfer of funds to charter schools	32,147	9,311	-	12,255	12,361	-	-	-	-	-
Special revenue funds	192,179	195,936	185,075	288,232	292,809	232,700	215,747	190,769	188,806	197,226
Capital projects	135,379	-	-	25,100	205,804	-	-	-	-	-
Debt service										
Principal	270,000	270,000	280,000	285,000	-	-	-	-	-	-
Interest & other charges	59,394	44,881	30,369	15,319	758	441	1,404	2,165	2,165	2,165
<b>Total expenditures</b>	<b>13,544,082</b>	<b>13,288,561</b>	<b>13,429,330</b>	<b>13,771,695</b>	<b>13,114,785</b>	<b>13,185,545</b>	<b>13,804,693</b>	<b>13,784,570</b>	<b>13,759,588</b>	<b>13,759,166</b>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (165,845)	\$ 794,691	\$ 586,089	\$ 315,570	\$ 836,304	\$ 873,178	\$ 72,830	\$ (582,640)	\$ (236,975)	\$ 331,414
Other financing sources (uses)										
Transfers in (out)	-	-	-	-	-	-	(25,000)	-	-	-
Net change in fund balances	<u>\$ (165,845)</u>	<u>\$ 794,691</u>	<u>\$ 586,089</u>	<u>\$ 315,570</u>	<u>\$ 836,304</u>	<u>\$ 873,178</u>	<u>\$ 47,830</u>	<u>\$ (582,640)</u>	<u>\$ (236,975)</u>	<u>\$ 331,414</u>
Debt service as a percentage of non-capital expenditures	<u>2.52%</u>	<u>2.43%</u>	<u>2.37%</u>	<u>2.26%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.02%</u>	<u>0.02%</u>

Source: District records

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

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 55,207	\$ 66,036	\$ 54,734	\$ 36,431	\$ 17,062	\$ 23,643	\$ 12,714	\$ 16,521	\$ 15,209	\$ 14,833
Tuition	65,809	13,231	37,434	30,357	49,300	103,100	127,367	111,100	131,710	297,748
Shared services	-	-	-	-	-	-	-	60,000	61,500	145,436
Lawsuit settlements	-	4,126	-	-	-	-	-	-	-	169
Insurance refunds	-	-	-	-	-	-	-	-	-	3,250
Miscellaneous refunds	-	-	-	-	15,736	-	-	-	-	-
Prior year refunds	2,042	-	10,610	170	-	447	19,000	2,470	570	590
Rentals	6,288	6,342	2,365	6,549	6,367	1,475	1,533	1,630	1,445	1,240
Donations	-	2,500	-	162,000	-	-	-	-	-	-
Miscellaneous other	-	539	211	215	8	1	71	-	221	121
Prior year outstanding checks voided	436	521	-	-	-	-	-	172	458	-
<b>Annual totals</b>	<b>\$ 129,782</b>	<b>\$ 93,295</b>	<b>\$ 105,354</b>	<b>\$ 235,722</b>	<b>\$ 88,473</b>	<b>\$ 128,666</b>	<b>\$ 160,685</b>	<b>\$ 191,893</b>	<b>\$ 211,113</b>	<b>\$ 463,387</b>

Source: District Records

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 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	\$ 9,361,300
Residential	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	619,632,200
Farm regular	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	71,448,900
Q farm	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	2,199,467
Commercial	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	35,886,800
Industrial	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	3,213,500
Apartment	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	1,912,400
<b>Total assessed value</b>	<b>746,924,845</b>	<b>750,902,310</b>	<b>753,573,985</b>	<b>757,310,672</b>	<b>748,715,337</b>	<b>743,885,479</b>	<b>736,822,339</b>	<b>736,840,949</b>	<b>740,525,812</b>	<b>743,654,567</b>
Public utilities (a)	1,114,528	1,016,472	840,088	1,080,582	1,226,821	1,326,945	87,531	69,480	68,276	66,063
<b>Net valuation taxable</b>	<b>\$ 748,039,373</b>	<b>\$ 751,918,782</b>	<b>\$ 754,414,073</b>	<b>\$ 758,391,254</b>	<b>\$ 749,942,158</b>	<b>\$745,212,424</b>	<b>\$736,909,870</b>	<b>\$736,910,429</b>	<b>\$ 740,594,088</b>	<b>\$ 743,720,630</b>
Estimated actual county equalized value	\$ 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	\$ 908,194,688
Percentage of net valuation to estimated actual equalized value	65.51%	66.57%	69.72%	73.41%	77.60%	79.88%	82.77%	85.90%	84.49%	81.89%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.35</b>	<b>\$ 1.38</b>	<b>\$ 1.42</b>	<b>\$ 1.40</b>	<b>\$ 1.38</b>	<b>\$ 1.35</b>	<b>\$ 1.26</b>	<b>\$ 1.27</b>	<b>\$ 1.29</b>	<b>\$ 1.31</b>

