

**LEBANON TOWNSHIP  
BOARD OF EDUCATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LEBANON TOWNSHIP BOARD OF EDUCATION  
LEBANON TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by**

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

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## **INTRODUCTORY SECTION**

# LEBANON TOWNSHIP SCHOOL DISTRICT

70 BUNNVALE ROAD CALIFON, NJ 07830-4199

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

**Judith H. Burd, Superintendent**

## Valley View School

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

Ruth Fanjoy, Business Administrator/Board Secretary

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

## Woodglen School

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

October 1, 2010

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, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The financial section also includes the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of XXX.0 students. The following details the changes in the student enrollment of the District over the past few years.

#### Average Daily Enrollment

<u>Fiscal Year</u>	<u>ADE Student Enrollment</u>	<u>Percent Change</u>
1991-92	636.3	0.57%
1992-93	654.7	2.89%
1993-94	709.7	8.40%
1994-95	735.5	3.64%
1995-96	776.8	5.62%
1996-97	826.7	6.42%
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%)

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

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

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

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

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

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

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated were reported as reservations of fund balance at June 30, 2010.

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

**7) DEBT ADMINISTRATION:** In December of 1994, the voters of Lebanon Township passed a \$3.5M referendum for the purpose of constructing additions and renovations to both the Woodglen School and the Valley View Schools. Permanent bonds were sold in April of 1995. During fiscal year 2010, the District made its final payment for the 1995 bonding issue and currently has no outstanding debt as of June 30, 2010.

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

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

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

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

**10) OTHER INFORMATION:**

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

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

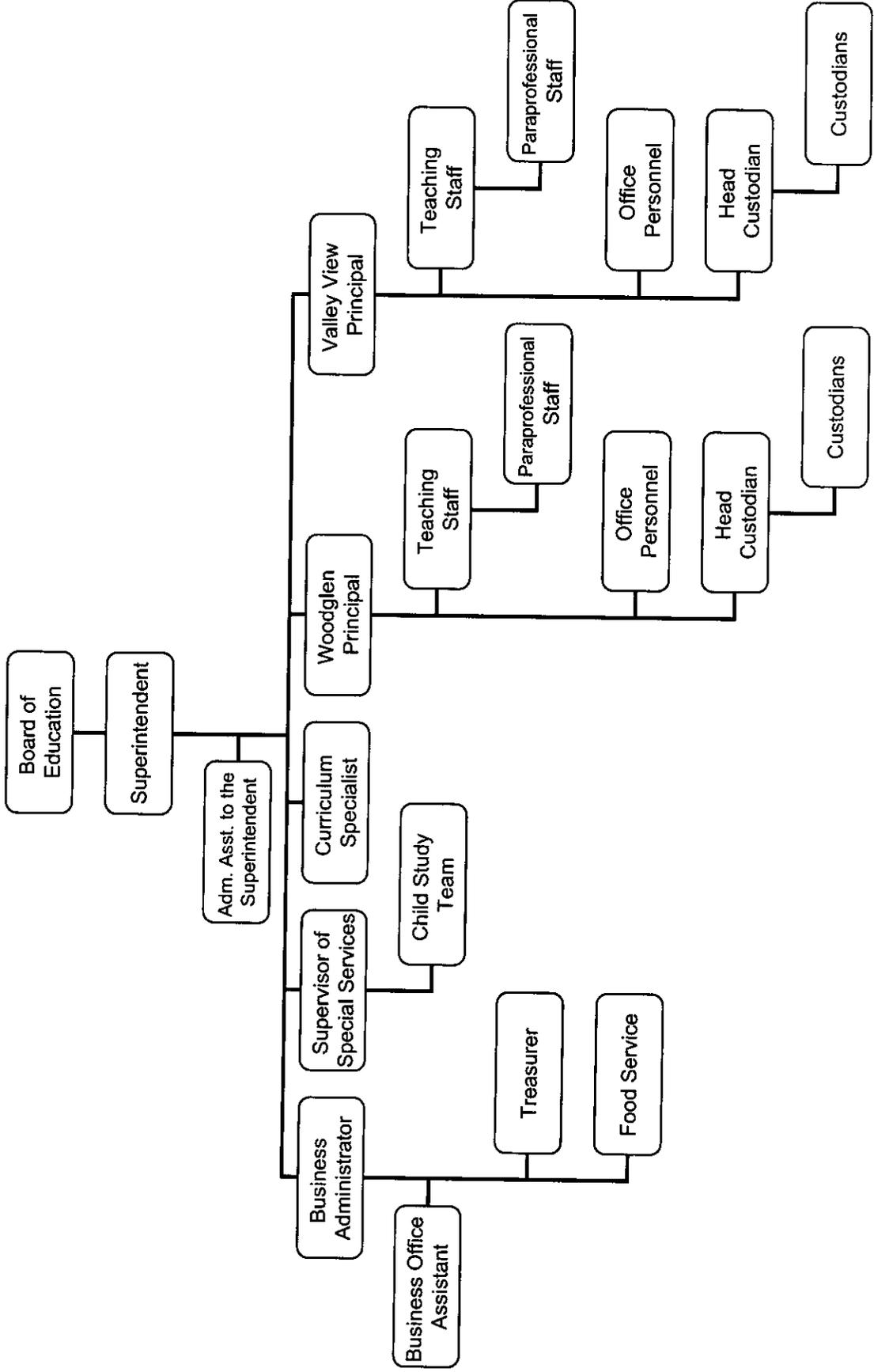
Respectfully submitted,

Judith H. Burd,  
Superintendent



Ruth Fanjoy,  
School Business Administrator

# Lebanon Township School District Organizational Chart



LEBANON TOWNSHIP BOARD OF EDUCATION  
JUNE 30, 2010

**ROSTER OF OFFICIALS**

<u>Members of the Board of Education</u>		Term Expires
Georgette Szymczak	President	2012
Kelly Weiler	Vice President	2012
Sheldia Bernstein		2013
Mary Connolly		4/19/10
Paula Nicolai		2011
Ronald Pojedinec		2011
John Roncoroni		2012
Michael Trudel		4/19/10
Kathleen Walsh		2011
George Wilhelms		2013
Stephanie Cahill		2013
 <u>Other Officials</u>		
Judith Burd	Superintendent	
Ruth Fanjoy	Business Administrator	
Gregory Della Pia	Treasurer	
Abigail Kutz	Treasurer, February 2010 to June 2010	
Parker, McCay, P.A.	Board Attorney	

LEBANON TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

TD Bank  
92 West Main St.  
Clinton, NJ 07882

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

First Hope Bank  
PO Box 296  
Hope, NJ 07882

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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

## INDEPENDENT AUDITOR'S REPORT

October 1, 2010

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lebanon Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lebanon Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

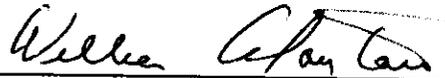
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Township Board of Education in the County of Hunterdon, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 1, 2010 on our consideration of the Lebanon Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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



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

**REQUIRED SUPPLEMENTARY INFORMATION-PART I**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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 2010 are as follows:

- General revenues accounted for \$13,752,681 in revenue or 96.1% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$553,974 or 3.9% of the total revenues of \$14,306,655 (Table 2).
- The School District had \$13,694,202 in expenses; only \$553,974 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,752,651 were adequate to provide for these programs (Table 3).
- Among major funds, the General Fund had \$13,488,687 in revenues and \$13,158,044 in expenditures (Exhibit B-2).
- After factoring in a transfer out of \$147,600 to the Capital Projects Fund, the General Fund balance increased by \$183,033 over 2009 (Exhibit B-2).
- Mid year reductions in budgeted state aid revenue necessitated budget reductions of \$721,866.
- The State of New Jersey used federal American Recovery Reinvestment Act funds in lieu of \$277,184 in state aid allocated to the district.

**USING THIS GENERALLY ACCEPTED ACCOUNTING  
PRINCIPALS REPORT (GAAP)**

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

## **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

## **REPORTING THE SCHOOL DISTRICT AS A WHOLE**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010"? The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

### THE SCHOOL DISTRICT AS A WHOLE

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

**Table 1** provides a summary of the School District's net assets at 6/30/10 with comparisons to 6/30/09.

	6/30/10	6/30/09	Variance	
			Dollars	%
Current & Other Assets	\$ 2,795,120	\$ 2,392,337	\$ 402,783	16.84
Capital Assets	4,460,124	4,453,230	6,894	0.15
Total Assets	<u>7,255,244</u>	<u>6,845,567</u>	<u>409,677</u>	5.98
Long-Term Liabilities	363,683	643,859	(280,176)	(43.52)
Other Liabilities	<u>121,191</u>	<u>43,791</u>	<u>77,400</u>	176.75
Total Liabilities	<u>484,874</u>	<u>687,650</u>	<u>(202,776)</u>	(29.49)
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	4,460,124	4,168,230	291,894	7.00
Restricted	876,370	600,991	275,379	45.82
Unrestricted	<u>1,433,876</u>	<u>1,388,696</u>	<u>45,180</u>	3.25
Total Net Assets	<u>\$ 6,770,370</u>	<u>\$ 6,157,917</u>	<u>\$ 612,453</u>	9.95

**Table 2** provides a summary of the District's changes in net assets in fiscal year 2010 with comparisons to 2009.

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

	6/30/10	6/30/09	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 218,933	\$ 192,444	\$ 26,489	13.76
Operating Grants	325,004	220,109	104,895	47.66
Capital Grants	10,037		10,037	*
General Revenues:				
Property Taxes	10,686,595	10,349,525	337,070	3.26
Unrestricted Grants	2,866,679	3,375,465	(508,786)	(15.07)
Other	199,407	99,093	100,314	101.23
<b>Total Revenues</b>	<b>14,306,655</b>	<b>14,236,636</b>	<b>70,019</b>	<b>0.49</b>
Program Expenses				
Instruction:				
Regular	5,514,367	5,357,158	157,209	2.93
Special	2,078,765	2,014,197	64,568	3.21
Other	372,067	356,708	15,359	4.31
Support Services:				
Tuition	141,425	205,804	(64,379)	(31.28)
Student & Instructional Staff	2,176,309	2,143,714	32,595	1.52
General & Business Administration	728,841	709,258	19,583	2.76
School Administration	621,827	614,743	7,084	1.15
Maintenance	1,179,840	1,111,653	68,187	6.13
Transportation	670,888	853,316	(182,428)	(21.38)
Food Service	186,129	187,507	(1,378)	(0.73)
Charter School	12,255		12,255	*
Interest on Long-Term Debt	11,489	26,607	(15,118)	(8.06)
<b>Total Expenses</b>	<b>13,694,202</b>	<b>13,580,665</b>	<b>113,537</b>	<b>0.84</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 612,453</b>	<b>\$ 655,971</b>	<b>\$(43,518)</b>	<b>(6.63)</b>

\* = undefined

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 75.9 percent of revenues for governmental activities for the Lebanon Township School District for fiscal year 2010. Note that property taxes made up 72.7 percent revenue last year.

Instruction comprises 59.0 percent of district expenses. Support services expenses make up 40.9 percent of the expenses. Other expenses make up 0.1 percent of total expenses. These proportions remain relatively constant from year to year.

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

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

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

	Total Cost of Services		Net Cost of Services	
	6/30/10	6/30/09	6/30/10	6/30/09
Instruction	7,965,199	7,728,063	7,757,653	7,586,399
Support Services:				
Tuition	141,425	205,804	59,444	192,683
Student & Instructional Staff	2,176,309	2,143,714	2,120,700	2,089,464
General & Business Administration	728,841	709,258	727,974	709,258
School Administration	621,827	614,743	621,275	614,613
Plant Operations & Maintenance	1,179,840	1,111,653	1,164,042	1,102,931
Pupil Transportation	670,888	853,316	670,888	853,316
Food Service	186,129	187,507	(5,492)	(7,159)
Charter School	12,255		12,255	
Interest on Long-Term Debt	11,489	26,607	11,489	26,607
<b>Total Expenses</b>	<b>13,694,202</b>	<b>13,580,665</b>	<b>13,140,228</b>	<b>13,168,112</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.

