

**BOROUGH OF LAWNSIDE
SCHOOL DISTRICT
LAWNSIDE, NEW JERSEY**



The Pride and Respect School

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
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INTRODUCTORY SECTION

LAWNSIDE SCHOOL DISTRICT
BOARD OF EDUCATION
426 CHARLESTON AVENUE
LAWNSIDE, NEW JERSEY 08045

RONN H. JOHNSON, Ed.D.
SUPERINTENDENT
856-546-4850
FAX: 856-310-0901
ronnjohanson@lawnside.k12.nj.us



The Pride and Respect School

DAWN LEARY
BUSINESS ADMINISTRATOR
856-547-2585
FAX: 856-547-3865
dleary@lawnside.k12.nj.us

November 29, 2016

Honorable President and
Members of the Board of Education Lawnside School District
County of Camden, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Lawnside School District (District) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

1. REPORT ENTITY AND ITS SERVICES: The Lawnside School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board Statement (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Lawnside Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through eight. These include regular as well as special education for handicapped students. In addition to the classroom teachers, other professional and support staff is employed to meet the needs of the pupils we serve. The District completed the 2015-2016 fiscal year with an enrollment of 317 students, which is an increase over the previous year's enrollment. The table on the following page details the changes in student enrollment over the past ten years.

1. REPORT ENTITY AND ITS SERVICES (CONT'D):

AVERAGE DAILY ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2015-2016	317	10.84
2014-2015	286	0.35
2013-2014	285	1.42
2012-2013	281	1.44
2011-2012	277	4.53
2010-2011	265	5.16
2009-2010	252	(15.43)
2008-2009	298	(1.65)
2007-2008	303	(2.31)
2006-2007	310	(6.06)

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Lawnside encompasses an area of approximate 1.5 square miles. The Borough is primarily a residential community with limited ratables, therefore the financial support for the school district is primarily the responsibility of homeowners.

At the April, 2010 election, voters approved a referendum to build two classrooms and renovate both educational and non-educational areas in the Lawnside Public School. Bonds in the principal amount of \$2,900,000 were issued October, 2010.

The school district will continue to face difficult economic challenges as mandated expenditures continue to increase, property tax revenue is limited due to the 2% cap and state aid decreases or remains flat. The School District's administration will closely monitor the cost of operations and to look for new funding sources in order to maintain the educational services that the School District has been providing and that the students deserve.

3. MAJOR INITIATIVES: During the 2015-2016 school year, the District concentrated on the following areas:

- Professional Development
- Student Achievement
- Technology Parent Involvement

A variety of professional development opportunities were made available to the staff throughout the 2015-2016 school year. Those opportunities, included but were not limited to, a series of workshops conducted by an outside consultant, Global Institute for Maximizing Potential, Inc. The workshops focused on an analysis of data to drive the decision-making process for improving instruction throughout the Mathematics and Language Arts curriculums. Additionally, staff members and administrators were encouraged to attend workshops conducted on the county and state levels. Teachers and administrators utilized a collaborative approach in identifying best practices aimed at implementing successful instructional methodologies in preparation for the state-mandated assessments. Common planning periods for staff members allowed for collaboration among the various grade levels. An annual review of the K-8 "Pacing Charts" was conducted to ensure proper alignment in the areas of Mathematics and Language Arts and transition to the newly adopted Common Core Content Standards. Professional Development opportunities utilizing the Global Compliance Network (www.gcctraining.com) were also conducted during the 2015-2016 school year. Additional educational collaboration occurred between the Lawnside, Haddon Heights, and Barrington School Districts.

3. MAJOR INITIATIVES (CONT'D): Due to the collaborative efforts of the teachers and Global Institute, the District made incremental progress in student achievement. The District has rewritten the Science and Social Studies curriculums to further align them to the New Jersey Core Curriculum Content Standards. All teachers were encouraged to offer a differentiated instructional approach to address each student's individual academic needs.

All staff members are required to utilize technology in their classrooms to enhance daily instruction. Teachers were required to submit their lesson plans via e-mail during the 2015-2016 school year. Additionally, the Response To Intervention (RTI) program READ 180 was implemented within the District in grades 3-8 to address the reading needs of students. The District utilized the Study Island and Write to Learn on-line assessment programs in the areas of Mathematics and Language Arts during the school year. Furthermore, staff received data to drive instruction within the classroom using the Measures of Academic progress (MAP) assessments during the 2015-2016 school year.

Parental involvement continued to be a key factor in the quest to improve student achievement. Several parent oriented activities occurred in collaboration with the local and state PTA including but not limited to McDonald's, Wendy's, and Arby's nights, Family Arts Night, Wellness Day and the Annual June Jamboree. Activities such as; Open House, Back to School Night, Awards assemblies, Mock Test Night, Public Speaking Contests, and Parents' Night Out were conducted throughout the school year to improve parental involvement and community relations. The District's Parent-Teacher Association was instrumental in strengthening the relationship between the school and the community at-large. The staff worked collaboratively with the PTA by actively offering presentations/workshops during the monthly Parent-Teacher Association meetings. Additionally, the PTA conducted three Scholastic Book Fairs during the school year to increase the amount of literature for students in their homes. Furthermore, the District participated in the state-wide Positive Behavior Supports In Schools (PBSIS) grant to provide support in addressing the need to decrease discipline referrals and encourage a highly effective academic environment. This initiative improved school climate and increased parental involvement.

During the 2015-2016 school year, the District offered the following extra-curricular activities; Junior Honor Society, Yearbook, Safety Patrol, Art Club, and various eighth grade activities. Additional collaboration has been implemented between the School District and several local faith-based organizations to focus on academic and social development. Participants in the program were selected on the basis of academic, social, and emotional needs. All supplemental educational programs focused on improving student achievement on the state-mandated assessments. Other volunteer oriented programs will be sought for the 2016-2017 school year.

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 statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2016.

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. These funds are explained in "Notes to the Financial Statements", Note 1.

7. 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 2. 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.

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in the New Jersey School Boards Association Insurance Group for workers compensation insurance.

9. OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accounts. The accounting firm of Bowman & Company LLP was selected by the Board. 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 and the related Uniform Guidance and State of New Jersey Circular 15-08 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 report related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lawnside Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



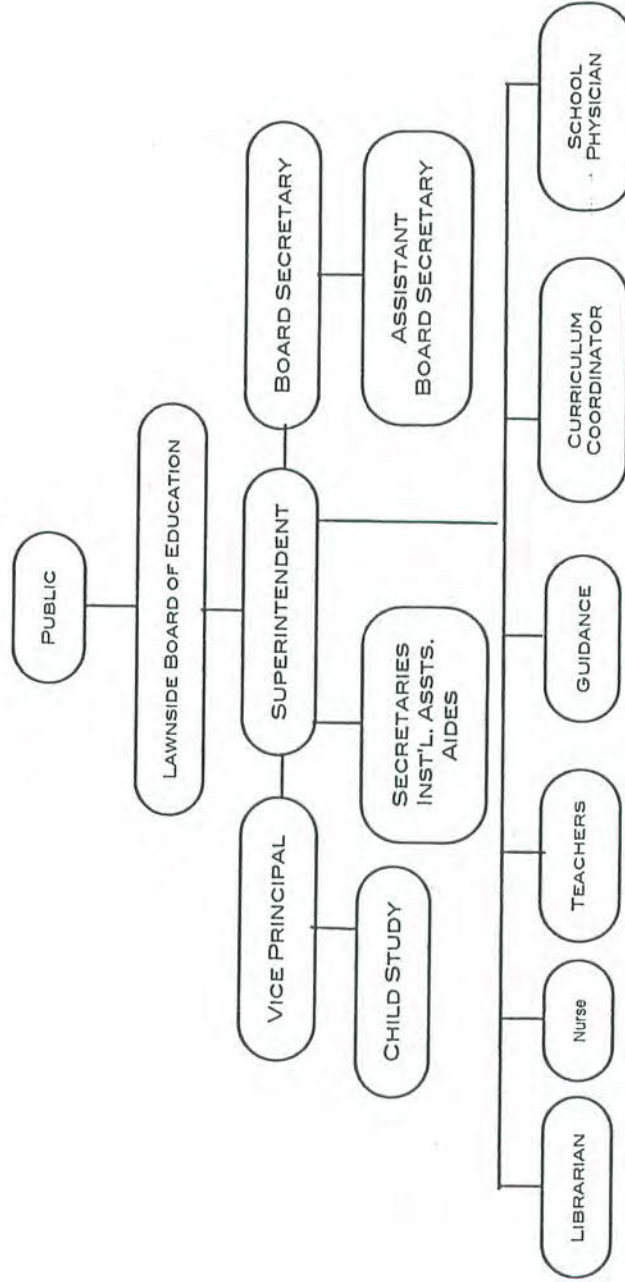
Dr. Ronn H. Johnson
Superintendent



Dawn Leary
Business Administrator/
Board Secretary

Lawnside School District

Organizational Chart



**BOROUGH OF LAWNSIDE
BOARD OF EDUCATION
LAWNSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2016**

Members of the Board of Education

Term Expires

Sabrina Forrest, President	2018
Amy Pierce, Vice President	2017
William Jordan	2018
Amy Kearney	2016
Shamyran Thomas	2016
Donica Venable	2016
Donza Worlds	2016
Marsharee Wright	2018
Vacant	

Other Officials

Dr. Ronn H. Johnson, Superintendent
Ms. Dawn Leary, Board Secretary/Business Administrator
Vacant, Treasurer
Amy Guerin, Esq. Solicitor

**BOROUGH OF LAWNSIDE
BOARD OF EDUCATION**

Consultants and Advisors

Audit Firm

**Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043**

Attorney

**Amy R. Guerin, Esquire
Parker McCay
9000 Midlantic Drive
Suite 300
Mount Laurel, NJ 08054**

Broker of Record

**Public Risk Group
528 Meadowyck Lane
Southampton, NJ 08088**

Official Depository

**BB&T Bank, N.A.
305 White Horse Pike
Lawnside, NJ 08045**

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Lawnside School District
Lawnside, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Lawnside School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016 on our consideration of the Borough of Lawnside School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lawnside School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
November 29, 2016

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Lawnside School District
Lawnside, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Lawnside School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* to be a material weakness as finding number 2016-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* to be a significant deficiency as finding number 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Lawnside School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding numbers 2016-001, 2016-002 and 2016-003.

The Borough of Lawnside School District's Response to Findings

The Borough of Lawnside School District's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20C00223300

Voorhees, New Jersey
November 29, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management's discussion and analysis of the Borough of Lawnside School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2016 and 2015. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2016:

- Net Position at June 30, 2016 for governmental and business-type activities amounted to \$3,807,293 and \$106,478 respectively.
- The School District's General Fund balance increased to \$986,942 as of June 30, 2016 from \$974,683 as of June 30, 2015, an increase of \$12,259.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as its food services program.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the School District's financial health or position.

- Increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food service.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds – not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs:

- May distinguish state or federal grants.
- Funds for capital projects and long-term debt.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in the governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary fund* – This fund represents charges or fees for such activities as food service.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The student activities fund includes clubs, classes, athletic and scholarship funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table presents a summary of the School District's net position for the fiscal years ended June 30, 2016 and June 30, 2015:

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 1,136,672	\$ 1,716,562	\$ 73,550	\$ 44,184	\$ 1,210,222	\$ 1,760,746
Capital Assets	6,417,503	6,655,987	36,172	39,103	6,453,675	6,695,090
Total Assets	7,554,175	8,372,549	109,722	83,287	7,663,897	8,455,836
Deferred Outflow of Resources - Related to Pensions	536,181	372,266.00	-	-	536,181	372,266
Long-term Liabilities Outstanding	3,896,328	3,711,175			3,896,328	3,711,175
Other Liabilities	363,054	953,926	3,244	199	366,298	954,125
Total Liabilities	4,259,382	4,665,101	3,244	199	4,262,626	4,665,300
Deferred Inflow of Resources - Related to Pensions	23,682	69,281.00	-	-	23,682	69,281
Net Investment in Capital Assets	3,917,503	4,030,987	36,172	39,103	3,953,675	4,070,090
Restricted	649,175	655,956			649,175	655,956
Unrestricted (Deficit)	(759,385)	(676,510)	70,306	43,986	(689,080)	(632,524)
Total Net Position	\$ 3,807,293	\$ 4,010,433	\$ 106,478	\$ 83,089	\$ 3,913,770	\$ 4,093,521

This is the second year of implementation for Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. The table below provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Deferred Outflow s Related to Pensions	\$ 536,181	\$ 372,266	\$ 163,915	44.03%
Less: Net Pension Liability	(1,472,943)	(1,162,538)	(310,405)	26.70%
Less: Deferred Inflow s Related to Pensions	(23,682)	(69,281)	45,599	-65.82%
	<u>\$ (960,444)</u>	<u>\$ (859,553)</u>	<u>\$ (100,891)</u>	<u>11.74%</u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

The School District's Net Position for governmental and business-type activities decreased by \$179,751 from July 1, 2015 to June 30, 2016. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 37,770	\$ 35,933	\$ 1,838	5.11%
Operating Grants and Contributions	1,771,846	1,610,987	160,859	9.99%
General Revenues:				
Property Taxes	4,392,531	4,278,087	114,444	2.68%
Federal and State Aid not Restricted	3,740,025	3,727,754	12,270	0.33%
Miscellaneous Income	31,649	23,545	8,105	34.42%
Total Revenues	<u>9,973,821</u>	<u>9,676,306</u>	<u>297,515</u>	<u>3.07%</u>
Expenses:				
Instruction:				
Regular	1,876,142	2,999,836	(1,123,694)	-37.46%
Special Education	461,294	475,758	(14,464)	-3.04%
Other Instruction	130,997	141,566	(10,569)	-7.47%
Support Services:				
Tuition	2,605,891	2,754,187	(148,295)	-5.38%
Student and Instruction Related Services	1,021,566	1,036,070	(14,503)	-1.40%
School Administrative Services	425,534	508,580	(83,046)	-16.33%
Other Administrative Services	156,035	148,025	8,009	5.41%
Plant Operations and Maintenance	590,951	620,841	(29,890)	-4.81%
Pupil Transportation	404,629	305,509	99,120	32.44%
Unallocated Benefits	1,777,258	55,292	1,721,966	3114.30%
Interest on Long-Term Debt	88,781	88,847	(66)	-0.07%
Assessment for Debt Service on SDA Funding	34,985	34,985	0	0.00%
Transfer to Charter Schools	173,701	192,806	(19,105)	-9.91%
Unallocated Depreciation	218,702	218,233	468	0.21%
Food Service	187,106	170,504	16,602	9.74%
Total Expenses	<u>10,153,572</u>	<u>9,751,038</u>	<u>402,534</u>	<u>4.13%</u>
Increase (Decrease) in Net Position	(179,751)	(74,732)	(105,019)	140.53%
Net Position, July 1	<u>4,093,521</u>	<u>4,168,253</u>	<u>(74,732)</u>	<u>-1.79%</u>
Net Position, June 30,	<u>\$ 3,913,770</u>	<u>\$ 4,093,521</u>	<u>\$ (179,751)</u>	<u>-4.39%</u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2015-2016, Governmental Activities Revenues were \$9,763,326 or 97.89% of total revenues.

In 2014-2015, Governmental Activities Revenues were \$9,506,132 or 98.24% of total revenues.

In 2015-2016, General Revenues - Property Taxes of \$4,392,531 made up 44.99%, and General Revenues - Federal & State Grants of \$3,740,025 made up 38.31% of Governmental Activities Revenues.

In 2014-2015, General Revenues - Property Taxes of \$4,278,087 made up 45.02%, and General Revenues - Federal & State Grants of \$3,727,754 made up 39.23% of Governmental Activities Revenues.

In 2015-2016, the School District's Governmental Activities expenditures increased by \$385,932 or 4.03%. \$103,418 or 26.79% of this increase was attributable to the increase in the net pension liability for GASB 68 in fiscal year 2015-2016.

Business-Type Activities

In 2015-2016 Business-Type Activities Revenues were \$210,495 or 2.11% of total revenues. In 2014-15 Business-Type Activities Revenues were \$170,174 or 1.76% of total revenues.

Charges for Services for Business-Type Activities were \$37,770 in 2015-2016 compared to \$35,933 in 2014-2015, a 5.11% increase. This increase was attributable to an increase in a-la carte sales.

Operating Grants and Contributions for Business-Type Activities were \$172,710 in 2015-2016 compared to \$134,222 in 2014-2015, a 28.67% increase.

Expenses for Business-Type Activities were \$187,106 in 2015-2016 compared to \$170,504 in 2014-2015, a 9.74% increase.

General Fund Budgeting Highlights

During the fiscal 2016 school year, the Board of Education amended its general fund budget as needed. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances and anticipation of miscellaneous revenues.

The final budgetary basis revenue estimate was \$8,103,984, which was equal to the original budget.

The 2015-2016 General Fund Tax Levy was \$4,177,499, an increase of \$114,417 or 2.82% from the 2014-2015 General Fund Tax Levy of \$4,063,082.

During fiscal year 2016, the School District budgeted \$4,177,499 and \$3,721,485 for property taxes (local tax levy) and state aid revenues, respectively.

The School District also received \$184,058, \$180,544, \$225,687 and \$8,994 in reimbursed T.P.A.F. Social Security Aid, T.P.A.F. Pension Contributions, and T.P.A.F. Post-Retirement Medical Contributions, and T.P.A.F. Non-Contributory Group Insurance Cost, respectively.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2016
 (Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

General Fund Budgeting Highlights (Cont'd)

The final budgetary basis expenditure appropriation estimate was \$8,475,812, which was equal to the original budget.

The School District's expenditures also include reimbursed T.P.A.F. Social Security Aid, T.P.A.F. Pension Contributions, T.P.A.F. Post-Retirement Medical Contributions, and T.P.A.F. Non-Contributory Group Insurance Cost of \$184,058, \$180,544, \$225,687 and \$8,994 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$986,943, an increase of \$12,259 in comparison with the prior year.

Of the combined ending fund balances of \$986,943, \$283,649 constitutes unassigned fund balance. The remainder of fund balance of \$703,293 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had ending net position of \$106,478, an increase of \$23,389 in comparison with the prior year.

Of the ending net position of \$106,478, \$70,306 constitutes unassigned net position. The remainder of net position of \$36,172 is net investment in capital assets.

CAPITAL ASSETS

At the end of fiscal year 2016 and 2015, the School District had \$6,453,675 and \$6,695,090 in capital assets net of accumulated depreciation. Net Investment in Capital Assets was \$3,953,675 at June 30, 2016 and \$4,070,090 at June 30, 2015. The following table reflects the capital assets net of accumulated depreciation as of June 30, 2016 and June 30, 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,903	\$ 11,903			\$ 11,903	\$ 11,903
Buildings and Improvements	6,120,695	6,309,006			6,120,695	6,309,006
Equipment	284,905	335,078	\$ 36,172	\$ 39,103	321,077	374,181
Total	\$ 6,417,503	\$ 6,655,987	\$ 36,172	\$ 39,103	\$ 6,453,675	\$ 6,695,090

Depreciation expense was \$269,488 for fiscal year ended 2016 and \$252,961 for fiscal year ended 2015.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,500,000. The entire School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$125,000 representing the payment of the annual principal. These bonds matured on September 1, 2016.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FACTORS ON THE SCHOOL DISTRICT'S FUTURE

One of the most important factors affecting the School District's budget is state aid. The 2016-17 budget was adopted with an \$83,550 increase in the tax levy based in part on the state aid the School District anticipates receiving, which has an increase of just (0.83%) from prior year budget. In addition, the 2016-2017 budget was supplemented by excess surplus in the amount of \$438,970.

Any reduction of state aid and/or an increase in expenditures will put an additional burden on the taxpayers of this School District. The School District has dedicated itself to strong financial controls. The School District spends a lot of time monitoring its budget and scrutinizing spending requests. The School District commits itself to constantly reviewing the ways in which it conducts business and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