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

**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				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
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	
2016	1.31	-	1.31	0.72	0.29	0.45	2.77	

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.

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Principal Property Taxpayers,**  
**Current Year and Nine Years Ago**

	2016			2007		
	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
JJM Realty Enterprises LLC	3,161,400	2	0.43%	-		-
Individual Taxpayer #1	2,908,453	3	0.39%	-		-
Trimmer Road Co LLC	2,455,589	4	0.33%	2,303,100	3	0.31%
Davara Industrial Center LLC	2,019,700	5	0.27%	1,948,100	4	0.26%
Individual Taxpayer #2	2,000,100	6	0.27%	2,334,500	2	0.31%
Eastern Concrete Materials Inc	1,750,000	7	0.24%	1,750,000	5	0.23%
Individual Taxpayer #3	1,361,000	8	0.18%	-		-
Genon Rema NJ	1,311,400	9	0.18%	-		-
Individual Taxpayer #4	1,276,602	10	0.17%	-		-
Individual Taxpayer #5	-		-	1,710,737	6	0.23%
Individual Taxpayer #6	-		-	1,670,815	7	0.22%
Individual Taxpayer #7	-		-	1,620,575	8	0.22%
High Bridge Quartet	-		-	1,255,800	9	0.17%
Individual Taxpayer #8	-		-	1,252,200	10	0.17%
	<u>\$ 22,160,544</u>		<u>2.98%</u>	<u>\$ 19,762,127</u>		<u>2.64%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
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%
2015	19,675,254	19,316,041	98.17%

Source: 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.

See independent auditors' report.

**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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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
2016	-	-	-	-	-	-	-	N/A	N/A

NOTES: (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
(2) The Lebanon Township School District had no bonded debt as of June 30, 2016 and the previous six 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.

See independent auditors' report.



**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 of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 835,000	\$ -	\$ 835,000	0.11%	\$ 134
2008	565,000	-	565,000	0.08%	91
2009	285,000	-	285,000	0.04%	46
2010	-	-	-	N/A	N/A
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
2016	-	-	-	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 had no bonded debt as of June 30, 2016 and the previous six fiscal years.

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

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2015**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 5,881,563	100.00%	\$ 5,881,563
Regional High School	1,475,000	10.92%	161,009
County general obligation debt	62,494,492	4.21%	<u>2,629,519</u>
Subtotal, overlapping debt			8,672,091
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 8,672,091</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

- (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.

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis
	2015 \$ 904,293,335
	2014 872,104,331
	2013 857,767,566
	\$ 2,634,165,232
Average equalized valuation of taxable property	\$ 878,055,077
Debt limit (3.0% of average equalization value)	\$ 26,341,652
Total net debt applicable to limit	-
Legal debt margin	\$ 26,341,652

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 29,397,436	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652
Total net debt applicable	-	-	-	-	-
Legal debt margin	\$ 29,397,436	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 28,867,905	\$ 31,058,983	\$ 32,280,625	\$ 32,045,626	\$ 30,900,772
Total net debt applicable	835,000	565,000	285,000	-	-
Legal debt margin	\$ 28,032,905	\$ 30,493,983	\$ 31,995,625	\$ 32,045,626	\$ 30,900,772
Total net debt applicable to the limit as a percentage of debt limit	2.89%	1.82%	0.88%	0.00%	0.00%