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

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

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

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

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

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

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

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

### **General Fund Budgeting Highlights**

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

The School district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets, but provide flexibility for program management. The district builds a budget to meet the needs of its students based on the information and projections that are available at the time the budget is developed. Over the course of the next eighteen months, budget transfers may be needed to accommodate unanticipated changes in enrollment, special education requirements, energy costs, facility needs, legal issues, union contract negotiations and mandated programs are the major reasons for transfers of funds among line items. The cumulative amounts of transfers between programs are limited to 10% of original budget, unless commissioner of education approval is sought. Fiscal year 2010, budgetary adjustments were well below 10% in all areas (Exhibit C-1).

The total increase in the net expense budget from one year to the next is limited to CPI as defined by the NJ Department of Education, Division of Finance. The increase in total expenses is further limited by administrative spending maximums and availability of total revenue. Lebanon Township School District has four sources of revenue which support its general fund budget; miscellaneous revenue, state aid, property tax and fund balance. Miscellaneous revenue is a very small percentage of total revenue resulting mostly from bank interest. The amount of state aid remained static for the previous eight years. During fiscal 2010, the State of New Jersey did not pay Lebanon Township 30% of its budgeted state aid. This necessitated a budget reduction of

\$721,866 late in the fiscal year. However, state aid is less than 17% of total revenue. Property tax remains the major source of revenue for Lebanon Township School District. The percentage of property tax increase is controlled by state and local government. The conflict between instructional mandates requiring increased spending and the many restrictions on revenue creates stress within the maximum permitted net budget.

**Capital Assets**

At the end of the fiscal year 2010, the School District had \$4,460,124 invested in land, buildings, furniture and equipment.

Table 4 shows fiscal years 2010 and 2009 balances.

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

	6/30/10	6/30/09	Variance	
			Dollars	%
Land	61,672	61,672	-	-
Land Improvements	85,200	80,735	4,465	5.53
Buildings & Improvements	4,024,454	4,185,470	(161,016)	(3.85)
Furniture & Equipment	263,698	125,353	138,345	110.36
Construction in Progress	25,100		25,100	*
<b>Total</b>	<b>\$4,460,124</b>	<b>\$4,453,230</b>	<b>\$6,894</b>	<b>0.15</b>

\* = undefined

During fiscal year 2010 the district received a capital asset donation of \$162,000 for a new playground equipment system at the Valley View School, courtesy of the Lebanon Township Education Foundation. The District also purchased a walkway for the above playground system for \$12, 480 and expended \$25,100 of construction in progress for the Valley View School window replacement project in the Capital Projects fund.

## Debt Administration

At June 30, 2010, the School District had \$363,683 in long term liabilities which consisted entirely of compensated absences liability. During fiscal year 2010, the District made its final payment for the 1995 bond issue and currently has no debt outstanding as of June 30, 2010.

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

	6/30/10	6/30/09	Variance	
			Dollars	%
1995 General Obligation Bonds	-	285,000.00	(285,000.00)	(100.00)
Compensated Absences	363,683	358,859	4,824	1.34
	<u>\$363,683.00</u>	<u>\$643,859.00</u>	<u>\$(280,176.00)</u>	<u>(43.52)</u>

## For the Future

The Lebanon Township School District is in good financial condition presently. A major concern is the future ability to support new program requirements particularly in the area of special education. New Jersey, Department of Education emphasis on early childhood education, student support services, technology and student testing forces the reallocation of existing resources to new program areas.

As state funding decreases, the School District relies more heavily on local property taxes. It is feared that limits on the permissible tax increase will not allow district revenues to keep pace with increases in the cost of mandated programs. Changes in the economy are a contributing factor in the struggle to raise sufficient local tax revenues. Lebanon Township is primarily a residential community, with very few commercial properties. Media attention generating loss of confidence will continue to influence public support of public education.

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

## Contacting the School District's Financial Management

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

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Govern- mental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 949,967	\$ 58,398	\$ 1,008,365
Investments	217,017		217,017
Internal Balances	(2,917)	2,917	
Receivables, Net	598,782	2,250	601,032
Inventory		3,973	3,973
Restricted Assets:			
Capital Projects Fund Cash	220,900		220,900
Capital Reserve Account-Investments	466,622		466,622
Maintenance Reserve Account-Investments	277,211		277,211
Capital Assets (Note 4):			
Land and Construction in Progress	86,772		86,772
Other Capital Assets, Net of Depreciation	4,363,167	10,185	4,373,352
<b>Total Assets</b>	<u>7,177,521</u>	<u>77,723</u>	<u>7,255,244</u>
<b>LIABILITIES</b>			
Accounts Payable	4,786	13,452	18,238
Due to Other Funds	730		730
Deferred Revenue	100,556	1,667	102,223
Long-Term Liabilities (Note 5):			
Due Within One Year	10,765		10,765
Due Beyond One Year	352,918		352,918
<b>Total Liabilities</b>	<u>469,755</u>	<u>15,119</u>	<u>484,874</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	4,449,939	10,185	4,460,124
Restricted For:			
Capital Projects Fund	132,537		132,537
Capital Reserve	466,622		466,622
Maintenance Reserve	277,211		277,211
Unrestricted	1,381,457	52,419	1,433,876
<b>TOTAL NET ASSETS</b>	<u>\$ 6,707,766</u>	<u>\$ 62,604</u>	<u>\$ 6,770,370</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, 2010

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 949,966			\$ 1	\$ 949,967
Investments	217,017				217,017
Interfund Receivable	229,246				229,246
Receivables from Other Governments:					
Federal		\$ 228,403			228,403
State	351,810		\$ 10,037		361,847
Local	2,020				2,020
Other Receivables	4,734	1,778			6,512
Restricted Cash			220,900		220,900
Restricted Investments	743,833				743,833
<b>TOTAL ASSETS</b>	<b>\$ 2,498,626</b>	<b>\$ 230,181</b>	<b>\$ 230,937</b>	<b>\$ 1</b>	<b>\$ 2,959,745</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund Payable	\$ 2,917	\$ 131,575	\$ 98,400	\$ 1	\$ 232,893
Accounts Payable	4,786				4,786
Deferred Revenue	1,950	98,606			100,556
<b>Total Liabilities</b>	<b>9,653</b>	<b>230,181</b>	<b>98,400</b>	<b>1</b>	<b>338,235</b>
Fund Balances:					
Reserved for:					
Encumbrances	62,313				62,313
Capital Reserve Account	466,622		205,618		672,240
Maintenance Reserve Account	277,211				277,211
Excess Surplus	639,214				639,214
Excess Surplus-Designated for Subsequent Year's Expenditures	698,119				698,119

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010  
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES (Cont'd)</b>					
Fund Balances: (Cont'd)					
Unreserved:					
Designated for Subsequent Year's Expenditures Undesignated	\$ 345,494		\$ (73,081)		\$ (73,081)
Total Fund Balances	<u>2,488,973</u>	<u>-</u>	<u>132,537</u>	<u>-</u>	<u>2,621,510</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,498,626</b>	<b>\$ 230,181</b>	<b>\$ 230,937</b>	<b>\$ 1</b>	<b>\$ 4,449,939</b>
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:					
Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is				\$ 8,839,262	
				<u>4,389,323</u>	
Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds					4,449,939
Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is				23,341	(363,683)
				<u>23,341</u>	
<b>Total Net Assets of Governmental Activities</b>					<u>\$ 6,707,766</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, 2010

REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 10,453,000			\$ 233,595	\$ 10,686,595
Tuition Charges-Individuals	23,940				23,940
Tuition Charges-Other LEA's	6,417				6,417
Interest Earned on Capital Reserve Funds	3,471				3,471
Interest Earned on Maintenance Reserve Funds	408				408
Interest on Investments	32,552				32,552
Contributions and Donations from Private Sources	162,000	\$ 17,735			179,735
Miscellaneous	6,934				6,934
<b>Total</b>	<b>10,688,722</b>	<b>17,735</b>	<b>\$ -</b>	<b>233,595</b>	<b>10,940,052</b>
State Sources	2,522,199		10,037	66,724	2,598,960
Federal Sources	277,756	270,497			548,253
<b>Total Revenues</b>	<b>13,488,677</b>	<b>288,232</b>	<b>10,037</b>	<b>300,319</b>	<b>14,087,265</b>
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	4,955,351	25,788			4,981,139
Special Education Instruction	1,792,921	111,287			1,904,208
Other Special Instruction	248,880	4,901			253,781
Other Instruction	62,439				62,439
Support Service & Undistributed Costs:					
Tuition	59,444	81,981			141,425
Student & Instruction Related Services	1,934,302	47,612			1,981,914
General & Business Administrative Services	678,084				678,084
School Administrative Services	574,142				574,142
Plant Operations & Maintenance	1,165,851				1,165,851
Pupil Transportation	670,888				670,888
Unallocated Benefits	829,007	10,168			839,175

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, 2010  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd)</b>					
Capital Outlay	\$ 174,480	\$ 6,495	\$ 25,100		\$ 206,075
Transfer to Charter Schools	12,255				12,255
Debt Services:					
Principal				\$ 285,000	285,000
Interest & Other Charges				15,319	15,319
Total Expenditures	<u>13,158,044</u>	<u>288,232</u>	<u>25,100</u>	<u>300,319</u>	<u>13,771,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>330,633</u>	<u>-</u>	<u>(15,063)</u>	<u>-</u>	<u>315,570</u>
Other Financing Sources (Uses):					
Operating Transfers In	(147,600)		147,600		147,600
Operating Transfers Out	<u>(147,600)</u>	<u>-</u>	<u>147,600</u>	<u>-</u>	<u>(147,600)</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balance	183,033	-	132,537	-	315,570
Fund Balances, July 1	<u>2,305,940</u>				<u>2,305,940</u>
Fund Balances, June 30	<u>\$ 2,488,973</u>	<u>\$ -</u>	<u>\$ 132,537</u>	<u>\$ -</u>	<u>\$ 2,621,510</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, 2010

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	315,570
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
<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 depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	\$	206,075
Depreciation Expenses		<u>(197,850)</u>
		8,225
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:</p>		
Debt Principal Payments		285,000
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred &amp; amortized in the statement of activities:</p>		
Amortization of Bond Issuance Costs		(1,556)
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		3,830
<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>		
		<u>(4,824)</u>
Change in Net Assets of Governmental Activities	\$	<u>606,245</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	<u>Food Service Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 58,398
Due from Other Funds	2,917
Receivables from Other Governments:	
State	212
Federal	2,038
Inventory	3,973
Total Current Assets	<u>67,538</u>
Noncurrent Assets:	
Capital Assets	71,574
Less: Accumulated Depreciation	61,389
Total Noncurrent Assets	<u>10,185</u>
Total Assets	<u>77,723</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	13,452
Deferred Revenues	1,667
Total Liabilities	<u>15,119</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	10,185
Unrestricted	<u>52,419</u>
TOTAL NET ASSETS	<u>\$ 62,604</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 111,190
Daily Sales-Unreimbursable Programs	43,659
Total Operating Revenues	154,849
Other Expenses:	
Salaries	67,603
Employee Benefits	13,696
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	1,300
Insurance	1,610
Management Fee	7,057
Other Purchased Services	2,406
Supplies and Materials	8,124
Depreciation	1,331
Costs of Sales	81,332
Miscellaneous	70
Total Operating Expenses	186,129
Operating Income (Loss)	(31,280)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,375
Federal Sources:	
National School Lunch Program	22,867
Food Distribution Program	11,530
Interest Earned on Investments	716
Total Nonoperating Revenues (Expenses)	37,488
Change in Net Assets	6,208
Net Assets, Beginning	56,396
Net Assets, Ending	\$ 62,604

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 154,849
Payments to Food Service Management Company	(164,228)
Payments to Vendors (Net)	(5,057)
Net Cash Provided by (Used For) Operating Activities	(14,436)
Cash Flows from Noncapital Financing Activities:	
State Sources	2,318
Federal Sources	22,233
General Fund Interfund Activity	(142)
Interest on Investments	716
Net Cash Provided by (Used For) Noncapital Financing Activities	25,125
Net Increase (Decrease) in Cash and Cash Equivalents	10,689
Cash and Cash Equivalents, July 1	47,709
Cash and Cash Equivalents, June 30	\$ 58,398
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (31,280)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,331
Federal Food Distribution Program	11,530
(Increase) Decrease in Inventory	166
Increase (Decrease) in Account Payable	4,101
Increase (Decrease) in Deferred Revenue	(284)
Net Cash Provided by (Used For) Operating Activities	\$ (14,436)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 39,001	\$ 9,986	\$ 142
Investments	158,290		
Accrued Interest on Investments	1,688		
Due from Special Revenue Fund		730	
<b>TOTAL ASSETS</b>	<b>198,979</b>	<b>\$ 10,716</b>	<b>\$ 142</b>
<b>LIABILITIES</b>			
Accounts Payable	4,342		
Due to Student Groups		\$ 10,716	
Payroll Deductions & Withholdings			\$ 142
<b>TOTAL LIABILITIES</b>	<b>4,342</b>	<b>\$ 10,716</b>	<b>\$ 142</b>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 194,637</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Members	\$ 12,322
Investment Earnings-Interest	5,191
Total Additions	<u>17,513</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	10,261
Total Deductions	<u>10,261</u>
Change in Net Assets	7,252
Net Assets, Beginning of the Year	<u>187,385</u>
Net Assets, End of the Year	<u>\$ 194,637</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The basic financial statements include:

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

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

**A. Reporting Entity**

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2010 of 782 students.