In conclusion, the Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Lawnside School District Business Administrator/Board Secretary, at 426 Charleston Avenue, Lawnside, New Jersey or by telephone (856) 547-2585.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 976,793.99	\$ 50,956.21	\$ 1,027,750.20
Intergovernmental Receivables	109,878.15	13,906.29	123,784.44
Inventory		8,687.49	8,687.49
Restricted Assets:			
Restricted Cash and Cash Equivalents	50,000.00		50,000.00
Capital Assets, net	6,417,503.10	36,171.88	6,453,674.98
Total Assets	<u>7,554,175.24</u>	<u>109,721.87</u>	<u>7,663,897.11</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions	<u>536,181.00</u>	-	<u>536,181.00</u>
LIABILITIES:			
Accounts Payable and Other Current Liabilities			
Related to Pensions	58,939.00		58,939.00
Other	84,094.85	3,244.26	87,339.11
Accrued Interest Payable	29,385.42		29,385.42
Unearned Revenue	65,634.49		65,634.49
Noncurrent Liabilities:			
Due within One Year	125,000.00		125,000.00
Due beyond One Year	3,896,327.85		3,896,327.85
Total Liabilities	<u>4,259,381.61</u>	<u>3,244.26</u>	<u>4,262,625.87</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	<u>23,682.00</u>	-	<u>23,682.00</u>
NET POSITION:			
Net Investment in Capital Assets	3,917,503.10	36,171.88	3,953,674.98
Restricted:			
Other Purposes	649,174.88		649,174.88
Unrestricted (Deficit)	<u>(759,385.35)</u>	<u>70,305.73</u>	<u>(689,079.62)</u>
Total Net Position	<u>\$ 3,807,292.63</u>	<u>\$ 106,477.61</u>	<u>\$ 3,913,770.24</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,876,142.41		\$ 231,918.91		\$ (1,644,223.50)		\$ (1,644,223.50)
Special Education	461,294.02				(461,294.02)		(461,294.02)
Other Instruction	130,996.87				(130,996.87)		(130,996.87)
Support Services:							
Tuition	2,605,891.23				(2,605,891.23)		(2,605,891.23)
Student and Instruction Related Services	1,021,566.49				(1,021,566.49)		(1,021,566.49)
School Administrative Services	425,534.37		85,857.27		(339,677.10)		(339,677.10)
Other Administrative Services	156,034.59				(156,034.59)		(156,034.59)
Plant Operations and Maintenance	590,950.65				(590,950.65)		(590,950.65)
Pupil Transportation	404,629.05				(404,629.05)		(404,629.05)
Unallocated Benefits	1,777,257.72		1,281,360.02		(495,897.70)		(495,897.70)
Interest on Long-Term Debt	88,781.26				(88,781.26)		(88,781.26)
Assessment for Debt Service on SDA Funding	34,985.00				(34,985.00)		(34,985.00)
Transfer to Charter Schools	173,701.00				(173,701.00)		(173,701.00)
Unallocated Depreciation	218,701.70				(218,701.70)		(218,701.70)
Total Governmental Activities	9,966,466.36	\$ -	1,599,136.20	\$ -	(8,367,330.16)	\$ -	(8,367,330.16)
Business-Type Activities:							
Food Service	187,105.98	37,770.43	172,709.55			23,374.00	23,374.00
Total Business-Type Activities	187,105.98	37,770.43	172,709.55	-	-	23,374.00	23,374.00
Total Primary Government	\$ 10,153,572.34	\$ 37,770.43	\$ 1,771,845.75	\$ -	(8,367,330.16)	23,374.00	(8,343,956.16)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					4,177,499.00		4,177,499.00
Taxes Levied for Debt Service					215,032.00		215,032.00
Federal and State Aid not Restricted					3,740,024.60		3,740,024.60
Miscellaneous Income					31,634.50	14.95	31,649.45
Total General Revenues					8,164,190.10	14.95	8,164,205.05
Change in Net Position					(203,140.06)	23,388.95	(179,751.11)
Net Position -- July 1					4,010,432.69	83,088.66	4,093,521.35
Net Position -- June 30					\$ 3,807,292.63	\$ 106,477.61	\$ 3,913,770.24

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 944,964.83	\$ 81,828.42		\$ 0.74	\$ 1,026,793.99
Receivables from Other Governments	37,811.51	13,116.24	\$ 45,109.03		96,036.78
Interfund	58,725.35	225.05			58,950.40
Total Assets	\$ 1,041,501.69	\$ 95,169.71	\$ 45,109.03	\$ 0.74	\$ 1,181,781.17
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 54,559.63	\$ 29,535.22			84,094.85
Interfund			\$ 45,109.03		45,109.03
Unearned Revenue		65,634.49			65,634.49
Total Liabilities	54,559.63	95,169.71	45,109.03	\$ -	194,838.37
Fund Balances:					
Restricted:					
Excess Surplus - Designated for Subsequent Years Expenditures	413,132.71				413,132.71
Excess Surplus - Current Year	186,041.43				186,041.43
Maintenance Reserve	50,000.00				50,000.00
Debt Service				0.74	0.74
Assigned:					
Encumbrances	28,281.63				28,281.63
Subsequent Year's Expenditures	25,837.29				25,837.29
Unassigned					
General Fund	283,649.00				283,649.00
Total Fund Balances	986,942.06	-	-	0.74	986,942.80
Total Liabilities and Fund Balances	\$ 1,041,501.69	\$ 95,169.71	\$ 45,109.03	\$ 0.74	\$ 1,181,781.17

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2016

	<u>Total Governmental Funds</u>
<hr/>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	
Total Fund Balances (Brought Forward from Previous Page)	\$ 1,181,781.17
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$8,716,033.43, and the accumulated depreciation is \$2,298,530.33.	6,417,503.10
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,548,384.85)
Accrued interest on bonds payable, is not due and payable in the current period and therefore are not reported as liabilities in the funds.	(29,385.42)
Net Pension Liability	(1,472,943.00)
Accounts payable related to the April 1, 2016 required PERS pension contribution that is not liquidated with current financial resources	(58,939.00)
Deferred Outflows of Resources - Related to Pensions	536,181.00
Deferred Inflows of Resources - Related to Pensions	<u>(23,682.00)</u>
Net position of governmental activities	<u>\$ 3,807,292.63</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Tax Levy	\$ 4,177,499.00			\$ 215,032.00	\$ 4,392,531.00
Miscellaneous	31,634.50	\$ 5,811.28			37,445.78
State Sources	4,339,307.77	49,519.00			4,388,826.77
Federal Sources		293,412.75			293,412.75
Total Revenues	<u>8,548,441.27</u>	<u>348,743.03</u>	\$ -	<u>215,032.00</u>	<u>9,112,216.30</u>
EXPENDITURES:					
Current:					
Regular Instruction	1,598,202.35	231,918.91			1,830,121.26
Special Education Instruction	440,902.63				440,902.63
Other Instruction	130,996.87				130,996.87
Support Services & Undistributed Costs:					
Tuition	2,605,891.23				2,605,891.23
Student & Instruction Related Services	980,783.73				980,783.73
School Administrative Services	338,215.99	85,857.27			424,073.26
Other Administrative Services	151,522.05				151,522.05
Plant Operations and Maintenance	570,559.28				570,559.28
Pupil Transportation	404,629.05				404,629.05
Unallocated Benefits	1,074,789.50	30,966.85			1,105,756.35
Debt Service:					
Principal				125,000.00	125,000.00
Interest and Other Charges				90,031.26	90,031.26
Assessment for Debt Service on SDA Funding	34,985.00				34,985.00
Transfer to Charter Schools	173,701.00				173,701.00
Capital Outlay	31,004.00				31,004.00
Total Expenditures	<u>8,536,182.68</u>	<u>348,743.03</u>		<u>215,031.26</u>	<u>9,099,956.97</u>
Net Change in Fund Balances	12,258.59	-	-	0.74	12,259.33
Fund Balance -- July 1	<u>974,683.47</u>	-	-	-	<u>974,683.47</u>
Fund Balance -- June 30	<u>\$ 986,942.06</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.74</u>	<u>\$ 986,942.80</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds		\$ 12,259.33
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 expense. This is the amount by which actual capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (269,487.65)	
Capital Outlay	<u>31,004.00</u>	
		(238,483.65)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		125,000.00
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		
		1,250.00
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		252.26
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(103,418.00)</u>
Change in Net Position of Governmental Activities		<u>\$ (203,140.06)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2016

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 50,956.21
Accounts Receivable:	
State	204.76
Federal	13,701.53
Inventories	8,687.49
Total Current Assets	73,549.99
Noncurrent Assets:	
Capital Assets	124,210.20
Less: Accumulated Depreciation	(88,038.32)
Total Noncurrent Assets	36,171.88
Total Assets	109,721.87
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	3,244.26
NET POSITION:	
Net Investment in Capital Assets	36,171.88
Unrestricted	70,305.73
Total Net Position	\$ 106,477.61

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 21,433.66
Daily Sales - Non-Reimbursable Programs	16,336.77
	37,770.43
OPERATING EXPENSES:	
Cost of Sales - Reimbursable Programs	73,120.56
Cost of Sales - Non-reimbursable Programs	6,463.00
Salaries and Fringe Benefits	73,513.23
Repairs and Maintenance	8,200.87
Food Service Management Fee	12,688.20
General Supplies	5,767.73
Miscellaneous	4,421.18
Depreciation	2,931.21
	187,105.98
Total Operating Expenses	187,105.98
Operating Loss	(149,335.55)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,419.24
Federal Sources:	
National School Lunch Program	122,323.03
National Breakfast Program	30,299.39
After-School Snack Program	3,014.76
Food Distribution Program	14,653.13
Interest Earned	14.95
	172,724.50
Total Nonoperating Revenues (Expenses)	172,724.50
Change in Net Position	23,388.95
Total Net Position -- July 1	83,088.66
Total Net Position -- June 30	\$ 106,477.61

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 37,770.43
Payments to Employees	(73,513.23)
Payments to Vendors	(111,476.64)
	(147,219.44)
Net Cash Used for Operating Activities	(147,219.44)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,437.34
Federal Sources	169,009.94
	171,447.28
Net Cash Provided by Non-Capital Financing Activities	171,447.28
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	14.95
	14.95
Net Increase in Cash and Cash Equivalents	24,242.79
Cash and Cash Equivalents -- July 1	26,713.42
Cash and Equivalents -- June 30	\$ 50,956.21
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (149,335.55)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,931.21
Change in Assets and Liabilities:	
(Increase) Decrease in Inventories	(616.55)
Increase (Decrease) in Accounts Payable	(198.55)
	2,116.11
Total Adjustments	2,116.11
Net Cash Used for Operating Activities	\$ (147,219.44)

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private-Purpose Trust Funds	Agency Funds		Total
	Unemployment Compensation Trust	Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 99,967.80	\$ 20,966.70	\$ 15,621.92	\$ 136,556.42
Due from Payroll	1,037.26			1,037.26
Total Assets	101,005.06	\$ 20,966.70	\$ 15,621.92	137,593.68
LIABILITIES:				
Payable to District (General Fund)		\$ 225.05	\$ 13,616.32	13,841.37
Accounts Payable	6,247.08			6,247.08
Due to Unemployment			1,037.26	1,037.26
Payable to Student Groups		20,741.65		20,741.65
Payroll Deductions and Withholdings			968.34	968.34
Total Liabilities	6,247.08	\$ 20,966.70	\$ 15,621.92	42,835.70
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	\$ 94,757.98			\$ 94,757.98

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Fund Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Members	\$ 6,283.88
Investment earnings:	
Interest	44.70
Total Additions	6,328.58
DEDUCTIONS:	
Unemployment Claims	6,483.36
Change in Net Position	(154.78)
Net Position -- July 1	94,912.76
Net Position -- June 30	\$ 94,757.98

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Lawnside School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its school. The School District has an approximate enrollment at June 30, 2016 of 317.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary fund:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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 N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1, exhibit C-2 and exhibit I-3 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

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.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	10-20 Years	N/A
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Equipment	5-20 Years	4-12 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, there were no employees who participated in this program.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 that will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uncollateralized.

As of June 30, 2016, the School District's bank balances of \$1,378,654.66 were insured by FDIC or GUDPA.