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

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

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	6,228	\$ 424,730,916	\$ 68,197	5.4%
2008	6,213	429,044,928	69,056	7.0%
2009	6,215	409,754,950	65,930	12.4%
2010	6,583	437,223,111	66,417	12.7%
2011	6,510	457,607,430	70,293	12.4%
2012	6,469	482,729,718	74,622	12.4%
2013	6,429	478,047,582	74,358	6.3%
2014	6,414	499,932,816	77,944	4.8%
2015	6,393	N/A	N/A	4.4%
2016	6,393	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept. of Labor and Workforce
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2016

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Nine Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
Instruction										
Regular	56.7	56.2	59.7	60.6	54.5	56.2	53.8	53.8	52.5	50.7
Special education	25.5	25.0	22.0	25.5	30.0	28.0	30.3	31.8	24.9	32.5
Other instruction	3.0	2.5	3.5	3.3	1.8	1.0	1.1	1.1	0.6	0.5
Support services										
Student and instruction related services	25.9	25.9	25.0	24.5	21.5	21.2	20.5	21.0	27.4	22.9
General administration	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0
School administration services	6.2	6.2	6.2	6.3	6.3	6.3	6.8	6.8	7.0	7.0
Central services	2.0	2.0	2.0	2.0	1.8	1.8	1.8	1.8	2.0	2.0
Plant operations and maintenance	9.0	9.0	9.0	8.8	8.0	8.0	8.0	8.0	8.0	7.6
Total	<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>	<u>125.2</u>

Source: District Personnel Records

See independent auditors' report.

**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
2007	830	\$ 13,060,489	\$ 15,736	7.30%	75	1:10.70	813.0	782.6	-0.39%	96.26%
2008	832	12,956,843	15,573	-1.03%	74	1:11.20	824.2	791.1	1.38%	95.98%
2009	819	13,107,761	16,005	2.77%	75	1:10.90	810.2	774.6	-1.70%	95.61%
2010	782	13,271,796	16,972	6.04%	75	1:10.50	773.9	741.9	-4.48%	95.87%
2011	767	12,889,126	16,805	-0.98%	70	1:10.93	763.8	731.2	-1.31%	95.73%
2012	734	12,911,647	17,591	4.68%	69	1:10.69	734.2	704.7	-3.88%	95.98%
2013	719	13,190,336	18,345	4.29%	67	1:10.78	709.9	677.0	-3.31%	95.37%
2014	729	13,538,658	18,572	1.23%	67	1:10.92	724.6	694.6	2.07%	95.86%
2015	698	13,511,778	19,358	4.23%	62	1:11.26	687.5	657.5	-5.12%	95.64%
2016	663	13,519,110	20,391	4.23%	62	1:10.66	659.5	631.1	-4.08%	95.69%

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).

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Valley View Elementary (1974)										
Square feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (Students)	404	404	404	404	404	404	404	404	404	404
Enrollment	443	455	434	423	411	392	350	367	332	341
Woodglen Middle School (1954)										
Square feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	387	380	384	357	353	354	365	366	350	318
Number of Schools at June 30, 2016										
Elementary	1									
Middle School	1									

Source: District Facilities Office

N/A = Not Available

NOTE: 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.

See independent auditors' report.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Required Maintenance**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>*School Facilities</u>		<u>Total</u>
	<u>Valley View School</u>	<u>Woodglen School</u>	
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
2016	52,121	154,311	206,432
<b>Total school facilities</b>	<b>\$ 725,380</b>	<b>\$ 860,691</b>	<b>\$ 1,586,071</b>

\* 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, 2016**  
**(Unaudited)**

	Coverage	Deductible
School commercial package policy - NJ Schools Insurance Group		
Property - building blanket and 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 Schools Insurance Group		
Insurance Group		
Errors and omissions	11,000,000	5,000
 Workers compensation - NJ Schools Insurance Group		
Employers liability	2,000,000	
Disease each employee	2,000,000	
Disease policy limit	2,000,000	
 Public employees' faithful performance - Selective Insurance Company		
Treasurer of school monies	200,000	
School business administrator	200,000	

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.  
Certified Public Accountants, PC  
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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards**