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

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

Additionally, the District reports the following fund types:

**Proprietary Fund Types**

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

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

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

Fiduciary Fund Types

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

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2009-2010 and 2008-2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

L. Deferred Revenue

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

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

M. Long-Term Obligations

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

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

N. Fund Equity

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

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2010 consists of the following:

Capital Reserve	\$	466,622
Maintenance Reserve		<u>277,211</u>
		<u>\$ 743,833</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

Deposits at June 30, 2010 appear in the financial statements as summarized below:

Cash		\$ 1,278,394
Investments		<u>1,119,140</u>
		<u>\$ 2,397,534</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 1,170,867
Enterprise Fund, Statement of Net Assets	B-4	58,398
Fiduciary Funds, Statement of Net Assets	B-7	49,129
Investments		
Governmental Funds, Statement of Net Assets	B-1	960,850
Fiduciary Funds, Statement of Net Assets	B-7	<u>158,290</u>
Total Cash		<u>\$ 2,397,534</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2010 is \$2,397,534 and the bank balance is \$2,654,576. Of the bank balance, \$705,891 is covered by federal depository insurance and \$1,948,685 is insured by GUDPA.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

Deposit and Investment Risk

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

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2010, the district had the following investments:

MBIA Class	\$ 913,249
First Hope Bank Certificate of Deposits	<u>205,891</u>
	<u>\$ 1,119,140</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 61,672			\$ 61,672
Construction in Progress		\$ 25,100		25,100
<b>Total</b>	<u>61,672</u>	<u>25,100</u>	<u>\$ -0-</u>	<u>86,772</u>
Capital Assets, Being Depreciated:				
Land Improvements	196,959	12,480		209,439
Building & Improvements	8,058,559			8,058,559
Furniture & Equipment	400,225	168,495	84,228	484,492
<b>Total</b>	<u>8,655,743</u>	<u>180,975</u>	<u>84,228</u>	<u>8,752,490</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Land Improvements	\$ 116,224	\$ 8,015		\$ 124,239
Building & Improvements	3,873,089	161,016		4,034,105
Furniture & Equipment	286,388	28,819	\$ 84,228	230,979
Total	<u>4,275,701</u>	<u>197,850</u>	<u>84,228</u>	<u>4,389,323</u>
Total Capital Assets, Being Depreciated, Net	<u>4,380,042</u>	<u>(16,875)</u>	<u>-0-</u>	<u>4,363,167</u>
Transfers Between Capital Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,441,714</u>	<u>\$ 8,225</u>	<u>\$ -0-</u>	<u>\$ 4,449,939</u>
Business-Type Activities:				
Furniture & Equipment	\$ 71,574			\$ 71,574
Less: Accum Depreciation	<u>60,058</u>	<u>\$ 1,331</u>	<u>\$ -0-</u>	<u>61,389</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,516</u>	<u>\$ (1,331)</u>	<u>\$ -0-</u>	<u>\$ 10,185</u>

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

Instruction:	
Regular	\$ 95,007
Special Education	33,490
Other Special Instruction	4,463
Co-curricular Activities	1,098
Support Services:	
Student & Instruction	36,984
General & Business Admin	14,053
School Administration	11,162
Plant & Maintenance	<u>1,593</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 197,850</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2010 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 285,000		\$ 285,000		
Compensated Absences Payable	<u>358,859</u>	<u>\$ 10,330</u>	<u>5,506</u>	<u>\$ 363,683</u>	<u>\$ 10,765</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 643,859</u>	<u>\$ 10,330</u>	<u>\$ 290,506</u>	<u>\$ 363,683</u>	<u>\$ 10,765</u>

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

The 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, 2010 is \$32,045,626. General obligation debt at June 30, 2010 is \$-0-, resulting in a legal debt margin of \$32,045,626.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

## NOTE 6. PENSION PLANS

### Description of Systems

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

Significant Legislation

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

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

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

Contribution Requirements

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

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

<u>Year</u> <u>Funding</u>	<u>Post</u> <u>Retirement</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/10	\$ 380,906	100%
06/30/09	374,886	100%
06/30/08	848,103	100%

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

Contribution Requirements (Cont'd)

Three-Year Trend Information for PERS

Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>
06/30/10	\$ 106,262	100%
06/30/09	98,017	100%
06/30/08	70,167	100%

During the year ended June 30, 2010, the State of New Jersey contributed \$361,650 to the TPAF for post-retirement medical benefits and \$19,256 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$448,101 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2009, the State paid \$116.9 million toward Ch 126 benefits for 13,320 eligible retired members.

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasur/pension/pdf/financial/gasb-43-aug2010.pdf>

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

**NOTE 8. DEFERRED COMPENSATION**

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The following Interfund balances remained on the various balance sheets of the District as of June 30, 2010.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 229,246	\$ 2,917
Special Revenue Fund		131,575
Capital Projects Fund		98,400
Debt Service Fund		1
Student Activity Fund	730	
Proprietary-Food Service Fund	2,917	
	<u>\$ 232,893</u>	<u>\$ 232,893</u>

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

The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$130,845 due to cash flow issues related to the delayed receipt of grant revenues.

The balance due from the Capital Projects Fund to the General Fund represents a loan from the General Fund of \$98,400 due to cash flow issues related to the delayed receipt of NJ SCC Aid. The balance due from the Debt Service Fund to the General Fund of \$1 represents a small balance remaining at the end of the last year of debt service activity. The balance due from the Special Revenue Fund to the Student Activity Agency of \$730 represents a reimbursement for expenditures in the Student Activity Fund.

All interfund balances will be liquidated within one year.

The General Fund transferred \$147,600 to the Capital Projects Fund representing capital reserve funding for a project approved in the District's Long Range Facility Plan.

**NOTE 10. INVENTORY**

Inventory in the Food Service Fund June 30, 2010 consisted of the following:

Food	\$ 2,886
Supplies	1,087
	<u>\$ 3,973</u>

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

**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:

<u>Fiscal Year</u>	<u>Other Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ -0-	\$ 5,191	\$ 12,322	\$ 10,261	\$ 194,637
2008-2009	405	1,462	12,358	8,406	187,385
2007-2008	-0-	6,474	11,373	28,819	181,566

**NOTE 13. CAPITAL AND OTHER RESERVE ACCOUNT**

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

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

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District adopted a board resolution in June 2010 to authorize a deposit to their Maintenance Reserve account of \$100,000. The District had previously budgeted \$186,563 for an increase to its Capital Reserve Fund.

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)

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

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

Capital Reserve Account

<u>Fiscal Year</u>	<u>Return of Unused Withdrawal</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
2000-2001		\$ 1,000	\$ 30		\$ 1,030
2001-2002			20		1,050
2002-2003		158,339	444	\$ 47,070	112,763
2003-2004		50,000	782	69,885	93,660
2004-2005	\$ 11,933		1,630		107,223
2005-2006			4,139		111,362
2006-2007		135,480	5,607	135,379	117,070
2007-2008		200,000	4,434		321,504
2008-2009		100,000	2,684		424,188
2009-2010		186,563	3,471	147,600	466,622

Maintenance Reserve Account

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

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

As described in Note 1 N-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Reserved:		
Encumbrances-represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30.	\$ 62,313	\$ 100,822
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	466,622	424,188
Maintenance Reserve-represents funds restricted for the required maintenance of a school facility	277,211	176,803
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute NJSA 18:7F-7, the excess surplus is designated for utilization in the succeeding year's budgets	639,214	698,119
Excess Surplus-Designated for subsequent year's expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	698,119	738,560

LEBANON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010  
 (Continued)

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

	<u>2010</u>	<u>2009</u>
Unreserved:		
Designated for Subsequent Year's Expenditures-amount appropriated in the succeeding year's budget to reduce tax requirements.		\$ 56,453
Undesignated-represents fund balance which has not been reserved or designated.	\$ 579,335	<u>337,288</u>
Total Fund Balance	<u>\$ 2,722,814</u>	<u>\$ 2,532,233</u>