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	
Federal Awards		\$ 8,213.00		\$ 8,213.00	\$ 13,701.53	\$ 21,914.53
State Awards	\$ 37,811.51	4,903.24	\$ 45,109.03	87,823.78	204.76	88,028.54
	<u>\$ 37,811.51</u>	<u>\$ 13,116.24</u>	<u>\$ 45,109.03</u>	<u>\$ 96,036.78</u>	<u>\$ 13,906.29</u>	<u>\$ 109,943.07</u>

Note 4: INVENTORY

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 6,363.68
Supplies	<u>2,323.81</u>
	<u>\$ 8,687.49</u>

Note 5: CAPITAL ASSETS

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

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 11,903.00			\$ 11,903.00
Total Capital Assets, not being Depreciated	11,903.00	\$ -	\$ -	11,903.00
Capital Assets, being Depreciated:				
Land Improvements	140,300.00			140,300.00
Buildings and Improvements	7,984,934.22			7,984,934.22
Equipment	547,892.21	31,004.00		578,896.21
Total Capital Assets, being Depreciated	8,673,126.43	31,004.00	-	8,704,130.43
Total Capital Assets, Cost	8,685,029.43	31,004.00	-	8,716,033.43
Less Accumulated Depreciation for:				
Land Improvements	(140,300.00)			(140,300.00)
Buildings and Improvements	(1,675,928.16)	(188,310.78)		(1,864,238.94)
Equipment	(212,814.52)	(81,176.87)		(293,991.39)
Total Accumulated Depreciation	(2,029,042.68)	(269,487.65)	-	(2,298,530.33)
Total Capital Assets, being Depreciated, Net	6,644,083.75	(238,483.65)	-	6,405,600.10
Governmental Activities Capital Assets, Net	<u>\$ 6,655,986.75</u>	<u>\$ (238,483.65)</u>	<u>\$ -</u>	<u>\$ 6,417,503.10</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 124,210.20			\$ 124,210.20
Less Accumulated Depreciation for:				
Equipment	(85,107.11)	\$ (2,931.21)		(88,038.32)
Business-Type Activities Capital Assets, Net	<u>\$ 39,103.09</u>	<u>\$ (2,931.21)</u>	<u>\$ -</u>	<u>\$ 36,171.88</u>

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Instruction	\$ 46,021.15
General and Business Administrative Services	4,764.80
Unallocated	218,701.70
Total Depreciation Expense - Governmental Activities	<u>\$ 269,487.65</u>

Note 6: SHORT-TERM OBLIGATIONS

Note Payable – By June 30, 2016, the School District had paid off its short-term note totaling \$500,000.00 recorded in the Capital Projects Fund. This note was acquired to provide cash flow for the School District's capital improvements which were partially funded through an SDA grant. Grant funds are drawn down on a reimbursement method after the School District has expended the funds.

<u>Description</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>
Note Payable	\$ 500,000.00	\$ -	\$ (500,000.00)	\$ -

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 2,625,000.00	\$ -	\$ (125,000.00)	\$ 2,500,000.00	\$ 125,000.00
Other Liabilities:					
Compensated Absences	48,637.11	3,509.55	(3,761.81)	48,384.85	
Net Pension Liability	1,162,538.00	706,353.00	(395,948.00)	1,472,943.00	
Total Other Liabilities	1,211,175.11	709,862.55	(399,709.81)	1,521,327.85	-
Governmental Activity Long-Term Liabilities	\$ 3,836,175.11	\$ 709,862.55	\$ (524,709.81)	\$ 4,021,327.85	\$ 125,000.00

Bonds payable are generally liquidated by the debt service fund, while the compensated absences are liquidated by the general fund.

Bonds Payable - Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On November 3, 2010, the School District issued \$2,900,000.00 general obligation bonds at interest rates varying from 3.00% to 4.00% for various construction and renovation projects. The final maturity of these bonds is September 1, 2027. The bonds will be paid from property taxes.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Bonds Payable (Cont'd) - Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 125,000.00	\$ 86,281.26	\$ 211,281.26
2018	150,000.00	82,156.26	232,156.26
2019	175,000.00	77,281.26	252,281.26
2020	200,000.00	71,656.26	271,656.26
2021	225,000.00	65,281.26	290,281.26
2022-2026	1,125,000.00	209,828.13	1,334,828.13
2027-2028	500,000.00	20,000.00	520,000.00
	<u>\$ 2,500,000.00</u>	<u>\$ 612,484.43</u>	<u>\$ 3,112,484.43</u>

Bonds Authorized but not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2017	\$ 14,928.00
2018	14,928.00
2019	14,928.00
2020	7,170.00
	<u>\$ 51,954.00</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$14,928.00.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, School District employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information About the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 4.83% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$117,068.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$172,415.67.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 16.50% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$56,412.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$26,219.07.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, there were no employees participating in the Defined Contribution Retirement Program.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>13,767,801.00</u>
	<u>\$ 13,767,801.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0217830239%, which was an increase of .0023740782% from its proportion measured as of June 30, 2014.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

For the fiscal year ended June 30, 2016, the School District recognized \$840,648.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$1,472,943.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was .0065615812%, which was an increase of .0003523508% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$161,097.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 35,139.00	\$ -
Changes of Assumptions	158,182.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	23,682.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	283,921.00	-
School District Contributions Subsequent to the Measurement Date	58,939.00	-
	<u>\$ 536,181.00</u>	<u>\$ 23,682.00</u>

The deferred outflows of resources related to pension totaling \$58,939.00 will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Year Ending June 30,			
2017	\$	93,947.00	
2018		93,947.00	
2019		93,946.00	
2020		111,266.00	
2021		60,454.00	
		<u>60,454.00</u>	
	\$	<u>453,560.00</u>	

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the tables on the following page.

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
	<u>100.00%</u>			<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>16,362,517.00</u>	<u>13,767,801.00</u>	<u>11,532,298.00</u>
	<u>\$ 16,362,517.00</u>	<u>\$ 13,767,801.00</u>	<u>\$ 11,532,298.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 1,830,689.00</u>	<u>\$ 1,472,943.00</u>	<u>\$ 1,173,013.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("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. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$180,544.00, \$225,687.00 and \$8,994.00, respectively.

Note 12: RISK MANAGEMENT

The School 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.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2016		\$ 6,283.88	\$ 44.70	\$ 6,483.36	\$ 94,757.98
2015	\$ 10,000.00	6,159.16	79.60	28,568.32	94,912.76
2014	10,000.00	10,218.99	50.60	9,145.62	107,242.32

Note 12: RISK MANAGEMENT (Cont'd)

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group. The Fund provides its members with the following coverage:

School Leaders Errors & Omissions
 Property - Blanket Building and Grounds
 Workers' Compensation and Employer's Liability
 Liability other than Motor Vehicles
 Property Damage other than Motor Vehicles
 Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Group publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained from:

New Jersey Schools Insurance Group
 6000 Midlantic Drive, Suite 300 North
 Mount Laurel, New Jersey 08054

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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 Financial
 Midland

Note 14: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 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.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School 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 School District for unused sick leave in accordance with the School District's agreements with various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$48,384.85

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 58,725.35	
Special Revenue	225.05	
Capital Projects		\$ 45,109.03
Trust & Agency		13,841.37
	<u>\$ 58,950.40</u>	<u>\$ 58,950.40</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 17: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$186,041.43. Additionally, \$413,132.71 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

Note 18: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)**

For Maintenance Reserve Account - As of June 30, 2016, the balance in the maintenance reserve account is \$50,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Debt Service Fund

For Subsequent Year's Expenditures - The School District has \$0.74 of debt service fund balance at June 30, 2016.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$25,837.29 of general fund balance at June 30, 2016.

Other Purposes - As of June 30, 2016, the School District had \$28,281.63 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2016, \$283,649.00 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF LAWSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,177,499.00		\$ 4,177,499.00	\$ 4,177,499.00	
Withdrawal from Tuition Reserve	200,000.00		200,000.00		\$ (200,000.00)
Miscellaneous	5,000.00		5,000.00	31,634.50	26,634.50
Total - Local Sources	4,382,499.00	\$ -	4,382,499.00	4,209,133.50	(173,365.50)
State Sources:					
Equalization Aid	3,312,813.00		3,312,813.00	3,312,813.00	
Special Education Categorical Aid	256,857.00		256,857.00	256,857.00	
Categorical Security Aid	75,958.00		75,958.00	75,958.00	
Categorical Transportation Aid	26,571.00		26,571.00	26,571.00	
School Choice Aid	41,406.00		41,406.00	41,406.00	
PARCC Readiness	3,940.00		3,940.00	3,940.00	
Per Pupil Growth Aid	3,940.00		3,940.00	3,940.00	
Extraordinary Special Education Costs Aid				29,473.00	29,473.00
Nonpublic Transportation Aid				4,176.00	4,176.00
On-behalf TPAF Pension Contributions:					
Normal Cost (non-budgeted)					
Post Retirement Costs (non-budgeted)					
Non-Contributory Group Insurance Costs (non-budgeted)					
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)					
				180,544.00	180,544.00
				225,687.00	225,687.00
				8,994.00	8,994.00
Total - State Sources	3,721,485.00	-	3,721,485.00	4,354,417.17	632,932.17
Total Revenues	8,103,984.00	-	8,103,984.00	8,563,550.67	459,566.67

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 80,451.00	\$ (4,367.00)	\$ 76,084.00	\$ 73,336.56	\$ 2,747.44
Kindergarten	180,905.00	(2,532.85)	178,372.15	178,360.47	11.68
Grades 1-5	823,478.00	26,236.18	849,714.18	848,412.09	1,302.09
Grades 6-8	356,877.00	(29,578.33)	327,298.67	327,298.67	
Regular Programs - Home Instruction:	2,625.00	5,000.00	7,625.00	7,524.35	100.65
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	39,156.00	(7,160.74)	31,995.26	29,445.26	2,550.00
Social Security Contributions	146.91		146.91	146.91	
Workman's Compensation	5,885.00		5,885.00	5,885.00	
Tuition Reimbursement	2,988.00		2,988.00	2,988.00	
Purchased Professional - Education Services	20,000.00	(14,000.00)	20,000.00	15,493.93	4,506.07
Other Purchase Services for Instruction	20,000.00		6,000.00	2,720.00	3,280.00
General Supplies	99,615.05	13,000.00	112,615.05	104,798.99	7,816.06
Textbooks	35,000.00	(20,000.00)	15,000.00	975.60	14,024.40
Other Objects	2,000.00		2,000.00	816.52	1,183.48
Total Regular Programs - Instruction	1,669,126.96	(33,402.74)	1,635,724.22	1,598,202.35	37,521.87
Special Education - Instruction:					
Multiple Disabilities:					
Other Retirement - Regular	11,123.00		11,123.00	11,123.00	
Workmen's Compensation	5,885.00		5,885.00	3,656.63	2,228.37
Health Benefits	87,845.00	37,112.15	124,957.15	105,562.27	19,394.88
Purchased Professional - Education Services	19,370.00	(19,370.00)			
Total Multiple Disabilities	124,223.00	17,742.15	141,965.15	120,341.90	21,623.25