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Lebanon Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lebanon Township School District's internal 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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 District'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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

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

November 3, 2016  
Flemington, New Jersey



Bedard, Kurowicki & Co.  
Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by The Uniform Guidance and  
New Jersey OMB Circular Letter 15-08**

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 Program and State Program**

We have audited the Lebanon Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Lebanon Township School District's major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 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 program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Lebanon Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and New Jersey programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**


Management of the Lebanon Township School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 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 Lebanon Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

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

November 3, 2016  
Flemington, New Jersey

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards - Schedule A**  
**For the Fiscal Year Ended June 30, 2016**

Grantor/Program Title	Federal	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment	Balance June 30, 2016		
	CFDA Number				From	To						of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
NCLB Title I A	84.010A	S010S150030	NCLB-2600-16	\$ 16,915	07/01/15	06/30/16	\$ -	\$ -	\$ 16,915	\$ 16,915	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A150029	NCLB-2600-16	13,801	07/01/15	06/30/16	-	-	13,801	13,801	-	-	-	-	-
IDEA basic	84.027	H027A150100	IDEA-2600-16	151,520	07/01/15	06/30/16	-	-	151,520	151,520	-	-	-	-	-
IDEA preschool	84.173	H173S150114	IDEA-2600-16	4,489	07/01/15	06/30/16	-	-	4,489	4,489	-	-	-	-	-
Total Special Revenue Fund							<u>-</u>	<u>-</u>	<u>186,725</u>	<u>186,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Education															
Enterprise Fund															
Child Nutrition Center															
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	12,755	07/01/14	06/30/15	1,236	-	-	1,236	-	-	-	-	-
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	14,792	07/01/15	06/30/16	-	-	14,792	13,238	-	-	-	1,554	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	23,878	07/01/14	06/30/15	(4,791)	-	4,791	-	-	-	-	-	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	29,369	07/01/15	06/30/16	-	-	26,910	29,369	-	(2,459)	-	-	-
Total Enterprise Fund							<u>(3,555)</u>	<u>-</u>	<u>46,493</u>	<u>43,843</u>	<u>-</u>	<u>(2,459)</u>	<u>-</u>	<u>1,554</u>	<u>-</u>
Total Federal Financial Assistance							<u>\$ (3,555)</u>	<u>\$ -</u>	<u>\$ 233,218</u>	<u>\$ 230,568</u>	<u>\$ -</u>	<u>\$ (2,459)</u>	<u>\$ -</u>	<u>\$ 1,554</u>	<u>\$ -</u>

See accompanying notes to financial statements.