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$639,214.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 10,453,000		\$ 10,453,000	\$ 10,453,000	
Tuition Charges-Individuals	16,800		16,800	23,940	\$ 7,140
Tuition Charges-Other LEA's				6,417	6,417
Interest on Capital Reserve Funds	5,000		5,000	3,471	(1,529)
Interest on Maintenance Reserve Funds				408	408
Interest on Investments				32,552	32,552
Miscellaneous	30,000		30,000	6,934	(23,066)
<b>Total</b>	<b>10,504,800</b>	<b>\$ -</b>	<b>10,504,800</b>	<b>10,526,722</b>	<b>21,922</b>
<b>State Sources:</b>					
Categorical Special Education Aid	430,820	(150,787)	280,033	280,033	
Equalization Aid	1,527,643	(704,065)	823,578	823,578	
Categorical Security Aid	57,758	(20,215)	37,543	37,543	
Categorical Transportation Aid	354,234	(123,983)	230,251	230,251	
Extraordinary Special Education Costs Aid				324,750	324,750
Non Public Transportation Aid				4,585	4,585
On-Behalf TPAF Pension Contribution				380,906	380,906
Reimbursed TPAF Social Security Contribution				448,101	448,101
<b>Total</b>	<b>2,370,455</b>	<b>(999,050)</b>	<b>1,371,405</b>	<b>2,529,747</b>	<b>1,158,342</b>
<b>Federal Sources:</b>					
Special Education Medicaid Initiative Aid				572	572
ARRA SFSF ESF Aid		266,854	266,854	266,854	
ARRA SFSF GSF Aid		10,330	10,330	10,330	
<b>Total</b>	<b>-</b>	<b>277,184</b>	<b>277,184</b>	<b>277,756</b>	<b>572</b>
<b>TOTAL REVENUES</b>	<b>\$ 12,875,255</b>	<b>\$ (721,866)</b>	<b>\$ 12,153,389</b>	<b>\$ 13,334,225</b>	<b>\$ 1,180,836</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
<b>Instruction-Regular Program:</b>					
<b>Salaries of Teachers:</b>					
Preschool	\$ 27,866	\$ 1	\$ 27,867	\$ 25,900	\$ 1,967
Kindergarten	115,530		115,530	115,469	61
Grades 1-5	1,819,275	22,674	1,841,949	1,837,329	4,620
Grades 6-8	1,554,241	(118,778)	1,435,463	1,433,835	1,628
<b>Home Instruction:</b>					
Salaries of Teachers	2,876	3,866	6,742	6,742	
Other Purchased Services	227	300	527	100	427
<b>Regular Programs-Undistributed Instruction:</b>					
Other Salaries for Instruction	157,728	(9,763)	147,965	147,355	610
Purchased Professional-Educational Services	41,932	(31,429)	10,503	6,343	4,160
Purchased Technical Services		4,500	4,500		4,500
Other Purchased Services	22,174	30,230	52,404	36,612	15,792
General Supplies	178,955	33,983	212,938	166,625	46,313
Textbooks	7,000	(3,000)	4,000	815	3,185
Other Objects		1,474	1,474		1,474
<b>Total</b>	<b>3,927,804</b>	<b>(65,942)</b>	<b>3,861,862</b>	<b>3,777,125</b>	<b>84,737</b>
<b>Special Education-Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	150,388	18,167	168,555	158,331	10,224
Other Salaries for Instruction	46,055	28,000	74,055	66,801	7,254
General Supplies	10,200		10,200	8,993	1,207
<b>Total</b>	<b>206,643</b>	<b>46,167</b>	<b>252,810</b>	<b>234,125</b>	<b>18,685</b>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 961,135	\$ 6,701	\$ 967,836	\$ 923,586	\$ 44,250
Other Salaries for Instruction	117,825	(48,000)	69,825	67,054	2,771
General Supplies	8,800	92	8,892	8,606	286
Total	<u>1,087,760</u>	<u>(41,207)</u>	<u>1,046,553</u>	<u>999,246</u>	<u>47,307</u>
Preschool Disabilities-Part Time:					
Salaries of Teachers	27,867		27,867	25,449	2,418
Other Salaries for Instruction	63,410	(45,000)	18,410	13,591	4,819
General Supplies	1,950	45	1,995	880	1,115
Total	<u>93,227</u>	<u>(44,955)</u>	<u>48,272</u>	<u>39,920</u>	<u>8,352</u>
Total Special Education	<u>1,387,630</u>	<u>(39,995)</u>	<u>1,347,635</u>	<u>1,273,291</u>	<u>74,344</u>
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	251,670		251,670	247,365	4,305
General Supplies	2,400	(56)	2,344	1,467	877
Total	<u>254,070</u>	<u>(56)</u>	<u>254,014</u>	<u>248,832</u>	<u>5,182</u>
Bilingual Education-Instruction:					
Salaries of Teachers	1,200		1,200		1,200
General Supplies	1,000	48	1,048	48	1,000
Total	<u>2,200</u>	<u>48</u>	<u>2,248</u>	<u>48</u>	<u>2,200</u>
School Sponsored Co-curricular Activities:					
Salaries	63,880	(6,659)	57,221	55,230	1,991
Purchased Services	5,500	-	5,500	4,489	1,011
Supplies & Materials	8,100	(3,359)	4,741	2,085	2,656
Other Objects	1,457	18	1,475	635	840
Total	<u>78,937</u>	<u>(10,000)</u>	<u>68,937</u>	<u>62,439</u>	<u>6,498</u>
Total Instruction Regular	<u>\$ 5,650,641</u>	<u>\$ (115,945)</u>	<u>\$ 5,534,696</u>	<u>\$ 5,361,735</u>	<u>\$ 172,961</u>
Undistributed Expenditures:					
Instruction Tuition:					
Private Schools for the Disabled Within State	\$ 211,359	\$ (144,236)	\$ 67,123	\$ 59,444	\$ 7,679
Health Services:					
Salaries	119,058	6,833	125,891	123,754	2,137
Purchased Professional and Technical Services	2,250	569	2,819	2,819	
Supplies & Materials	4,500	(543)	3,957	2,228	1,729
Total	<u>125,808</u>	<u>6,859</u>	<u>132,667</u>	<u>128,801</u>	<u>3,866</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Speech, Occp Therapy, Phys Therapy & Related Serv:					
Salaries	\$ 169,989	\$ (5,000)	\$ 164,989	\$ 159,495	\$ 5,494
Purchased Professional-Educational Services	126,000	(3,953)	122,047	111,071	10,976
Supplies & Materials	4,000	68	4,068	2,977	1,091
Total	299,989	(8,885)	291,104	273,543	17,561
Other Support Services-Students-Extra:					
Salaries	292,630	(70,000)	222,630	202,211	20,419
Purchased Professional-Educational Services	12,650	(7,046)	5,604	1,325	4,279
Supplies & Materials	10,250	3,334	13,584	12,886	698
Total	315,530	(73,712)	241,818	216,422	25,396
Guidance:					
Salaries of Other Professional Staff	117,057		117,057	116,137	920
Other Salaries	9,110		9,110	4,082	5,028
Other Purchased Professional & Technical Services	1,000		1,000	297	703
Supplies & Materials	1,400		1,400	679	721
Total	128,567	-	128,567	121,195	7,372
Child Study Team:					
Salaries of Other Professional Staff	280,812		280,812	269,366	11,446
Salaries of Secretarial & Clerical Assistants	36,833		36,833	18,442	18,391
Other Purchased Professional & Technical Services	15,000	800	15,800	9,670	6,130
Miscellaneous Purchased Services	11,400		11,400	7,851	3,549
Supplies & Materials	8,000		8,000	1,513	6,487
Total	352,045	800	352,845	306,842	46,003
Improvement of Instruction Services:					
Salaries of Other Professional Staff	162,671		162,671	156,457	6,214
Other Purchased Services	3,750		3,750	1,568	2,182
Supplies & Materials	800		800	518	282
Total	167,221	-	167,221	158,543	8,678
Educational Media Services/School Library:					
Salaries	172,815	1,700	174,515	172,810	1,705
Purchased Professional and Technical Services	5,610	(1,699)	3,911	3,554	357
Other Purchased Services	400		400		400
Supplies & Material	28,530	917	29,447	15,626	13,821
Other Objects	550		550		550
Total	207,905	918	208,823	191,990	16,833
Instructional Staff Training Services:					
Purchased Professional-Educational Services	1,000	220	1,220	1,170	50
Other Purchased Services	12,000	(220)	11,780	6,431	5,349
Supplies & Material	897	(597)	300	41	259
Other Objects		597	597		597
Total	13,897	-	13,897	7,642	6,255

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Support Services General Administration:					
Salaries	\$ 203,882		\$ 203,882	\$ 201,996	\$ 1,886
Legal Services	30,000	\$ (3,910)	26,090	14,400	11,690
Audit Fees	13,948		13,948	13,800	148
Architectural/Engineering Services	19,400	(16,000)	3,400	1,336	2,064
Other Purchased Professional Services	7,288	(1,438)	5,850	5,850	
Communications & Telephone	34,400	(146)	34,254	32,896	1,358
Bd of Education Other Purchased Services	14,000	(5,700)	8,300	2,516	5,784
Other Purchased Services	44,300	9,013	53,313	30,248	23,065
General Supplies	5,915		5,915	2,061	3,854
Bd of Education In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	2,720	180	2,900	2,900	
Bd of Education Membership Dues & Fees	8,164		8,164	7,592	572
<b>Total</b>	<b>384,217</b>	<b>(18,001)</b>	<b>366,216</b>	<b>315,595</b>	<b>50,621</b>
Support Services School Administration:					
Salaries of Principals & Assistant Principals	230,408		230,408	213,724	16,684
Salaries of Secretarial & Clerical Assistants	207,386	(1,769)	205,617	193,952	11,665
Purchased Professional & Technical Services	2,450	3,863	6,313	6,313	
Other Purchased Services	6,574	(859)	5,715	1,914	3,801
Supplies & Materials	9,000	1,959	10,959	6,619	4,340
Other Objects	3,150		3,150	2,468	682
<b>Total</b>	<b>458,968</b>	<b>3,194</b>	<b>462,162</b>	<b>424,990</b>	<b>37,172</b>
Central Services:					
Salaries	163,434		163,434	163,434	
Purchased Professional Services	3,900	1,646	5,546	5,546	
Purchased Technical Services	14,270	(1,646)	12,624	11,638	986
Miscellaneous Purchased Services	5,850		5,850	1,075	4,775
Supplies & Materials	3,500		3,500	1,085	2,415
Miscellaneous Expenditures	1,525		1,525	1,480	45
<b>Total</b>	<b>192,479</b>	<b>-</b>	<b>192,479</b>	<b>184,258</b>	<b>8,221</b>
Administrative Information Technology:					
Purchased Professional Services	75,520		75,520	70,462	5,058
Purchased Technical Services	12,570	(3,194)	9,376	8,626	750
Supplies & Materials	10,900	(7,940)	2,960	2,414	546
<b>Total</b>	<b>98,990</b>	<b>(11,134)</b>	<b>87,856</b>	<b>81,502</b>	<b>6,354</b>
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	204,406	36,420	240,826	204,591	36,235
Other Objects	3,822	1,400	5,222	1,430	3,792
<b>Total</b>	<b>208,228</b>	<b>37,820</b>	<b>246,048</b>	<b>206,021</b>	<b>40,027</b>
Custodial Services:					
Salaries	429,200		429,200	415,198	14,002
Purchased Professional & Technical Services	8,050	10,185	18,235	11,585	6,650
Cleaning Repair & Maintenance Services	40,758	2,273	43,031	27,383	15,648
Insurance	33,661		33,661	31,120	2,541
Miscellaneous Purchased Services	3,951		3,951	482	3,469
General Supplies	50,000	709	50,709	37,219	13,490
Energy (Electricity)	136,742	(3,000)	133,742	119,953	13,789
Energy (Natural Gas)	95,000	(49,616)	45,384	45,056	328
Energy (Oil)	100,000	(27,384)	72,616	55,255	17,361
Other Objects	100		100		100
<b>Total</b>	<b>897,462</b>	<b>(66,833)</b>	<b>830,629</b>	<b>743,251</b>	<b>87,378</b>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Student Transportation Services:					
Management Fee-ESC Transportation	\$ 11,000		\$ 11,000	\$ 7,547	\$ 3,453
Contracted Services (Between Home & School)-Vendors	525,033	\$ (350,436)	174,597	174,456	141
Contracted Services (Other Than (Between Home & School)-Vendors	13,000		13,000	11,366	1,634
Contracted Services (Between Home & School)-Joint Agreements	80,220	206,436	286,656	286,656	
Contracted Services (Special Education Students)-Joint Agreements	27,540	3,910	31,450	27,325	4,125
Contracted Services (Special Education Students)-ESCs & CTSA's	185,542	(3,910)	181,632	136,684	44,948
Contracted Services-Aid In Lieu of Payments for NonPublic Schools	38,388	(11,000)	27,388	25,970	1,418
Contracted Services-Aid In Lieu of Payments for Charter School Students	914		914	884	30
Total	<u>881,637</u>	<u>(155,000)</u>	<u>726,637</u>	<u>670,888</u>	<u>55,749</u>
Allocated Benefits					
Regular Programs-Instruction:					
Social Security Contribution	39,559	(2,331)	37,228	37,228	
Other Retirement Contributions-Regular	25,499	(7,519)	17,980	10,840	7,140
Workmen's Compensation	36,269		36,269	35,696	573
Health Benefits	1,104,078	(28,001)	1,076,077	1,065,775	10,302
Tuition Reimbursement	50,000	(23,655)	26,345	23,284	3,061
Other Employee Benefits	32,775	8,500	41,275	5,403	35,872
Total	<u>1,288,180</u>	<u>(53,006)</u>	<u>1,235,174</u>	<u>1,178,226</u>	<u>56,948</u>
Special Programs-Instruction:					
Social Security Contribution	12,415	4,459	16,874	16,575	299
Other Retirement Contributions-Regular	19,800	(138)	19,662	15,362	4,300
Workmen's Compensation	17,685	1	17,686	17,065	621
Health Benefits	485,000	(11,000)	474,000	470,628	3,372
Total	<u>534,900</u>	<u>(6,678)</u>	<u>528,222</u>	<u>519,630</u>	<u>8,592</u>
Health Services:					
Social Security Contribution	1,298	(1,298)			
Workmen's Compensation		1,298	1,298	1,252	46
Health Benefits	38,800		38,800	38,800	
Total	<u>40,098</u>	<u>-</u>	<u>40,098</u>	<u>40,052</u>	<u>46</u>
Other Support Services-Students-Related Services:					
Social Security Contributions					
Workmen's Compensation	1,558		1,558	1,503	55
Health Benefits	38,800		38,800	38,800	
Total	<u>40,358</u>	<u>-</u>	<u>40,358</u>	<u>40,303</u>	<u>55</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Other Support Services-Students-Extraordinary:					
Social Security Contribution	\$ 23,704	\$ (8,500)	\$ 15,204	\$ 15,193	\$ 11
Other Retirement Contributions-Regular	26,400		26,400	26,243	157
Workmen's Compensation	6,490		6,490	6,262	228
Health Benefits	135,800		135,800	129,103	6,697
Total	192,394	(8,500)	183,894	176,801	7,093
Other Support Services-Students-Regular:					
Workmen's Compensation	1,298		1,298	1,252	46
Health Benefits	38,800		38,800	38,800	
Total	40,098	-	40,098	40,052	46
Other Support Services-Students-Special:					
Social Security Contribution	2,818	(10)	2,808	2,186	622
Other Retirement Contributions-Regular	3,300		3,300	2,578	722
Workmen's Compensation	3,245		3,245	3,131	114
Health Benefits	116,400		116,400	115,912	488
Total	125,763	(10)	125,753	123,807	1,946
Improvement of Instruction Services:					
Social Security Contribution					
Workmen's Compensation	974		974	939	35
Health Benefits	19,400		19,400	19,400	
Total	20,374	-	20,374	20,339	35
Educational Media Services/School Library:					
Social Security Contribution	4,145		4,145	4,072	73
Other Retirement Contributions-Regular	6,600		6,600	3,793	2,807
Workmen's Compensation	2,596		2,596	2,505	91
Health Benefits	77,600		77,600	77,600	
Total	90,941	-	90,941	87,970	2,971
Support Services-General Administration:					
Social Security Contribution	3,791	500	4,291	4,265	26
Other Retirement Contributions-Regular	3,300	169	3,469	3,469	
Workmen's Compensation	1,298		1,298	1,252	46
Health Benefits	38,800		38,800	38,786	14
Other Employee Benefits	125		125	125	
Total	47,314	669	47,983	47,897	86