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 240,345.00	\$ (28,749.28)	\$ 211,595.72	\$ 210,570.68	\$ 1,025.04
Other Salaries for Instruction	114,435.00	(4,300.00)	110,135.00	109,363.27	771.73
General Supplies	2,000.00	(2,000.00)			
Textbooks	800.00		800.00		800.00
Total Resource Room / Resource Center	357,580.00	(35,049.28)	322,530.72	319,933.95	2,596.77
Home Instruction:					
Salaries of Teachers	5,403.00		5,403.00	626.78	4,776.22
Total Special Education - Instruction	487,206.00	(17,307.13)	469,898.87	440,902.63	28,996.24
School Sponsored Cocurricular Activities - Instruction:					
Salaries	8,685.00	8,315.00	17,000.00	16,290.00	710.00
Supplies & Materials		17,685.00	17,685.00	6,569.90	11,115.10
Total School Sponsored Cocurricular Activities - Instruction:	8,685.00	26,000.00	34,685.00	22,859.90	11,825.10
Before/After School Program:					
Instruction:					
Salaries	80,769.00	(74,768.00)	6,001.00		6,001.00
Other Salaries for Instruction	22,720.00	(20,673.00)	2,047.00	48.00	1,999.00
Social Security Contributions	10,008.00	10,000.00	20,008.00	19,623.65	384.35
Support Services:					
Salaries	18,639.00		18,639.00		18,639.00
Purchased Professional - Technical Services	9,536.00	58,768.00	68,304.00	63,804.17	4,499.83
Total Before/After School Program	141,672.00	(26,673.00)	114,999.00	83,475.82	31,523.18

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Summer School:					
Instruction:					
Salaries	\$ 17,404.00	\$	\$ 17,404.00	\$ 17,384.80	\$ 19.20
Other Salaries for Instruction	4,851.00	673.00	5,524.00	5,523.84	0.16
Social Security Contributions	1,962.00		1,962.00	1,752.51	209.49
Support Services:					
Salaries	3,396.00		3,396.00		3,396.00
Purchased Professional - Technical Services	454.00		454.00		454.00
Total Summer School	28,067.00	673.00	28,740.00	24,661.15	4,078.85
Total Instruction	2,334,756.96	(50,709.87)	2,284,047.09	2,170,101.85	113,945.24
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	1,699,119.00	16,650.00	1,715,769.00	1,713,606.00	2,163.00
Tuition to Other LEAs Within the State-Special	238,810.00	14,501.02	253,311.02	244,598.55	8,712.47
Tuition to County Vocational - Regular	9,228.00		9,228.00	9,228.00	
Tuition to County Vocational - Special	6,152.00		6,152.00	6,152.00	
Tuition to CSSD and Regular Day Schools	276,050.00	(94,951.00)	181,099.00	79,997.60	101,101.40
Tuition to Private Schools for the Disabled - Within State	449,240.00	(570.99)	448,669.01	410,608.11	38,060.90
Tuition - State Facilities		4,500.00	4,500.00	4,500.00	
Tuition - Other	111,957.00	28,070.97	140,027.97	137,200.97	2,827.00
Total Undistributed Expenditures - Instruction	2,790,556.00	(31,800.00)	2,758,756.00	2,605,891.23	152,864.77
Undistributed Expenditures - Attendance and Social Work:					
Salaries	3,000.00	-	3,000.00	300.00	2,700.00

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 73,389.00	\$	\$ 73,389.00	\$ 73,388.98	\$ 0.02
Social Security Contributions	5,099.00		5,099.00	5,099.00	
Workman's Compensation	5,885.00		5,885.00	5,885.00	
Health Benefits	26,354.00	(637.44)	25,716.56	25,716.56	
Purchased Professional - Technical Services	20,000.00	5,085.00	25,085.00	25,084.64	0.36
Supplies and Materials	4,000.00		4,000.00	3,680.13	319.87
Other Objects	500.00		500.00	85.00	415.00
Total Undistributed Expenditures - Health Services	135,227.00	4,447.56	139,674.56	138,939.31	735.25
Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:					
Purchased Professional - Educational Services	87,000.00	-	87,000.00	60,515.31	26,484.69
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	211,855.00	3,742.71	215,597.71	215,587.71	10.00
Salaries of Secretarial and Clerical Assistants	26,154.00		26,154.00	26,153.82	0.18
Social Security Contributions	8,416.00		8,416.00	5,728.05	2,687.95
Other Retirement Contributions - PERS	11,123.00		11,123.00	11,123.00	
Workman's Compensation	5,885.00		5,885.00	5,885.00	
Health Benefits	43,923.00		43,923.00	39,423.00	4,500.00
Purchased Professional- Educational Services	85,300.00		85,300.00	25,904.57	59,395.43
Purchased Professional - Technical Services	675.00		675.00	89.00	586.00
Residential Costs	500.00		500.00		500.00
Travel		140.99	140.99	140.99	
Supplies and Materials	4,000.00	(140.99)	3,859.01	1,623.91	2,235.10
Total Undistributed Expenditures - Child Study Teams	397,831.00	3,742.71	401,573.71	331,659.05	69,914.66

(Continued)

BOROUGH OF LAWSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	\$ 42,342.00	\$	\$ 42,342.00	\$ 40,713.34	\$ 1,628.66
Salaries of Other Professional Staff	80,713.00	1,415.68	82,128.68	82,118.68	10.00
Clerical Salaries	31,953.00	2,400.00	34,353.00	34,353.00	
Other Salaries	52,342.00	(2,754.72)	49,587.28	42,342.13	7,245.15
Social Security Contributions	8,416.00		8,416.00	8,416.00	
Other Retirement Contributions - PERS	11,123.00		11,123.00	11,123.00	
Workman's Compensation	5,885.00		5,885.00	5,885.00	
Health Benefits	70,276.00		70,276.00	61,276.00	9,000.00
Purchased Professional- Educational Services	5,000.00		5,000.00	449.99	4,550.01
Supplies and Materials	3,000.00		3,000.00	2,547.58	452.42
Total Undistributed Expenditures - Improvement of Instruction Services	311,050.00	1,060.96	312,110.96	289,224.72	22,886.24
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	63,585.00	7,839.04	71,424.04	71,414.04	10.00
Salaries of Technology Coordinators	72,222.00		72,222.00	72,222.00	
Purchased Professional and Technical Services	25,000.00		25,000.00	12,279.37	12,720.63
Supplies and Materials	5,000.00		5,000.00	4,229.93	770.07
Total Undistributed Expenditures - Educational Media Services / School Library	165,807.00	7,839.04	173,646.04	160,145.34	13,500.70

(Continued)

BOROUGH OF LAWSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONTD):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 83,724.00	\$ (763.18)	\$ 82,960.82	\$ 81,243.91	\$ 1,716.91
Other Retirement Contributions - PERS	6,179.00		6,179.00	797.00	5,382.00
Workman's Compensation	4,725.00		4,725.00	4,725.00	
Health Benefits	35,138.00	(1,562.00)	33,576.00	31,438.00	2,138.00
Legal Services	7,500.00	5,000.00	12,500.00	12,484.00	16.00
Audit Fees	25,500.00		25,500.00	25,500.00	
Other Purchased Professional Services	5,000.00	12,160.00	17,160.00	17,059.62	100.38
Purchase Professional - Technical Services	10,000.00	3,000.00	13,000.00	12,493.60	506.40
Communications/Telephone	20,000.00	(1,200.00)	18,800.00	11,908.84	6,891.16
BOE Other Purchased Services	1,000.00		1,000.00		1,000.00
Other Purchased Services	10,500.00	2,150.00	12,650.00	12,647.25	2.75
General Supplies	4,500.00	(161.00)	4,339.00	3,314.69	1,024.31
BOE In-House Training and Meeting Supplies	889.00	(889.00)			
Miscellaneous Expenditures	10,000.00	2,936.00	12,936.00	12,902.59	33.41
BOE Membership Dues and Fees	5,300.00	76.00	5,376.00	5,374.00	2.00
Total Undistributed Expenditures - Support Services - General Admin.	229,955.00	20,746.82	250,701.82	231,888.50	18,813.32
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	61,206.00		61,206.00	61,206.00	
Salaries of Secretarial and Clerical Assistants	20,038.00	1,463.18	21,501.18	21,491.18	10.00
Purchase Professional - Technical Services	7,500.00		7,500.00	3,793.63	3,706.37
Other Purchased Services	6,500.00	(2,570.00)	3,930.00	3,930.00	
Travel		1,870.00	1,870.00	1,806.28	63.72
Total Undistributed Expenditures - Support Services - School Admin.	95,244.00	763.18	96,007.18	88,297.09	7,710.09

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures- Support Services- Central Services:					
Salaries	\$ 79,585.00	\$ 5,415.00	\$ 85,000.00	\$ 85,000.00	
Workman's Compensation	4,725.00		4,725.00	4,725.00	
Health Benefits	35,138.00	(7,015.00)	28,123.00	26,023.00	\$ 2,100.00
Purchase Professional Services	6,000.00	7,100.00	13,100.00	11,872.58	1,227.42
Miscellaneous Purchased Services	500.00		500.00	454.80	45.20
Supplies and Materials	4,000.00	2,000.00	6,000.00	5,587.60	412.40
Interest on Current Loans	20,000.00	(5,000.00)	15,000.00	14,576.85	423.15
Miscellaneous Expenditures	2,000.00	1,500.00	3,500.00	3,282.22	217.78
Total Undistributed Expenditures- Support Services- Central Services	151,948.00	4,000.00	155,948.00	151,522.05	4,425.95
Undistributed Expenditures - Required Maintenance for School Facilities	76,000.00	5,000.00	81,000.00	62,254.17	18,745.83
Cleaning, Repair and Maintenance Services					
Undistributed Expenditures - Custodial Services:					
Salaries	117,951.90	8,154.85	126,106.75	126,086.75	20.00
Social Security Contributions	11,083.00		11,083.00	11,083.00	
Other Retirement Contributions - PERS	11,123.00		11,123.00	11,123.00	
Workman's Compensation	5,373.00		5,373.00	5,373.00	
Health Benefits	87,841.00	(12,000.00)	75,841.00	72,841.00	3,000.00
Cleaning, Repair, and Maintenance Service	82,712.50	9,524.66	92,237.16	87,564.47	4,672.69
Other Purchased Property Services	13,000.00	1,473.00	14,473.00	14,456.91	16.09
Insurance	30,000.00	(3,997.66)	26,002.34	26,002.34	
Miscellaneous Purchased Services	250.00	(250.00)			
General Supplies	30,000.00	4,850.00	34,850.00	14,760.27	20,089.73
Energy (Electricity)	137,900.00	(14,760.00)	123,140.00	109,788.94	13,351.06
Other Objects	1,000.00		1,000.00	368.02	631.98
Total Undistributed Expenditures - Custodial Services	528,234.40	(7,005.15)	521,229.25	479,447.70	41,781.55

(Continued)