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance- Schedule B**  
**For the Fiscal Year Ended June 30, 2016**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation aid	16-495-034-5120-014	\$ 335,006	07/01/15	06/30/16	\$ -	\$ -	\$ 301,672	\$ 335,006	\$ -	\$ -	\$ -	\$ -	\$ 33,334	\$ 335,006
Equalization aid	16-495-034-5120-078	1,058,133	07/01/15	06/30/16	-	-	952,846	1,058,133	-	-	-	-	105,287	1,058,133
Special education aid	16-495-034-5120-089	429,461	07/01/15	06/30/16	-	-	386,728	429,461	-	-	-	-	42,733	429,461
Security aid	16-495-034-5120-084	54,166	07/01/15	06/30/16	-	-	48,776	54,166	-	-	-	-	5,390	54,166
Adjustment aid	16-495-034-5120-085	137,824	07/01/15	06/30/16	-	-	124,110	137,824	-	-	-	-	13,714	137,824
PARCC Readiness aid	16-495-034-5120-098	6,940	07/01/15	06/30/16	-	-	6,249	6,940	-	-	-	-	691	6,940
Per Pupil Growth aid	16-495-034-5120-097	6,940	07/01/15	06/30/16	-	-	6,249	6,940	-	-	-	-	691	6,940
School Choice aid	16-495-034-5120-068	322,074	07/01/15	06/30/16	-	-	290,027	322,074	-	-	-	-	32,047	322,074
Extraordinary Special Education costs aid	16-495-034-5120-044	224,941	07/01/15	06/30/16	-	-	-	224,941	-	(224,941)	-	-	-	224,941
Extraordinary Special Education costs aid	15-495-034-5120-044	238,140	07/01/14	06/30/15	(238,140)	-	238,140	-	-	-	-	-	-	238,140
Non-public Transportation aid	16-495-034-5120-014	4,570	07/01/15	06/30/16	-	-	-	4,570	-	(4,570)	-	-	-	4,570
Non-public Transportation aid	15-495-034-5120-014	4,668	07/01/14	06/30/15	(4,668)	-	4,668	-	-	-	-	-	-	4,668
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	514,836	07/01/15	06/30/16	-	-	514,836	514,836	-	-	-	-	-	514,836
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	20,516	07/01/15	06/30/16	-	-	20,516	20,516	-	-	-	-	-	20,516
On behalf TPAF pension contribution - Teachers' Pension & Annuity Fund	16-495-034-5094-002	411,857	07/01/15	06/30/16	-	-	411,857	411,857	-	-	-	-	-	411,857
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	402,304	07/01/14	06/30/15	(20,104)	-	20,104	-	-	-	-	-	-	402,304
Reimbursed TPAF Social Security contribution	15-495-034-5094-003	363,871	07/01/15	06/30/16	-	-	345,696	363,871	-	(18,175)	-	-	-	363,871
Total General Fund					(262,912)	-	3,672,474	3,891,135	-	(247,686)	-	-	233,887	4,536,247
State Department of Agriculture														
Enterprise Fund														
State School Lunch program	16-100-010-3350-023	1,699	07/01/14	06/30/15	(380)	-	380	-	-	-	-	-	-	1,699
State School Lunch program	15-100-010-3350-023	1,758	07/01/15	06/30/16	-	-	1,615	1,758	-	(143)	-	-	-	1,758
Total Enterprise Fund					(380)	-	1,995	1,758	-	(143)	-	-	-	3,457
Total State Financial Assistance					\$ (263,292)	\$ -	\$ 3,674,469	\$ 3,892,893	\$ -	\$ (247,829)	\$ -	\$ -	\$ 233,887	\$ 4,539,704
Less: On behalf TPAF Pension System contributions								(947,209)						
Total for State financial assistance - major program determination								\$ 2,945,684						

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Awards and Financial Assistance**  
**June 30, 2016**

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 \$(2,168) for the General fund and \$(992) 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	\$ -	\$ -	\$ 3,888,967	\$ 3,888,967
Special Revenue fund	10,501	186,725	-	197,226
Food Service fund	-	43,843	1,758	45,601
<b>Total</b>	<b>\$ 10,501</b>	<b>\$ 230,568</b>	<b>\$ 3,890,725</b>	<b>\$ 4,131,794</b>

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Awards and Financial Assistance**  
**June 30, 2016**

- 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, 2016. 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, 2016.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued	<u>Unmodified</u>
Internal Control Over Financial Reporting:	
1. Were material weakness(es) identified?	_____ Yes <u>  X  </u> No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes <u>  X  </u> No
Noncompliance material to General -	
Were purpose financial statements noted?	_____ Yes <u>  X  </u> No

Federal Awards

	<u>Not Applicable</u>
Internal Control Over Major Programs:	
1. Were material weakness(es) identified?	_____ Yes    _____ No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes    _____ No
What was the type of Auditor's Report Issued on Compliance for Major Programs?	
_____	
Were any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	
_____ Yes    _____ No	

Identification of Major Programs:

CFDA Numbers	Amount	Name of Federal Program
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? \_\_\_\_\_

Did the auditee qualify as a low-risk auditee? \_\_\_\_\_ Yes    \_\_\_\_\_ No

**LEBANON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee?  X  Yes      No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Internal Control Over Major Programs:

1. Were material weakness(es) identified?      Yes  X  No

2. Were reportable conditions identified that are not considered to be material weaknesses?      Yes  X  No

Were 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:

GMIS Numbers	Amount	Name of State Program
<u>16-495-034-5120-078</u>	<u>\$ 1,058,133</u>	<u>Equalization Aid</u>

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

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, 2016.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended June 30, 2016**

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.