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services-School Administration:					
Social Security Contribution	\$ 15,300	\$ 1,200	\$ 16,500	\$ 16,098	\$ 402
Other Retirement Contributions-Regular	14,025		14,025	13,035	990
Workmen's Compensation	3,894		3,894	3,757	137
Health Benefits	116,400		116,400	115,606	794
Other Employee Benefits	688	(2)	686	656	30
Total	<u>150,307</u>	<u>1,198</u>	<u>151,505</u>	<u>149,152</u>	<u>2,353</u>
Support Services-Central Services:					
Social Security Contribution	4,303	416	4,719	4,717	2
Other Retirement Contributions-Regular	3,300	638	3,938	3,938	
Workmen's Compensation	1,298		1,298	1,252	46
Health Benefits	38,800		38,800	38,800	
Other Employee Benefits	125		125	125	
Total	<u>47,826</u>	<u>1,054</u>	<u>48,880</u>	<u>48,832</u>	<u>48</u>
Operation & Maintenance of Plant Service:					
Social Security Contribution	38,632	(5,383)	33,249	32,558	691
Other Retirement Contributions-Regular	29,700		29,700	27,278	2,422
Workmen's Compensation	6,490		6,490	6,263	227
Health Benefits	155,200		155,200	147,546	7,654
Other Employee Benefits	3,187	1	3,188	2,934	254
Total	<u>233,209</u>	<u>(5,382)</u>	<u>227,827</u>	<u>216,579</u>	<u>11,248</u>
Total Allocated Benefits	<u>2,851,762</u>	<u>(70,655)</u>	<u>2,781,107</u>	<u>2,689,640</u>	<u>91,467</u>
On-Behalf TPAF Pension Contribution				380,906	(380,906)
Reimbursed TPAF Social Security Contribution				448,101	(448,101)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>829,007</u>	<u>(829,007)</u>
Total Undistributed Expenditures	<u>\$ 7,796,064</u>	<u>\$ (498,865)</u>	<u>\$ 7,297,199</u>	<u>\$ 7,609,574</u>	<u>\$ (312,375)</u>
TOTAL CURRENT	<u>\$ 13,446,705</u>	<u>\$ (614,810)</u>	<u>\$ 12,831,895</u>	<u>\$ 12,971,309</u>	<u>\$ (139,414)</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	\$ 32,000	\$ (30,969)	\$ 1,031		\$ 1,031
Facilities Acquisition & Construction Services:					
Land Improvements		12,480	12,480	\$ 12,480	
TOTAL CAPITAL OUTLAY	<u>\$ 32,000</u>	<u>\$ (18,489)</u>	<u>\$ 13,511</u>	<u>\$ 12,480</u>	<u>\$ 1,031</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS	<u>\$ -</u>	<u>\$ 12,255</u>	<u>\$ 12,255</u>	<u>\$ 12,255</u>	<u>\$ -</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 13,478,705	\$ (621,044)	\$ 12,857,661	\$ 12,996,044	\$ (138,383)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures	\$ (603,450)	\$ (100,822)	\$ (704,272)	\$ 338,181	\$ 1,042,453
Other Financing Sources (Uses): Transfer Out-Capital Reserve to Capital Projects	-	(246,000)	(246,000)	(147,600)	98,400
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(603,450)	(346,822)	(950,272)	190,581	1,140,853
Fund Balances, July 1	2,532,233		2,532,233	2,532,233	
Fund Balances, June 30	\$ 1,928,783	\$ (346,822)	\$ 1,581,961	\$ 2,722,814	\$ 1,140,853
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (100,822)	\$ (100,822)	\$ (100,822)	
Increase in Capital Reserve	\$ 191,563		191,563	190,034	\$ (1,529)
Increase in Maintenance Reserve		100,000	100,000	100,408	408
Withdrawal from Capital Reserve		(246,000)	(246,000)	(147,600)	98,400
Budgeted Fund Balance	(795,013)	(100,000)	(895,013)	148,561	1,043,574
TOTAL	\$ (603,450)	\$ (346,822)	\$ (950,272)	\$ 190,581	\$ 1,140,853
RECAPITULATION OF FUND BALANCE					
Reserved:					
Reserve for Encumbrances				\$ 62,313	
Capital Reserve				466,622	
Maintenance Reserve				277,211	
Excess Surplus:					
Prior Year-Designated for 2010-2011 Budget				698,119	
Current Year-Designated for 2011-2012 Budget				639,214	
Unreserved:					
Undesignated-Free				579,335	
				2,722,814	
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(233,841)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,488,973	

LEBANON TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(NOT APPLICABLE TO THIS REPORT)

LEBANON TOWNSHIP SCHOOL DISTRICT  
 AMERICAN RECOVERY AND REINVESTMENT ACT-BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Federal Sources:					
ARRA SFSF ESF Aid		\$ 266,854	\$ 266,854	\$ 266,854	
ARRA SFSF GSF Aid		10,330	10,330	10,330	
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 277,184</b>	<b>\$ 277,184</b>	<b>\$ 277,184</b>	<b>\$ -</b>
<b>EXPENDITURES</b>					
Fund 16 ARRA SFSF ESF:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Grades 1-5		\$ 266,854	\$ 266,854	\$ 266,854	
Total	\$ -	266,854	266,854	266,854	\$ -
Fund 17 ARRA SFSF GSF:					
Regular Programs-Instruction:					
Salaries of Teachers:					
Grades 1-5		10,330	10,330	10,330	
Total	-	10,330	10,330	10,330	-
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 277,184</b>	<b>\$ 277,184</b>	<b>\$ 277,184</b>	<b>\$ -</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LEBANON TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources	\$ 22,811		\$ 22,811	\$ 18,376	\$ (4,435)
Federal Sources	356,806		356,806	265,899	(90,907)
<b>TOTAL REVENUES</b>	<b>\$ 379,617</b>	<b>\$ -</b>	<b>\$ 379,617</b>	<b>\$ 284,275</b>	<b>\$ (95,342)</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	\$ 159,468	\$ (974)	\$ 158,494	\$ 105,640	\$ 52,854
Instruction Purchased Services	3,000		3,000	3,000	
Other Purchased Services	88,761	(74)	88,687	88,596	91
General Supplies	38,927	(2,421)	36,506	21,806	14,700
<b>Total</b>	<b>290,156</b>	<b>(3,469)</b>	<b>286,687</b>	<b>219,042</b>	<b>67,645</b>
Support Services:					
Salaries	18,442		18,442	18,442	
Personal Services-Employee Benefits	19,767	973	20,740	10,485	10,255
Purchased Professional & Technical Services	24,333	74	24,407	7,982	16,425
Other Purchased Services	13,293		13,293	12,477	816
Supplies & Materials	9,553		9,553	9,352	201
<b>Total</b>	<b>85,388</b>	<b>1,047</b>	<b>86,435</b>	<b>58,738</b>	<b>27,697</b>
Facilities Acquisition & Construction Services:					
Instructional Equipment	4,073	(1,651)	2,422	2,422	
Noninstructional Equipment		4,073	4,073	4,073	
<b>Total</b>	<b>4,073</b>	<b>2,422</b>	<b>6,495</b>	<b>6,495</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 379,617</b>	<b>\$ -</b>	<b>\$ 379,617</b>	<b>\$ 284,275</b>	<b>\$ 95,342</b>

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 13,334,225	\$ 284,275
<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:		
Current Year Outstanding Encumbrances		(3,430)
Prior Year Outstanding Encumbrances		7,445
Prior Year Outstanding Encumbrances Adjustment		(58)
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	226,293	
State Aid Receivable Current Year	(233,841)	
The donation of capital assets is not recognized for budgetary basis but reported as revenue and expenditure for capital assets for GAAP		
	<u>162,000</u>	
<b>Total Revenues (GAAP Basis)</b>	<u><u>\$ 13,488,677</u></u>	<u><u>\$ 288,232</u></u>
<b>Uses/Outflows of Resources</b>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 12,996,044	\$ 284,275
<b>Differences-Budget to GAAP:</b>		
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		
		3,957
The donation of capital assets is not recognized for budgetary basis but reported as revenue and expenditure for capital assets for GAAP		
	<u>162,000</u>	
<b>Total Expenditures (GAAP Basis)</b>	<u><u>\$ 13,158,044</u></u>	<u><u>\$ 288,232</u></u>

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	NCLB Title IA	NCLB Title IIA	NCLB Title IID	NCLB Title IV	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	Local Donations	Total
<b>REVENUES</b>									
Local Sources								\$ 18,376	\$ 18,376
Federal Sources	\$ 7,340	\$ 16,077	\$ 92	\$ 1,248	\$ 154,547	\$ 4,614	\$ 81,981		\$ 265,899
<b>TOTAL REVENUES</b>	<b>\$ 7,340</b>	<b>\$ 16,077</b>	<b>\$ 92</b>	<b>\$ 1,248</b>	<b>\$ 154,547</b>	<b>\$ 4,614</b>	<b>\$ 81,981</b>	<b>\$ 18,376</b>	<b>\$ 284,275</b>
<b>EXPENDITURES</b>									
Instruction:									
Salaries	\$ 4,783	\$ 10,120			\$ 86,552	\$ 1,879		\$ 2,306	\$ 105,640
Instruction Purchased Services					3,000				3,000
Other Purchased Services	118				5,036	1,461	\$ 81,981		88,596
General Supplies					7,444	1,000		13,362	21,806
Total	4,901	10,120	\$ -	\$ -	102,032	4,340	81,981	15,668	219,042
Support Services:									
Salaries					18,442				18,442
Personal Services- Employee Benefits	699	1,479			8,033	274			10,485
Purchased Professional & Technical Services	1,740	3,138	42	793	3,062				7,982
Other Purchased Services					11,684				12,477
Supplies & Materials		1,340	50	455	4,799			2,708	9,352
Total	2,439	5,957	92	1,248	46,020	274	-	2,708	58,738
Facilities Acquisition & Construction Services:									
Instructional Equipment					2,422				2,422
Noninstructional Equipment					4,073				4,073
					6,495				6,495
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,340</b>	<b>\$ 16,077</b>	<b>\$ 92</b>	<b>\$ 1,248</b>	<b>\$ 154,547</b>	<b>\$ 4,614</b>	<b>\$ 81,981</b>	<b>\$ 18,376</b>	<b>\$ 284,275</b>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Description	Approval Date	Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/10
			Prior Years	Current Year	
Window Replacement at Valley View Elementary School	09/23/09	\$ 246,000		\$ 25,100	\$ 220,900
		<u>\$ 246,000</u>	<u>\$ -</u>	<u>\$ 25,100</u>	<u>\$ 220,900</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	\$ 147,600
State Sources-NJ SDA Aid	98,400
	<u>246,000</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	17,538
Construction Services	7,562
	<u>25,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	220,900
Fund Balance-Beginning	<u>-</u>
Fund Balance-Ending	<u>\$ 220,900</u>
 <b>Reconciliation of Fund Balance Difference for GAAP Purposes</b>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 220,900
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	10,037
Budgetary Basis (Schedule K-4)	<u>(98,400)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 132,537</u>
 <b>Reconciliation of Financial Assistance Difference for GAAP Purposes</b>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 98,400
Adjustment to GAAP Basis	<u>(88,363)</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 10,037</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS  
WINDOW REPLACEMENT AT VALLEY VIEW ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
Local Sources-Transfer from Capital Reserve		\$ 147,600	\$ 147,600	\$ 147,600
State Sources-SDA Aid		98,400	98,400	98,400
<b>Total Revenues</b>	<b>\$ -</b>	<b>246,000</b>	<b>246,000</b>	<b>246,000</b>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional & Technical Services		17,538	17,538	33,000
Construction Services		7,562	7,562	213,000
<b>Total Expenditures</b>	<b>-</b>	<b>25,100</b>	<b>25,100</b>	<b>246,000</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 220,900</b>	<b>\$ 220,900</b>	<b>\$ -</b>