BOROUGH OF LAWSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Care and Upkeep of Grounds	\$ 5,500.00	\$ (5,000.00)	\$ 500.00	\$ 500.00	
Cleaning, Repair, and Maintenance Service	2,000.00	(2,000.00)			
Other Objects					
Total Undistributed Expenditures - Care and Upkeep of Grounds	7,500.00	(7,000.00)	500.00	500.00	-
Undistributed Expenditures - Security					
Salaries	38,735.00	(8,154.85)	30,580.15	28,169.65	2,410.50
Other Objects	500.00		500.00	187.76	312.24
Total Undistributed Expenditures - Security	39,235.00	(8,154.85)	31,080.15	28,357.41	2,722.74
Total Undistributed Expenditures - Oper. & Maint. of Plant Services	650,969.40	(17,160.00)	633,809.40	570,559.28	63,250.12
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program	12,000.00	3,677.00	15,677.00	14,971.67	705.33
Contracted Services - Aid in Lieu of Payments - Nonpublic Students	21,291.00	5,135.00	26,426.00	26,382.42	43.58
Contracted Services - Aid in Lieu of Payments - Charter Students	10,608.00	(5,304.00)	5,304.00	5,304.00	
Contracted Services - Aid in Lieu of Payments - Choice Students	13,260.00	(3,978.00)	9,282.00	9,282.00	
Contracted Services (Between Home and School) - Vendors	61,164.00	(420.00)	60,744.00	60,469.20	274.80
Contracted Services (Other than Between Home & School) - Vendors	5,000.00	2,000.00	7,000.00	6,936.45	63.55
Contracted Services - (Reg. Students) - ESCs & CTSAAs	5,000.00	5,020.00	10,020.00	9,596.50	423.50
Contracted Services - (Special Education Students) - ESCs & CTSAAs	215,000.00	56,777.00	271,777.00	271,686.81	90.19
Total Undistributed Expenditures - Student Transportation Services	343,323.00	62,907.00	406,230.00	404,629.05	1,600.95
Undistributed Expenditures - Unallocated Benefits - Employee Benefits:					
Social Security - PERS	9,708.00		9,708.00	578.92	9,129.08
Other Retirement Contributions - REG	11,123.00		11,123.00	11,123.00	
Unemployment Compensation	10,000.00	(10,000.00)			
Health Benefits	491,928.00	(28,337.40)	463,590.60	448,177.41	15,413.19
Tuition Reimbursements	15,000.00	700.00	15,700.00	15,627.00	73.00
Total Undistributed Expenditures - Unallocated Benefits	537,759.00	(37,637.40)	500,121.60	475,506.33	24,615.27

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
On-behalf TPAF Pension Contributions:					
Normal Cost (non-budgeted)				\$ 180,544.00	\$ (180,544.00)
Post Retirement Costs (non-budgeted)				225,687.00	(225,687.00)
Non-Contributory Group Insurance Costs (non-budgeted)				8,994.00	(8,994.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				184,058.17	(184,058.17)
Total On-behalf Contributions	\$ -	\$ -	\$ -	599,283.17	(599,283.17)
Total Undistributed Expenditures	5,899,669.40	18,909.87	5,918,579.27	6,108,360.43	(189,781.16)
Total Current Expense	8,234,426.36	(31,800.00)	8,202,626.36	8,278,462.28	(75,835.92)
Capital Outlay:					
Equipment					
Undistributed Expenditures - Instructional Equipment - Operation & Maintenance	25,000.00	6,004.00	31,004.00	31,004.00	
Undistributed Expenditures - Non-Instructional Services	5,500.00		5,500.00	1,415.40	4,084.60
Total Equipment	34,000.00	(6,004.00)	27,996.00	16,615.00	11,381.00
Total Equipment	64,500.00	-	64,500.00	49,034.40	15,465.60
Assessment for Debt Service on SDA Funding	34,985.00	-	34,985.00	34,985.00	-
Total Capital Outlay	99,485.00	-	99,485.00	84,019.40	15,465.60
Transfer of Funds to Charter Schools	141,901.00	31,800.00	173,701.00	173,701.00	-
Total Expenditures	8,475,812.36	-	8,475,812.36	8,536,182.68	(60,370.32)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(371,828.36)	-	(371,828.36)	27,367.99	(399,196.35)

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (371,828.36)	-	\$ (371,828.36)	\$ 27,367.99	\$ (399,196.35)
Fund Balances, July 1	1,311,133.07	-	1,311,133.07	1,311,133.07	-
Fund Balances, June 30	\$ 939,304.71	\$ -	\$ 939,304.71	\$ 1,338,501.06	\$ (399,196.35)

RECAPITULATION:

Restricted Fund Balance:	
Maintenance Reserve	\$ 50,000.00
Excess Surplus--Current Year	413,132.71
Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures	537,600.43
Assigned Fund Balance:	
Year-End Encumbrances	28,281.63
Designated for Subsequent Year's Expenditures	25,837.29
Unassigned Fund Balance	283,649.00
	<u>1,338,501.06</u>

Reconciliation to Governmental Funds Statements (GAAP):
Last State Aid Payment not recognized on GAAP Basis

(351,559.00)

Fund Balance per Governmental Funds (GAAP)

\$ 986,942.06

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 9,573.00	\$ 9,573.00	\$ 5,811.28	\$ (3,761.72)
State Sources:					
Preschool Education Aid	49,519.00	-	49,519.00	49,519.00	-
Federal Sources:					
No Child Left Behind					
Title I	147,414.00	31,805.00	179,219.00	131,613.00	(47,606.00)
Title IIA	17,104.00	7,802.00	24,906.00	15,758.00	(9,148.00)
I.D.E.A., Part B, Basic	76,886.00	41,991.00	118,877.00	99,009.00	(19,868.00)
I.D.E.A., Part B, Preschool Incentive	2,698.00		2,698.00	2,698.00	
Total - Federal Sources	244,102.00	81,598.00	325,700.00	249,078.00	(76,622.00)
Total Revenues	293,621.00	91,171.00	384,792.00	304,408.28	(80,383.72)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 170,407.00	\$ (38,465.00)	\$ 131,942.00	\$ 106,359.11	\$ 25,582.89
Salaries - Other Instruction	49,519.00	10,863.70	60,382.70	58,641.38	1,741.32
Other Purchased Services (400-500 series)	8,698.00	2,650.00	11,348.00	11,348.00	
General Supplies	5,621.00	27,059.00	32,680.00	27,322.57	5,357.43
Total Instruction	234,245.00	2,107.70	236,352.70	203,671.06	32,681.64
Support Services:					
Salaries	35,864.00	8,326.76	44,190.76	39,617.72	4,573.04
Personal Services - Employee Benefits	3,319.00	54,769.09	58,088.09	30,966.85	27,121.24
Purchased Professional - Educational Services	13,400.00	859.45	14,259.45	6,714.96	7,544.49
Purchased Professional - Technical Services	5,798.00	1,969.00	7,767.00	5,350.00	2,417.00
Other Purchased Services (400-500 series)	995.00		995.00		995.00
Supplies and Materials		23,139.00	23,139.00	18,087.69	5,051.31
Total Support Services	59,376.00	89,063.30	148,439.30	100,737.22	47,702.08
Total Expenditures	293,621.00	91,171.00	384,792.00	304,408.28	80,383.72
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2016

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 8,563,550.67	\$ 304,408.28
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		44,334.75
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	336,449.60	
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until subsequent year	<u>(351,559.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,548,441.27</u>	<u>\$ 348,743.03</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 8,536,182.68	\$ 304,408.28
Encumbrances for goods or services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the goods or services are received for financial reporting purposes.		<u>44,334.75</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 8,536,182.68</u>	<u>\$ 348,743.03</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

BOROUGH OF LAWN SIDE SCHOOL DISTRICT

Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.0065615812%	0.0062092304%	0.0044792190%
School District's Proportionate Share of the Net Pension Liability	\$ 1,472,943.00	\$ 1,162,538.00	\$ 856,068.00
School District's Covered Payroll (Plan Measurement Period)	\$ 497,772.00	\$ 462,824.00	\$ 282,660.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	295.91%	251.18%	302.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	Fiscal Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 58,939.00	\$ 56,412.00	\$ 51,188.00
Contributions in Relation to the Contractually Required Contribution	<u>(58,939.00)</u>	<u>(56,412.00)</u>	<u>(51,188.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 357,146.00	\$ 450,108.00	\$ 441,101.00
Contributions as a Percentage of School District's Covered Payroll	16.50%	12.53%	11.60%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
89 School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>13,767,801.00</u>	<u>10,373,450.00</u>	<u>9,638,949.00</u>
	<u>\$ 13,767,801.00</u>	<u>\$ 10,373,450.00</u>	<u>\$ 9,638,949.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 2,573,492.00	\$ 2,557,340.00	\$ 2,016,388.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	534.99%	405.63%	478.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	<u>No Child Left Behind</u>		<u>I.D.E.A. Part B</u>		<u>Preschool Education Aid</u>	<u>Local Grants</u>	<u>Total</u>
	<u>Title I</u>	<u>Title II A</u>	<u>Basic</u>	<u>Incentive</u>			
REVENUES:							
Federal Sources	\$ 131,613.00	\$ 15,758.00	\$ 99,009.00	\$ 2,698.00	\$ 49,519.00	\$ 5,811.28	\$ 249,078.00
State Sources							49,519.00
Local Sources							5,811.28
Total Revenues	131,613.00	15,758.00	99,009.00	2,698.00	49,519.00	5,811.28	304,408.28
EXPENDITURES:							
Instruction:							
Salaries of Teachers	82,034.90		24,324.21				106,359.11
Salaries - Other Instruction	9,122.38				49,519.00		58,641.38
Other Purchased Services (400-500 series)		8,650.00		2,698.00			11,348.00
General Supplies	9,493.36	1,758.00	10,259.93			5,811.28	27,322.57
Total Instruction	100,650.64	10,408.00	34,584.14	2,698.00	49,519.00	5,811.28	203,671.06
Support Services:							
Salaries			39,617.72				39,617.72
Personal Services - Employee Benefits	21,157.36		9,809.49				30,966.85
Purchased Professional - Educational Services			6,714.96				6,714.96
Purchased Professional - Technical Services		5,350.00					5,350.00
Supplies and Materials	9,805.00		8,282.69				18,087.69
Total Support Services	30,962.36	5,350.00	64,424.86	-	-	-	100,737.22
Total Expenditures	131,613.00	15,758.00	99,009.00	2,698.00	49,519.00	5,811.28	304,408.28
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 49,519.00	\$ 49,519.00	\$ -
Total Expenditures	<u>\$ 49,519.00</u>	<u>\$ 49,519.00</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2015-2016 Preschool Expansion Aid Allocation	\$ 49,519.00
Add: Actual Preschool Education Aid Carryover (June 30, 2015)	-
Add: Budgeted Transfer from the General Fund 2015-16	-
Total Preschool Education Aid Funds Available for 2015-2016 Budget	49,519.00
Less: 2015-16 Budgeted Preschool Education Aid (Including prior year budget carryover)	49,519.00
Available and Unbudgeted Preschool Education Aid as of June 30, 2016	-
Add: June 30, 2016 Unexpended Preschool Education Aid	-
2015-2016 Carryover - Preschool Education Aid/Preschool	\$ -
2015-2016 Preschool Education Aid Carryover Budgeted in 2016-2017	\$ -