**Additional Project Information:**

DOE Project Number	2600-060-09-1001
Grant Date	09/23/09
Bond Authorized Date	N/A
Bond Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 246,000
Reduced Authorized Cost	
Revised Authorized Cost	\$ 246,000
Percentage Completion	10.20%

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
FOOD SERVICE ENTERPRISE FUND  
JUNE 30, 2010

	<u>Food Service Total</u>
<b>ASSETS</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 58,398
Due from Other Funds	2,917
Receivables from Other Governments:	
State	212
Federal	2,038
Inventory	3,973
Total Current Assets	<u>67,538</u>
Noncurrent Assets:	
Capital Assets	71,574
Less: Accumulated Depreciation	61,389
Total Noncurrent Assets	<u>10,185</u>
Total Assets	<u>77,723</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	13,452
Deferred Revenues	1,667
Total Liabilities	<u>15,119</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	10,185
Unrestricted	<u>52,419</u>
TOTAL NET ASSETS	<u>\$ 62,604</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Food Service Total</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 111,190
Daily Sales-Unreimbursable Programs	43,659
Total Operating Revenues	<u>154,849</u>
Other Expenses:	
Salaries	67,603
Employee Benefits	13,696
Purchased Professional Services	1,600
Purchased Property Services (Repairs)	1,300
Insurance	1,610
Management Fee	7,057
Other Purchased Services	2,406
Supplies and Materials	8,124
Depreciation	1,331
Costs of Sales	81,332
Miscellaneous	70
Total Operating Expenses	<u>186,129</u>
Operating Income (Loss)	<u>(31,280)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,375
Federal Sources:	
National School Lunch Program	22,867
Food Distribution Program	11,530
Interest Earned on Investments	716
Total Nonoperating Revenues (Expenses)	<u>37,488</u>
Change in Net Assets	6,208
Net Assets, Beginning	<u>56,396</u>
Net Assets, Ending	<u>\$ 62,604</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
FOOD SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Food Service Total</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 154,849
Payments to Food Service Management Company	(164,228)
Payments to Vendors (Net)	(5,057)
Net Cash Provided by (Used For) Operating Activities	<u>(14,436)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,318
Federal Sources	22,233
General Fund Interfund Activity	(142)
Interest on Investments	716
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>25,125</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,689
Cash and Cash Equivalents, July 1	<u>47,709</u>
Cash and Cash Equivalents, June 30	<u>\$ 58,398</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (31,280)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,331
Federal Food Distribution Program	11,530
(Increase) Decrease in Inventory	166
Increase (Decrease) in Account Payable	4,101
Increase (Decrease) in Deferred Revenue	(284)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (14,436)</u>

**FIDUCIARY FUND**  
**DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 39,001	\$ 9,986	\$ 142	\$ 49,129
Investments	158,290			158,290
Accrued Interest on Investments	1,688			1,688
Due from Special Revenue Fund		730		730
<b>Total Assets</b>	<u>198,979</u>	<u>10,716</u>	<u>142</u>	<u>209,837</u>
<b>LIABILITIES</b>				
Accounts Payable	4,342			4,342
Due to Student Groups		10,716		10,716
Payroll Deductions & Withholdings			142	142
<b>Total Liabilities</b>	<u>4,342</u>	<u>10,716</u>	<u>142</u>	<u>15,200</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 194,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,637</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Members	\$ 12,322
Investment Earnings-Interest	5,191
Total Additions	<u>17,513</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>10,261</u>
Total Deductions	<u>10,261</u>
Change in Net Assets	7,252
Net Assets, Beginning of the Year	<u>187,385</u>
Net Assets, End of the Year	<u>\$ 194,637</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
 STUDENT ACTIVITY AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Accounts Payable 06/30/10	Balance 06/30/10
Due to Student Groups-Both Schools	\$ 13,239	\$ 102,799	\$ 105,322	\$ -	\$ 10,716

LEBANON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance 07/01/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/10</u>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 6	\$ 8,401,221	\$ 8,401,085	\$ 142
<b>TOTAL ASSETS</b>	<u>\$ 6</u>	<u>\$ 8,401,221</u>	<u>\$ 8,401,085</u>	<u>\$ 142</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 6	\$ 3,273,302	\$ 3,273,166	\$ 142
Net Payroll		<u>5,127,919</u>	<u>5,127,919</u>	
<b>TOTAL LIABILITIES</b>	<u>\$ 6</u>	<u>\$ 8,401,221</u>	<u>\$ 8,401,085</u>	<u>\$ 142</u>

### **LONG-TERM DEBT SCHEDULES**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/09	Issued	Retired	Balance 06/30/10
School Building Addition	04/01/95	\$ 3,500,000	N/A	N/A	N/A	\$ 285,000	\$ -	\$ 285,000	\$ -

LEBANON TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 233,595		\$ 233,595	\$ 233,595	
Total Local Sources	\$ 233,595	\$ -	233,595	233,595	\$ -
State Sources:					
Debt Service Aid-State Support	66,724		66,724	66,724	
Total Revenues	300,319	-	300,319	300,319	-
<b>EXPENDITURES</b>					
Regular Debt Service:					
Interest	15,319		15,319	15,319	
Redemption of Principal	285,000		285,000	285,000	
Total Expenditures	300,319	-	300,319	300,319	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	-	\$ -	\$ -	\$ -	\$ -
Recapitulation of Excess (Deficiency) of Revenue over (Under) Expenditures:					
Budgeted Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

**STATISTICAL SECTION**

LEBANON TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

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

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

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>GOVERNMENT ACTIVITIES</b>							
Invested in Capital Assets, Net of Related Debt	\$ 3,540,980	\$ 3,709,716	\$ 3,787,940	\$ 3,991,105	\$ 4,069,578	\$ 4,156,714	\$ 4,449,939
Restricted	146,613	107,223	111,362	117,070	421,504	556,107	876,370
Unrestricted	(163,795)	345,231	476,066	457,632	962,161	1,388,700	1,381,457
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 3,523,798</b>	<b>\$ 4,162,170</b>	<b>\$ 4,375,368</b>	<b>\$ 4,565,807</b>	<b>\$ 5,453,243</b>	<b>\$ 6,101,521</b>	<b>\$ 6,707,766</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Invested in Capital Assets, Net of Related Debt	\$ 3,066	\$ 2,263	\$ 1,798	\$ 3,538	\$ 12,879	\$ 11,516	\$ 10,185
Unrestricted	30,837	37,894	30,325	44,003	35,824	44,880	52,419
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 33,903</b>	<b>\$ 40,157</b>	<b>\$ 32,123</b>	<b>\$ 47,541</b>	<b>\$ 48,703</b>	<b>\$ 56,396</b>	<b>\$ 62,604</b>
<b>DISTRICT-WIDE</b>							
Invested in Capital Assets, Net of Related Debt	\$ 3,544,046	\$ 3,711,979	\$ 3,789,738	\$ 3,994,643	\$ 4,082,457	\$ 4,168,230	\$ 4,460,124
Restricted	146,613	107,223	111,362	117,070	421,504	556,107	876,370
Unrestricted	(132,958)	383,125	506,391	501,635	997,985	1,433,580	1,433,876
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 3,557,701</b>	<b>\$ 4,202,327</b>	<b>\$ 4,407,491</b>	<b>\$ 4,613,348</b>	<b>\$ 5,501,946</b>	<b>\$ 6,157,917</b>	<b>\$ 6,770,370</b>

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

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

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

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

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET ASSETS</b>							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 8,045,572	\$ 8,453,786	\$ 8,670,304	\$ 9,178,909	\$ 9,878,661	\$ 10,108,113	\$ 10,453,000
Taxes Levied for Debt Service	260,133	265,863	255,203	256,210	244,921	241,412	233,595
Unrestricted Grants & Contributions	3,110,497	3,063,158	3,171,873	3,621,157	3,670,439	3,375,465	2,866,679
Tuition Received	49,800	55,324	78,729	65,809	13,231	54,734	36,431
Investment Earnings	24,964	30,336	38,253	55,207	66,036	37,434	162,260
Miscellaneous Income	15,148	6,915	6,059	2,478	7,686	6,391	
Loss on Disposal of Capital Assets	(7,886)		(17,972)				
Total Governmental Activities	<u>11,498,228</u>	<u>11,875,382</u>	<u>12,202,449</u>	<u>13,179,770</u>	<u>13,880,974</u>	<u>13,823,549</u>	<u>13,751,965</u>
Business-Type Activities:							
Investment Earnings	80	412	456	974	1,143	477	716
Miscellaneous			268	1,120		57	
Total Business-Type Activities	<u>80</u>	<u>412</u>	<u>724</u>	<u>2,094</u>	<u>1,143</u>	<u>534</u>	<u>716</u>
<b>TOTAL DISTRICT-WIDE</b>	<u>\$ 11,498,308</u>	<u>\$ 11,875,794</u>	<u>\$ 12,203,173</u>	<u>\$ 13,181,864</u>	<u>\$ 13,882,117</u>	<u>\$ 13,824,083</u>	<u>\$ 13,752,681</u>
<b>CHANGE IN NET ASSETS</b>							
Governmental Activities	\$ (6,020)	\$ 638,372	\$ 213,198	\$ 190,439	\$ 887,436	\$ 648,278	\$ 606,245
Business-Type Activities	(621)	6,254	(8,034)	15,418	1,162	7,693	6,208
<b>TOTAL DISTRICT</b>	<u>\$ (6,641)</u>	<u>\$ 644,626</u>	<u>\$ 205,164</u>	<u>\$ 205,857</u>	<u>\$ 888,598</u>	<u>\$ 655,971</u>	<u>\$ 612,453</u>

GENERAL REVENUES & OTHER CHANGES IN NET ASSETS

Governmental Activities:

Property Taxes Levied for General Purposes, Net  
Taxes Levied for Debt Service  
Unrestricted Grants & Contributions  
Tuition Received  
Investment Earnings  
Miscellaneous Income  
Loss on Disposal of Capital Assets  
Total Governmental Activities

Business-Type Activities:

Investment Earnings  
Miscellaneous  
Total Business-Type Activities

TOTAL DISTRICT-WIDE

CHANGE IN NET ASSETS

Governmental Activities  
Business-Type Activities

TOTAL DISTRICT

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

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Tax Levy	\$ 6,679,792	\$ 7,016,039	\$ 7,959,103	\$ 8,305,705	\$ 8,719,649	\$ 8,925,507	\$ 9,435,119	\$ 10,123,582	\$ 10,349,525	\$ 10,686,595
Tuition Charges	29,855	55,735	119,489	49,800	55,324	78,729	65,809	13,231	54,734	30,357
Transportation Charges	48,218	19,559	22,496	24,964	30,340	38,253	55,207	66,036	37,434	36,431
Interest Earnings	2,332	5,121	15,290	18,898	26,555	22,858	23,018	36,365	25,623	179,735
Miscellaneous	2,429,724	2,525,007	2,666,774	3,117,018	3,068,912	3,174,458	3,623,376	3,670,439	3,374,902	6,934
State Sources				31,306	38,643					2,588,923
State Sources-Capital Projects				156,315	170,227	189,735	175,708	173,599	173,201	10,037
Federal Sources	97,822	137,906	127,437	1,704,006	12,109,650	12,429,538	13,378,237	14,083,252	14,015,419	548,253
<b>Total Revenues</b>	<b>9,287,743</b>	<b>9,759,367</b>	<b>10,910,589</b>	<b>11,704,006</b>	<b>12,109,650</b>	<b>12,429,538</b>	<b>13,378,237</b>	<b>14,083,252</b>	<b>14,015,419</b>	<b>14,087,265</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,151,128	3,072,300	3,163,624	3,383,175	3,177,965	3,434,383	3,422,195	3,526,557	3,699,233	3,777,125
Special Education Instruction	705,451	854,707	983,404	1,056,712	1,143,558	1,087,252	1,104,657	1,099,793	1,260,116	1,273,291
Other Special Instruction	89,503	152,566	156,773	171,053	170,305	176,361	235,605	247,058	235,975	248,880
Other Instruction	57,601	44,123	46,902	50,397	49,478	50,427	64,436	60,214	60,597	62,439
<b>Support Services:</b>										
Tuition	101,967	96,719	69,770	152,198	157,553	61,204	120,214	139,444	192,683	59,444
Student & Inst Related Services	1,022,478	1,061,478	1,218,697	1,236,960	1,229,951	1,264,856	1,283,322	1,317,640	1,338,960	1,404,978
General Administration	287,278	267,633	315,312	338,380	282,978	313,012	302,536	308,503	300,917	315,595
School Administration Services	333,126	385,113	359,405	348,721	364,335	382,580	403,489	415,008	433,826	424,990
Central Services	122,938	133,905	149,951	153,829	166,749	181,799	176,354	167,780	178,302	184,258
Administrative Information Technology					59,532	71,205	103,323	80,690	80,949	81,502
Plant Operations & Maintenance	637,522	607,760	699,532	769,480	784,606	906,627	982,254	939,361	885,154	949,272
Pupil Transportation	641,393	706,606	679,189	725,997	707,064	732,610	807,758	756,759	853,316	670,888
Employee Benefits	1,238,995	1,551,606	1,764,500	2,007,568	2,178,671	2,346,668	2,546,776	2,436,058	2,591,965	2,689,840
On-Behalf TPAF Pension & Social Security Contribution	411,387	337,132	520,668	672,584	680,443	819,342	1,263,244	1,256,731	810,703	829,007
Capital Outlay	211,382	1,963	17,122	31,313	55,518	67,421	18,820	16,837	11,200	174,480
Transfer of Funds to Charter Schools				8,280	8,305	8,305	32,147	9,311		12,255
Special Revenue Funds	130,778	183,810	171,085	162,836	191,550	203,501	192,179	195,936	185,075	288,232
Capital Projects Fund			4,590	90,719	79,662		135,379			25,100
Debt Service:										
Principal	220,000	235,000	235,000	235,000	255,000	255,000	270,000	270,000	280,000	285,000
Interest & Other Charges	136,525	124,700	112,068	99,438	86,807	73,100	59,384	44,881	30,369	15,319
<b>Total Expenditures</b>	<b>9,499,452</b>	<b>9,817,119</b>	<b>10,667,592</b>	<b>11,693,745</b>	<b>11,831,725</b>	<b>12,435,633</b>	<b>13,544,062</b>	<b>13,288,581</b>	<b>13,429,330</b>	<b>13,771,695</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(211,709)	(57,752)	242,997	10,261	277,925	(6,095)	(165,845)	794,691	586,089	315,570
Other Financing Sources (Uses):										
Capital Leases	43,077									
Total Other Financing Sources (Uses)										
<b>Net Change in Fund Balances</b>	<b>\$ (168,632)</b>	<b>\$ (57,752)</b>	<b>\$ 242,997</b>	<b>\$ 10,261</b>	<b>\$ 277,925</b>	<b>\$ (6,095)</b>	<b>\$ (165,845)</b>	<b>\$ 794,691</b>	<b>\$ 586,089</b>	<b>\$ 315,570</b>
Debt Service as a Percentage of Non-capital Expenditures	3.99%	3.80%	3.37%	2.98%	3.01%	2.73%	2.52%	2.43%	2.37%	2.26%

Source: District Records

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

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

Description	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	\$ 48,218	\$ 19,559	\$ 22,496	\$ 24,964	\$ 30,340	\$ 38,253	\$ 55,207	\$ 66,036	\$ 54,734	\$ 36,431
Tuition	29,855	55,735	119,489	49,800	55,324	78,729	65,809	13,231	37,434	30,357
Lawsuit Settlements						3,768		4,126		
Insurance Rebates										
Insurance Dividends	30	45	9,209	10,948	4,375				10,610	170
Miscellaneous Refunds				2,755	1,574				2,365	6,549
Prior Year Refunds	2,250	4,150	4,200	3,750	4,075	5,600	6,288	6,342	2,500	162,000
Rentals										
Donations	52	318	591	60	594	273		539	211	215
Miscellaneous Other										
Other Local Government-Courtesy Busing							436	521		
Sale of Equipment		608	790	1,385	371	10				
Prior Year Outstanding Checks Voided										
<b>Annual Totals</b>	<b>\$ 80,405</b>	<b>\$ 80,415</b>	<b>\$ 157,275</b>	<b>\$ 93,662</b>	<b>\$ 96,653</b>	<b>\$ 128,657</b>	<b>\$ 129,782</b>	<b>\$ 93,295</b>	<b>\$ 105,354</b>	<b>\$ 235,722</b>

Source: District Records

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	\$ 16,675,700	\$ 27,215,200	\$ 21,590,000	\$ 20,321,463	\$ 17,875,534	\$ 14,717,200	\$ 13,153,100	\$ 11,955,500	\$ 11,449,400	\$ 11,189,700
Residential	395,085,800	554,953,600	568,602,300	582,902,300	595,140,100	608,421,300	617,869,700	621,807,400	625,940,900	630,542,400
Farm Regular	44,082,200	65,896,100	69,435,996	72,451,975	72,055,900	75,030,800	73,636,500	74,728,800	74,591,100	74,457,119
Farm Qualified	2,326,506	2,372,915	2,278,731	2,317,586	2,774,273	2,139,921	2,000,945	2,020,910	2,030,885	1,977,653
Commercial	26,888,200	33,335,400	33,220,700	33,028,300	33,884,000	34,166,500	34,995,900	33,751,300	34,136,500	33,797,200
Industrial	3,020,900	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	3,410,900	4,441,300	3,487,500	3,410,900
Apartment	2,807,500	2,010,500	1,857,800	1,857,800	1,857,800	1,857,800	1,857,800	2,197,100	1,935,700	1,935,700
<b>Total Assessed Value</b>	<b>490,886,806</b>	<b>689,194,615</b>	<b>700,396,427</b>	<b>716,290,324</b>	<b>726,998,507</b>	<b>739,744,421</b>	<b>746,924,845</b>	<b>750,902,310</b>	<b>753,573,985</b>	<b>757,310,672</b>
<b>Public Utilities (a)</b>	<b>1,714,815</b>	<b>1,659,834</b>	<b>1,765,448</b>	<b>1,722,375</b>	<b>1,559,341</b>	<b>1,282,589</b>	<b>1,114,528</b>	<b>1,016,472</b>	<b>840,088</b>	<b>1,080,582</b>
<b>Net Valuation Taxable</b>	<b>\$ 492,601,621</b>	<b>\$ 690,854,449</b>	<b>\$ 702,161,875</b>	<b>\$ 718,012,699</b>	<b>\$ 728,557,848</b>	<b>\$ 741,027,010</b>	<b>\$ 748,039,373</b>	<b>\$ 751,918,782</b>	<b>\$ 754,414,073</b>	<b>\$ 758,391,254</b>
<b>Estimated Actual County Equalized Value</b>	<b>\$ 572,163,471</b>	<b>\$ 652,630,764</b>	<b>\$ 797,989,974</b>	<b>\$ 839,776,507</b>	<b>\$ 962,518,484</b>	<b>\$ 1,041,400,313</b>	<b>\$ 1,141,925,288</b>	<b>\$ 1,129,472,950</b>	<b>\$ 1,082,074,508</b>	<b>\$ 1,033,089,843</b>
<b>Percentage of Net Valuation to Estimated Actual County Equalized Value</b>	<b>86.09%</b>	<b>105.85%</b>	<b>87.99%</b>	<b>85.50%</b>	<b>75.69%</b>	<b>71.16%</b>	<b>65.51%</b>	<b>66.57%</b>	<b>69.72%</b>	<b>73.41%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.28</b>	<b>\$ 1.08</b>	<b>\$ 1.16</b>	<b>\$ 1.22</b>	<b>\$ 1.23</b>	<b>\$ 1.27</b>	<b>\$ 1.35</b>	<b>\$ 1.38</b>	<b>\$ 1.42</b>	<b>\$ 1.40</b>

\*

Source: Municipal Tax Assessor

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

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

\* Revalued/Reassessed

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

Assessment Year	School District Direct Rate (From J-6)						Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Service (b)	Debt Service (b)	Direct School Tax Rate	Regional School Rate	Municipality	County		
2001	\$ 1.22	\$ 0.06		\$ 1.28	\$ 0.66	\$ 0.06	0.53	\$ 2.53	
2002	1.04	0.04		1.08	0.50	0.02	0.43	2.03	
2003	1.12	0.04		1.16	0.55	0.04	0.49	2.24	
2004	1.18	0.04		1.22	0.70	0.04	0.48	2.44	
2005	1.19	0.04		1.23	0.76	0.04	0.50	2.53	
2006	1.23	0.04		1.27	0.81	0.06	0.50	2.64	
2007	1.31	0.04		1.35	0.75	0.06	0.51	2.67	
2008	1.34	0.03		1.37	0.71	0.08	0.50	2.66	
2009	1.39	0.03		1.42	0.72	0.08	0.49	2.71	
2010	1.40	-		1.40	0.69	0.10	0.47	2.66	

Sources: Municipal Tax Collector

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

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

\* Revalued/Reassessed

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

	2010				2001			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value	
			Value	%			Value	%
Columbia Gas Transmission Corp	\$ 3,916,300	1	0.52%		\$ 3,916,300	1	0.79%	
Trimmer Road Co LLC	2,402,900	2	0.32%		2,352,376	2	0.48%	
Individual Taxpayer #1	2,334,500	3	0.31%		1,851,100	4	0.37%	
Davara Industrial Center LLC	1,951,500	4	0.26%					
Eastern Concrete Materials Inc	1,750,000	5	0.23%					
Individual Taxpayer #2	1,480,840	6	0.20%					
Individual Taxpayer #3	1,276,037	7	0.17%					
High Bridge Quartet	1,255,800	8	0.17%					
Reliant Energy NJ	1,236,500	9	0.16%		1,176,800	9	0.24%	
Individual Taxpayer #4	1,235,242	10	0.16%					
Comesque Realty Co					2,057,700	3	0.42%	
Individual Taxpayer #5					1,788,200	5	0.36%	
Individual Taxpayer #6					1,607,900	6	0.33%	
Fallone at Country Woods					1,523,500	7	0.31%	
Individual Taxpayer #7					1,203,176	8	0.24%	
Individual Taxpayer #8					969,200	10	0.20%	
	<u>\$ 18,839,619</u>				<u>\$ 18,446,252</u>		<u>3.74%</u>	

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2000	\$ 12,029,572	\$ 11,698,724	97.25%
2001	12,933,894	12,564,445	97.14%
2002	14,297,084	13,820,743	96.67%
2003	16,063,176	15,750,803	98.06%
2004	17,799,917	17,518,993	98.42%
2005	18,709,240	18,425,675	98.48%
2006	19,723,370	19,409,546	98.41%
2007	20,127,040	19,710,458	97.93%
2008	20,186,704	19,837,549	98.27%
2009	20,532,299	20,106,850	97.92%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2001	\$ 2,320,000		\$ 62,225			\$ 2,382,225	0.74%	\$ 397	
2002	2,085,000		45,355			2,130,355	0.63%	351	
2003	1,850,000		29,142			1,879,142	0.53%	304	
2004	1,615,000		8,985			1,623,985	0.45%	262	
2005	1,360,000					1,360,000	0.36%	218	
2006	1,105,000					1,105,000	0.30%	177	
2007	835,000					835,000	0.21%	134	
2008	565,000					565,000	0.13%	91	
2009	285,000					285,000	0.07%	46	
2010	-					-	N/A	N/A	

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

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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding		% of Actual Taxable Value (a) of Property		Per Capita (a)
	General Obligation Bonds	Deductions	Bonded Debt	Outstanding	Value (a) of Property	Property	
2001	\$ 2,320,000		\$ 2,320,000		0.47%	\$	386
2002	2,085,000		2,085,000		0.30%		343
2003	1,850,000		1,850,000		0.26%		299
2004	1,615,000		1,615,000		0.22%		260
2005	1,360,000		1,360,000		0.19%		218
2006	1,105,000		1,105,000		0.15%		177
2007	835,000		835,000		0.11%		134
2008	565,000		565,000		0.08%		91
2009	285,000		285,000		0.04%		46
2010	-		-		0.00%		-