PROPRIETARY FUNDS

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2016

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 50,956.21
Accounts Receivable:	
State	204.76
Federal	13,701.53
Inventories	<u>8,687.49</u>
Total Current Assets	<u>73,549.99</u>
Noncurrent Assets:	
Capital Assets	124,210.20
Less: Accumulated Depreciation	<u>(88,038.32)</u>
Total Noncurrent Assets	<u>36,171.88</u>
Total Assets	<u>109,721.87</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	<u>3,244.26</u>
NET POSITION:	
Net Investment in Capital Assets	36,171.88
Unrestricted	<u>70,305.73</u>
Total Net Position	<u><u>\$ 106,477.61</u></u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 21,433.66
Daily Sales - Non-Reimbursable Programs	<u>16,336.77</u>
Total Operating Revenues	<u>37,770.43</u>
OPERATING EXPENSES:	
Cost of Sales - Reimbursable Programs	73,120.56
Cost of Sales - Non-reimbursable Programs	6,463.00
Salaries and Fringe Benefits	73,513.23
Repairs and Maintenance	8,200.87
Food Service Management Fee	12,688.20
General Supplies	5,767.73
Miscellaneous	4,421.18
Depreciation	<u>2,931.21</u>
Total Operating Expenses	<u>187,105.98</u>
Operating Loss	<u>(149,335.55)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,419.24
Federal Sources:	
National School Lunch Program	122,323.03
National Breakfast Program	30,299.39
After-School Snack Program	3,014.76
Food Distribution Program	14,653.13
Interest Earned	<u>14.95</u>
Total Nonoperating Revenues (Expenses)	<u>172,724.50</u>
Change in Net Position	23,388.95
Net Position -- July 1	<u>83,088.66</u>
Net Position -- June 30	<u><u>\$ 106,477.61</u></u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 37,770.43
Payments to Employees	(73,513.23)
Payments to Vendors	<u>(111,476.64)</u>
Net Cash Used for Operating Activities	<u>(147,219.44)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,437.34
Federal Sources	<u>169,009.94</u>
Net Cash Provided by Non-Capital Financing Activities	<u>171,447.28</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>14.95</u>
Net Increase in Cash and Cash Equivalents	24,242.79
Cash and Cash Equivalents -- July 1	<u>26,713.42</u>
Cash and Equivalents -- June 30	<u>\$ 50,956.21</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (149,335.55)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,931.21
Change in Assets and Liabilities:	
(Increase) Decrease in Inventories	(616.55)
Increase (Decrease) in Accounts Payable	<u>(198.55)</u>
Total Adjustments	<u>2,116.11</u>
Net Cash Used for Operating Activities	<u>\$ (147,219.44)</u>

FIDUCIARY FUNDS

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Private-Purpose Trust Funds	<u>Agency Funds</u>		
	Unemployment Compensation <u>Trust</u>	Student <u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 99,967.80	\$ 20,966.70	\$ 15,621.92	\$ 136,556.42
Due from Payroll	1,037.26			1,037.26
Total Assets	<u>101,005.06</u>	<u>\$ 20,966.70</u>	<u>\$ 15,621.92</u>	<u>137,593.68</u>
LIABILITIES:				
Payable to District		\$ 225.05	\$ 13,616.32	13,841.37
Accounts Payable	6,247.08			6,247.08
Due to Unemployment			1,037.26	1,037.26
Payable to Student Groups		20,741.65		20,741.65
Payroll Deductions and Withholdings			968.34	968.34
Total Liabilities	<u>6,247.08</u>	<u>\$ 20,966.70</u>	<u>\$ 15,621.92</u>	<u>42,835.70</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>94,757.98</u>			<u>94,757.98</u>
Total Net Position	<u>\$ 94,757.98</u>			<u>\$ 94,757.98</u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Funds Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Members	\$ 6,283.88
Investment Earnings:	
Interest	44.70
	44.70
Total Additions	6,328.58
DEDUCTIONS:	
Unemployment Claims	6,483.36
	6,483.36
Change in Net Position	(154.78)
Net Position -- July 1	94,912.76
	94,912.76
Net Position -- June 30	\$ 94,757.98
	94,757.98

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary/Middle School	\$ 17,491.64	\$ 42,682.63	\$ 39,432.62	\$ 20,741.65
Due to Special Revenue Fund	225.05			225.05
	<hr/>			
Total Student Activity	<u>\$ 17,716.69</u>	<u>\$ 42,682.63</u>	<u>\$ 39,432.62</u>	<u>\$ 20,966.70</u>

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,792.89	\$ 3,334,159.90	\$ 3,325,330.87	\$ 15,621.92
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 1,459,463.94	\$ 1,458,495.60	\$ 968.34
Due General Fund	\$ 4,037.25	9,579.07		13,616.32
Due Unemployment Fund	2,755.64	5,614.47	7,332.85	1,037.26
Net Payroll		1,859,502.42	1,859,502.42	
Total Liabilities	\$ 6,792.89	\$ 3,334,159.90	\$ 3,325,330.87	\$ 15,621.92

LONG-TERM DEBT

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
School Bonds	9/1/10	\$ 2,900,000.00	9/1/2016	\$ 125,000.00	3.000%				
			9/1/2017	150,000.00	3.000%				
			9/1/2018	175,000.00	3.000%				
			9/1/2019	200,000.00	3.000%				
			9/1/2020	225,000.00	3.000%				
			9/1/2021	225,000.00	3.125%				
			9/1/2022	225,000.00	3.500%				
			9/1/2023	225,000.00	4.000%				
			9/1/2024	225,000.00	4.000%				
			9/1/2025	225,000.00	4.000%				
			9/1/2026	250,000.00	4.000%				
			9/1/2027	250,000.00	4.000%				
						\$ 2,625,000.00		\$ 125,000.00	\$ 2,500,000.00
						\$ 2,625,000.00	\$ -	\$ 125,000.00	\$ 2,500,000.00

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 215,032.00	\$ 215,032.00	\$ -
EXPENDITURES:			
Regular Debt Service:			
Interest	90,032.00	90,031.26	0.74
Redemption of Principal	125,000.00	125,000.00	
Total Regular Debt Service	215,032.00	215,031.26	0.74
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	0.74	(0.74)
Fund Balance, July 1	-	-	-
Fund Balance, June 30	\$ -	\$ 0.74	\$ (0.74)

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Net Position/Assets by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016*	2015*	2014*	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,917,503	\$ 4,030,987	\$ 4,052,929	\$ 4,156,548	\$ 3,816,322	\$ 2,775,935	\$ 846,126	\$ 869,079	\$ 1,840,177	\$ 1,849,006
Restricted	649,175	655,956	1,038,041	2,057,260	1,187,657	1,146,667	293,617	170,715	122,958	341,021
Unrestricted (Deficit)	(759,385)	(676,510)	(1,006,136)	(88,126)	(140,837)	(128,893)	(218,335)	(273,992)	(57,882)	(89,719)
Total Governmental Activities										
Net Position/Assets	\$ 3,807,293	\$ 4,010,433	\$ 4,084,834	\$ 6,125,681	\$ 4,863,142	\$ 3,793,709	\$ 921,408	\$ 765,802	\$ 1,905,253	\$ 2,100,308
Business-type Activities:										
Net Investment in Capital Assets	\$ 36,172	\$ 39,103	\$ 13,321	\$ 6,065	\$ 4,705	\$ 5,094				\$ 2,648
Unrestricted	70,306	43,986	70,098	56,757	53,680	38,445	46,596	45,302	58,412	39,710
Total Business-type Activities										
Net Position/Assets	\$ 106,478	\$ 83,089	\$ 83,419	\$ 62,822	\$ 58,385	\$ 43,539	\$ 46,596	\$ 45,302	\$ 58,412	\$ 42,358
District-wide:										
Net Investment in Capital Assets	\$ 3,953,675	\$ 4,070,090	\$ 4,066,250	\$ 4,162,613	\$ 3,821,027	\$ 2,781,029	\$ 846,126	\$ 869,079	\$ 1,840,177	\$ 1,851,654
Restricted	649,175	655,956	1,038,041	2,057,260	1,187,657	1,146,667	293,617	170,715	122,958	341,021
Unrestricted (Deficit)	(689,080)	(632,524)	(936,038)	(31,370)	(87,157)	(90,448)	(171,739)	(228,690)	530	(50,009)
Total District-wide Net Position/Assets	\$ 3,913,770	\$ 4,093,521	\$ 4,168,253	\$ 6,188,503	\$ 4,921,527	\$ 3,837,248	\$ 968,004	\$ 811,104	\$ 1,963,665	\$ 2,142,666

* Amounts for the years 2014 through 2016 include the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.

Source: District Records (Exhibit A-1)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

Fiscal Year Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,876,142	\$ 2,999,836	\$ 2,448,072	\$ 2,292,487	\$ 1,668,159	\$ 1,955,182	\$ 1,958,524	\$ 1,864,626	\$ 1,793,477	\$ 1,845,762
Special Education	461,294	475,758	458,116	380,176	743,259	318,229	311,853	300,738	323,072	282,880
Other Special Education				2,676						
Other Instruction	130,997	141,566	110,120	45,617	4,192	2,676	2,675	78,974	64,475	26,609
Support Services:										
Tuition	2,605,891	2,754,187	2,301,852	2,742,239	3,646,023	4,362,830	4,404,640	4,084,093	3,700,849	3,418,358
Student and Instruction Related Services	1,021,566	1,036,070	857,512	857,733	859,430	783,890	638,517	709,007	812,810	896,603
School Administrative Services	425,534	508,579	521,672	378,651	83,395	99,702	84,895	81,874	86,496	66,439
Other Administrative Services	156,035	148,025	179,428	212,707	382,266	395,272	383,363	398,117	362,514	345,237
Plant Operations and Maintenance	590,951	620,841	608,867	495,458	421,106	436,250	445,561	431,737	450,243	448,910
Pupil Transportation	404,629	305,509	248,506	325,743	321,026	306,217	314,887	394,268	426,420	439,770
Unallocated Benefits	1,777,258	55,292	441,335	554,887	343,226	289,624	337,095	305,158	433,394	417,944
Items Less Than \$2,000 Charged to Capital Outlay	88,781	34,985	234,569	20,819						
Interest on Long-term Debt	34,985	88,847	98,172	98,209	108,511	18,285	10,200	12,487	14,701	16,843
Transfer to Charter Schools	173,701	192,806	239,658	182,572	66,757	92,300				
Unallocated Depreciation	218,702	218,233	215,891	67,181	59,621	45,250	46,624	46,624	42,570	46,626
Total Governmental Activities Expenses	9,966,466	9,580,533	8,963,770	8,657,158	8,706,971	9,105,707	8,938,834	8,707,703	8,511,021	8,251,981
Business-type Activities:										
Food Service	187,106	170,504	169,232	170,785	161,408	161,569	165,292	167,624	155,464	154,514
Total Business-type Activities Expense	187,106	170,504	169,232	170,785	161,408	161,569	165,292	167,624	155,464	154,514
Total District Expenses	\$ 10,153,572	\$ 9,751,037	\$ 9,133,002	\$ 8,827,943	\$ 8,868,379	\$ 9,267,276	\$ 9,104,126	\$ 8,875,327	\$ 8,666,485	\$ 8,406,495