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2009

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>GOVERNMENTAL UNIT</b>			
Debt Repaid with Property Taxes:			
Municipality	\$ 10,233,748	100.00	\$ 10,233,748
Regional High School	5,245,000	11.24	589,303
County General Obligation Debt	115,572,465	4.39	<u>5,072,905</u>
Subtotal, Overlapping Debt			15,895,956
School District Direct Debt			<u>285,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,180,956</u></u>

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

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

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



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

Year	Population (a)		Personal Income (b)		Per Capita Personal Income (c)		Unemployment Rate (d)	
		\$		\$		\$		
2001	6,004		320,313,400		53,350		2.5%	
2002	6,071		336,515,530		55,430		4.3%	
2003	6,186		353,282,460		57,110		4.6%	
2004	6,209		364,257,194		58,666		3.8%	
2005	6,236		373,642,412		59,917		5.5%	
2006	6,227		371,079,384		59,592		6.2%	
2007	6,228		400,622,328		64,326		5.4%	
2008	6,213		423,440,802		68,154		7.0%	
2009	6,215		427,498,775		68,785		12.4%	
2010	6,215		N/A		N/A		N/A	

Sources:

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

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

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

Sources: District personnel records

Note: Information prior to fiscal year 2004 is unavailable

LEBANON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	866	\$ 8,931,545	\$ 10,314	6.66%	82	1 to 10.60	873.3	836.3	7.81%	95.76%
2002	885	9,455,456	10,684	3.59%	90	1 to 9.80	884.9	849.3	1.33%	95.98%
2003	889	10,298,812	11,585	8.43%	88	1 to 10.10	872.5	835.9	-1.40%	95.81%
2004	843	11,237,275	13,330	15.07%	89	1 to 9.50	842.8	808.3	-3.40%	95.91%
2005	841	11,354,738	13,501	1.29%	88	1 to 10.50	834.3	800.8	-1.01%	95.98%
2006	821	12,040,112	14,665	8.62%	88	1 to 9.70	816.2	783.3	-2.17%	95.97%
2007	830	13,060,489	15,736	7.30%	75	1 to 10.70	813.0	782.6	-0.39%	96.26%
2008	832	12,956,843	15,573	-1.03%	74	1 to 11.20	824.2	791.1	1.38%	95.96%
2009	819	13,107,761	16,005	2.77%	75	1 to 10.90	810.2	774.6	-1.70%	95.61%
2010	782	13,271,796	16,972	6.04%	75	1 to 10.50	773.9	741.9	-4.48%	95.87%

Source: District Records

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Valley View Elementary (1974)</u>										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (Students)	404	404	404	404	404	404	404	404	404	404
Enrollment	455	452	435	435	438	440	443	455	434	423
<u>Woodglen Middle School (1954)</u>										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (Students)	301	301	301	301	301	301	301	301	301	301
Enrollment	417	433	437	410	407	394	387	380	383.5	357.0
Number of Schools at June 30, 2010:										
Elementary	1									
Middle School	1									

Source: District Facilities Office  
N/A=Not Available

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	*School Facilities		Total
	Valley View	Woodglen	
2001	\$ 58,891	\$ 57,888	\$ 116,779
2002	32,883	23,383	56,266
2003	38,704	49,816	88,520
2004	53,077	72,382	125,459
2005	58,698	43,159	101,857
2006	62,652	137,125	199,777
2007	119,939	119,075	239,014
2008	72,741	100,001	172,742
2009	68,815	77,624	146,439
2010	69,895	136,126	206,021
<b>Total School Facilities</b>	<b>\$ 636,295</b>	<b>\$ 816,579</b>	<b>\$ 1,452,874</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, 2010  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-(Fund Limit)	\$ 250,000,000	\$ 1,000
Employee Dishonesty Per Loss	500,000	1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
School Board Legal Liability-School Alliance Insurance Fund:		
Directors and Officers Policy	10,000,000	25,000
Public Employees' Faithful Performance- Selective Insurance:		
Treasurer's Bond	200,000	
Board Secretary Bond	200,000	
Workers Compensation-School Alliance Insurance Fund:		
Accident	5,000,000	
Disease	5,000,000	
Disease Limit	5,000,000	
Educational Liability Fund-School Alliance Insurance Fund:		
Excess Liability Coverage	5,000,000	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

October 1, 2010

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

We have audited the financial statements of the Board of Education of the Lebanon Township School District in the County of Hunterdon as of and for the year ended June 30, 2010, and have issued our report thereon dated October 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

### Compliance and Other Matters

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

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

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

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04

October 1, 2010

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

Compliance

We have audited the compliance of the Board of Education of the Lebanon Township School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2010. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

### Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/09 (Acct Rec)	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Accounts Receivable	Balance, June 30, 2010
												Deferred Revenue
												Due to Grantor
<b>US Department of Education</b>												
General Revenue Fund:												
ARRA State Fiscal Stabilization Fund:												
Education Stabilization Fund Aid (ESF)	84.394	N/A	\$ 266,854	07/01/2009-06/30/2010			\$ 266,854	\$ 266,854				
Government Services Fund Aid (GSF)	84.397	N/A	10,330	07/01/2009-06/30/2010			10,330	10,330				
Special Education Medicaid Initiative	93.778	N/A	572	07/01/2009-06/30/2010			572	572				
<b>Total General Fund</b>			<b>\$ 277,756</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 277,756</b>	<b>\$ 277,756</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>US Department of Education Passed-Through State Department of Education:</b>												
Special Revenue Fund:												
NCLB Title I Part A	84.010A	NCLB 260010	9,010	09/01/2009-08/31/2010			2,287	7,340			(6,723)	1,670
NCLB Title II Part A	84.367A	NCLB 260009	15,949	09/01/2008-08/31/2009	(8,774)		8,774					
NCLB Title II Part A	84.367A	NCLB 260010	16,077	09/01/2008-08/31/2010			1,340	16,077			(14,737)	
NCLB Title IID	84.365A	NCLB 260010	92	09/01/2009-08/31/2010			92	92			(92)	
NCLB Title IV	84.186A	NCLB 260010	1,248	09/01/2009-08/31/2010			1,248	1,248			(1,248)	
IDEA Basic	84.027	IDEA 260009	155,843	09/01/2008-08/31/2009	(46,069)		46,069					
IDEA Basic	84.027	IDEA 260010	155,064	09/01/2009-08/31/2010			69,843	154,547			(85,221)	517
IDEA Preschool	84.173	IDEA 260010	4,614	09/01/2009-08/31/2010			4,614	4,614			(4,614)	
ARRA IDEA Basic	84.391	ARRA 260010	164,741	09/01/2009-08/31/2011			54,933	81,981			(109,808)	82,760
ARRA IDEA Preschool	84.392	ARRA 260010	5,960	09/01/2009-08/31/2011			183,246	265,899			(5,960)	5,960
<b>Total Special Revenue Fund</b>			<b>\$ (54,843)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 183,246</b>	<b>\$ 265,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (228,403)</b>	<b>\$ 90,907</b>
<b>US Department of Agriculture Passed-Through State Department of Education:</b>												
Enterprise Fund:												
Food Donation	10.550	N/A	10,936	07/01/2008-06/30/2009	1,951			1,951				
Food Donation	10.550	N/A	11,246	07/01/2008-06/30/2010			11,246	9,579				1,667
National School Lunch Program	10.555	N/A	22,162	07/01/2008-06/30/2009	(1,404)		1,404					
National School Lunch Program	10.555	N/A	22,867	07/01/2009-06/30/2010			20,829	22,867			(2,038)	
<b>Total Enterprise Fund</b>			<b>\$ 547</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,479</b>	<b>\$ 34,397</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,038)</b>	<b>\$ 1,667</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ (54,296)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 494,481</b>	<b>\$ 578,052</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (230,441)</b>	<b>\$ 92,574</b>

SEE ACCOMPANYING NOTES TO SCHEDULE OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/09 (Acct Rec)	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2010		Memo
								Accounts Receivable	Deferred Revenue	
<b>State Department of Education</b>										
General Fund:										
Equalization Aid	10-495-034	\$ 823,578	07/01/2009-06/30/2010		\$ 823,578	\$ 823,578			\$ 140,430	\$ 823,578
Categorical Transportation Aid	-5120-078	230,251	07/01/2009-06/30/2010		230,251	230,251			39,261	230,251
Categorical Special Education Aid	10-495-034	280,033	07/01/2009-06/30/2010		280,033	280,033			47,749	280,033
Categorical Security Aid	-5120-089	37,543	07/01/2009-06/30/2010		37,543	37,543			6,401	37,543
Extraordinary Special Education Costs Aid	10-495-034	324,750	07/01/2009-06/30/2010			324,750		\$ (324,750)		324,750
Extraordinary Special Education Costs Aid	-5120-084	273,791	07/01/2009-06/30/2010		273,791					273,791
Non-public Transportation Aid	09-100-034	4,585	07/01/2009-06/30/2010	\$ (273,791)		4,585		(4,585)		4,585
Non-public Transportation Aid	-5120-473	6,530	07/01/2009-06/30/2010	(6,530)	6,530					6,530
On-Behalf TPAF Pension Contribution- Post Retirement Medical	10-495-034	361,650	07/01/2009-06/30/2010		361,650	361,650				361,650
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	-5095-001	19,256	07/01/2009-06/30/2010		19,256	19,256				19,256
Reimbursed TPAF Social Security Contribution	09-495-034	435,817	07/01/2009-06/30/2010	(21,525)	21,525					435,817
Reimbursed TPAF Social Security Contribution	-5095-002	448,101	07/01/2009-06/30/2010		425,626	448,101		(22,475)		448,101
Total General Fund				(301,846)	2,479,783	2,529,747	\$ -	(351,810)	\$ -	233,841
Capital Projects Fund:										
NJ SDA Project-Valley View School Window Replacement	2600-060	98,400	09/23/2009-06/30/2013			98,400		(98,400)		98,400
Debt Service Fund:										
Debt Service Aid-State Support	10-100-034	66,724	07/01/2009-06/30/2010		66,724	66,724				66,724
Debt Service Aid-State Support	-5120-125									
<b>State Department of Agriculture</b>										
Enterprise Fund:										
State School Lunch Program	09-100-010	2,425	07/01/2009-06/30/2009	(155)	155					2,425
State School Lunch Program	-3350-023	2,375	07/01/2009-06/30/2010		2,163	2,375		(212)		2,375
Total Enterprise Fund	10-100-010			(155)	2,318	2,375		(212)		4,800
TOTAL STATE FINANCIAL ASSISTANCE				\$ (302,001)	\$ 2,548,825	\$ 2,697,246	\$ -	\$ (450,422)	\$ -	\$ 233,841
										\$ 3,415,809

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE  
JUNE 30, 2010

**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 \$3,774 for the general fund and \$3,957 for the special revenue fund and \$88,363 for the Capital Projects Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds and Exhibit F2 for the Capital Projects Fund

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 277,756	\$ 2,522,199	\$ 2,799,955
Special Revenue Fund	\$ 17,735	270,497		288,232
Capital Projects Fund			10,037	10,037
Debt Service Fund			66,724	66,724
Food Service Fund		34,397	2,375	36,772
	<u>\$ 17,735</u>	<u>\$ 582,650</u>	<u>\$ 2,601,335</u>	<u>\$ 3,201,720</u>

LEBANON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL AWARDS AND ASSISTANCE  
JUNE 30, 2010  
(Continued)

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2010. 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, 2010.

LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified?

       Yes      X   No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?

       Yes      X   No

Noncompliance Material to General-purpose  
Financial Statements Noted?

       Yes      X   No

Federal Awards

Internal Control Over Major Programs:

1. Material weakness(es) identified?

       Yes      X   No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?

       Yes      X   No

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

Unqualified

Any Audit Findings Disclosed that are Required  
to be Reported in Accordance with Section .510  
(a) of Circular A-133

       Yes      X   No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
84.027	\$ 154,547	IDEA Basic
84.394	266,854	ARRA STSF ESF

LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) Not Applicable

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

Auditee qualified as a low-risk auditee        Yes        No

State Awards

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

Auditee Qualified as low-risk auditee   X   Yes        No

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

Internal Control Over Major Programs:

1. Material weakness(es) identified?        Yes   X   No

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

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04?        Yes   X   No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
10-495-034-5095-002	\$ 448,101	Reimbursed TPAF Social Security Contribution
10-495-034-5120-078	823,578	Equalization Aid
10-100-034-5120-473	324,750	Extraordinary Special Education Costs Aid

LEBANON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2010.

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, 2010.

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LEBANON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.