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Changes in Net Position/Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 1,599,136	\$ 1,476,765	\$ 1,055,269	\$ 1,103,633	\$ 1,059,028	\$ 1,002,970	\$ 920,269	\$ 754,507	\$ 1,206,911	\$ 1,476,276
Total Governmental Activities Program Revenues	1,599,136	1,476,765	1,055,269	1,103,633	1,059,028	1,002,970	920,269	754,507	1,206,911	1,476,276
Business-type activities:										
Charges for services	37,770	35,933	49,561	42,673	38,465	38,666	42,793	49,782	42,704	43,805
Food Service	172,710	134,222	140,246	136,303	137,657	119,705	118,177	104,245	97,507	89,160
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	210,480	170,155	189,807	178,976	176,122	158,371	160,970	154,027	140,211	132,965
Total District Program Revenues	\$ 1,809,616	\$ 1,646,920	\$ 1,245,076	\$ 1,282,608	\$ 1,235,150	\$ 1,161,341	\$ 1,081,239	\$ 908,534	\$ 1,347,122	\$ 1,609,241
Net (Expense)/Revenue:										
Governmental Activities	\$ (8,367,330)	\$ (8,103,768)	\$ (7,908,501)	\$ (7,553,525)	\$ (7,647,943)	\$ (8,102,737)	\$ (8,018,565)	\$ (7,953,196)	\$ (7,304,110)	\$ (6,775,705)
Business-type Activities	23,374	(349)	20,575	8,191	14,714	(3,198)	(4,322)	(13,597)	(15,253)	(21,549)
Total District-wide Net Expense	\$ (8,343,956)	\$ (8,104,117)	\$ (7,887,926)	\$ (7,545,335)	\$ (7,633,229)	\$ (8,105,935)	\$ (8,022,887)	\$ (7,966,793)	\$ (7,319,363)	\$ (6,797,254)

BOROUGH OF LAWNESIDE SCHOOL DISTRICT
Changes in Net Position/Assets
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position/Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,177,499	\$ 4,063,082	\$ 3,983,413	\$ 4,040,589	\$ 4,000,589	\$ 4,594,696	\$ 4,417,977	\$ 4,120,078	\$ 4,026,627	\$ 3,561,644
Taxes Levied for Debt Service	215,032	215,005	185,478	188,731	225,956	19,642	39,258	45,642	40,135	16,363
Federal and State Aid Not Restricted	3,740,025	3,727,754	2,507,432	4,599,359	3,677,849	3,451,836	3,774,430	3,570,652	3,069,229	2,914,281
State Aid Restricted for Capital Projects					595,823	2,899,050				
Investment Earnings								60	958	1,445
Miscellaneous Income	31,635	23,526	52,079	38,375	218,697	9,814	22,877	26,518	2,106	62,091
Cancellation of Prior Year Accounts Receivable					(1,538)		(41,575)			
Transfers									(30,000)	(30,000)
Total Governmental Activities	8,164,190	8,029,367	6,728,402	8,867,054	8,717,376	10,975,038	8,212,967	7,762,950	7,109,055	6,525,824
Business-type Activities:										
Investment Earnings	15	19	22	147	132	141	133	487	1,307	1,761
Loss on Disposal of Capital Asset				(3,900)						
Transfers									30,000	30,000
Total Business-type Activities	15	19	22	(3,753)	132	141	133	487	31,307	31,761
Total District-wide	\$ 8,164,205	\$ 8,029,386	\$ 6,728,424	\$ 8,863,300	\$ 8,717,508	\$ 10,975,179	\$ 8,213,100	\$ 7,763,437	\$ 7,140,362	\$ 6,557,585
Change in Net Position/Assets:										
Governmental Activities	\$ (203,140)	\$ (74,402)	\$ (1,180,099)	\$ 1,313,528	\$ 1,069,433	\$ 2,872,301	\$ 194,402	\$ (190,246)	\$ (195,055)	\$ (249,881)
Business-type Activities	23,389	(330)	20,597	4,437	14,846	(3,057)	(4,189)	(13,110)	16,054	10,212
Total District	\$ (179,751)	\$ (74,732)	\$ (1,159,502)	\$ 1,317,965	\$ 1,084,279	\$ 2,869,244	\$ 190,213	\$ (203,356)	\$ (179,001)	\$ (239,669)

* Amounts for 2015 and 2016 include the expense associated with the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.

Source: District Records (Exhibit A-2)

BOROUGH OF LAWNESIDE SCHOOL DISTRICT
 Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted:										
Other Reserves	\$ 50,000	\$ 250,000	\$ 250,000	\$ 459,011	\$ 344,949	\$ 126,435	\$ 18,642	\$ 18,642	\$ 18,582	\$ 17,624
Excess Surplus	186,041	76,683	328,938	\$ 459,011	\$ 344,949					
Designated for Subsequent Year's Expenditures	413,133	329,272	459,011	344,949						
Assigned:										
Designated for Subsequent Year's Expenditures	25,837	29,986	22,011	157,468	227,559	27,344	241,696	136,394	85,394	310,662
Other Purposes	28,282	12,570	55,762	157,468	3,635	27,344	27,344	9,744	18,980	12,732
Unassigned (Deficit)	283,649	276,172	(50,029)	(71,368)	(76,606)	(41,804)	(135,188)	(187,285)	52,979	23,274
Total General Fund	\$ 986,942	\$ 974,683	\$ 1,065,693	\$ 890,060	\$ 499,537	\$ 111,975	\$ 152,494	\$ (22,505)	\$ 175,935	\$ 364,292
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund						\$ 6,427	\$ (3,706)	\$ (3,586)	\$ (22,280)	\$ (18,580)
Capital Projects Fund					\$ 605,321	996,529				
Debt Service Fund					6,193	2,417	5,935	5,935	2	3
Restricted:										
Capital Projects Fund					\$ 1,249,523					
Debt Service Fund	\$ 1		\$ 92	3,777						
Total All Other Governmental Funds	\$ 1	\$ -	\$ 92	\$ 1,253,300	\$ 611,514	\$ 1,005,373	\$ 2,229	\$ 2,349	\$ (22,278)	\$ (18,577)

Source: District Records (Exhibit B-1)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax Levy	\$ 4,392,531	\$ 4,278,087	\$ 4,168,891	\$ 4,229,320	\$ 4,226,545	\$ 4,614,338	\$ 4,457,235	\$ 4,165,720	\$ 4,066,762	\$ 3,578,007
Miscellaneous	37,446	36,452	52,078	38,375	218,697	9,814	22,877	26,578	3,064	63,536
State Sources	4,388,827	4,250,711	2,973,999	5,093,288	4,549,424	6,682,148	3,537,837	3,994,192	3,974,555	3,792,638
Federal Sources	293,413	500,460	588,702	609,704	783,276	671,708	1,156,862	330,967	301,585	597,919
Total Revenue	9,112,216	9,065,710	7,783,670	9,970,686	9,777,942	11,978,008	9,174,811	8,517,457	8,345,966	8,032,100
Expenditures:										
Instruction										
Regular Instruction	1,830,121	2,706,512	2,421,727	2,266,582	1,650,109	1,954,545	1,959,348	1,820,976	1,767,624	1,836,766
Special Education Instruction	440,903	422,955	458,116	382,852	743,259	318,229	311,853	300,738	323,072	282,880
Other Instruction	130,997	141,566	110,120	45,617	4,192	2,676	2,675	78,974	64,475	26,609
Support Services:										
Tuition	2,605,891	2,616,286	2,301,852	2,742,239	3,643,431	4,362,830	4,284,342	4,064,815	3,690,616	3,408,469
Student and Instruction Related Services	980,784	1,000,597	857,512	857,733	859,430	783,890	638,517	709,007	812,810	896,603
School Administrative Services	424,073	503,815	521,672	373,886	83,395	99,702	84,895	81,874	86,496	66,439
Other Administrative Services	151,522	234,533	174,663	212,707	378,061	395,147	383,238	397,992	355,462	337,470
Plant Operations and Maintenance	570,559	620,841	608,866	495,458	421,106	436,250	445,561	431,737	450,243	448,910
Pupil Transportation	404,629	305,509	248,506	325,743	321,026	306,217	314,887	394,268	426,420	439,770
Unallocated Benefits	1,105,756	55,292	442,541	492,274	343,226	289,624	337,095	305,158	433,394	417,944
Transfer to Charter Schools	173,701	192,806	239,658	182,572	66,757	92,300	120,298	19,278	10,233	9,889
Capital Outlay	31,004	106,018	256,938	339,655	1,001,566	4,811,651		9,935	9,840	34,672
Debt Service:										
Assessment for Debt Service on SDA Funding	34,985	34,985								
Principal	125,000	125,000	121,014	119,241	117,552	65,984	64,492	63,106	61,743	60,455
Interest and Other Charges	90,031	90,097	97,725	101,816	138,644	8,823	11,156	13,412	15,596	17,709
Total Expenditures	9,099,957	9,156,812	8,860,910	8,938,377	9,771,754	13,927,868	8,958,357	8,691,270	8,508,024	8,284,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,259	(91,102)	(1,077,240)	1,032,309	6,188	(1,949,860)	216,454	(173,813)	(162,058)	(252,485)
Other Financing Sources (Uses):										
Sale of Bonds						2,900,000	(41,575)		(30,000)	(30,000)
Accounts Receivable/Payable Canceled Transfers In/Out							(41,575)			
Total Other Financing Sources (Uses)						2,900,000	(41,575)		(30,000)	(30,000)
Net Change in Fund Balances	\$ 12,259	\$ (91,102)	\$ (1,077,240)	\$ 1,032,309	\$ 6,188	\$ 950,140	\$ 174,879	\$ (173,813)	\$ (192,058)	\$ (282,485)
Debt Service as a Percentage of Noncapital Expenditures	2.37%	2.38%	2.54%	2.57%	2.92%	0.82%	0.84%	0.88%	0.91%	0.95%

Source: District Records (Exhibit B-2)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Refunds of Prior Year Expenses	\$ 26,235	\$ 16,244	\$ 15,904	\$ 16,455	\$ 159,102	\$ 5,165	\$ 17,807	\$ 19,917	\$ 3,194	\$ 9,025
Interest on Investments	784	1,055	879	2,372	1,937	4,566	3,100	6,161	15,818	53,732
Energy Savings					57,573					
Rentals							300			51
Write Off Receivable								(15,990)		
Miscellaneous	4,615	6,228	35,295	19,548	85	83	1,670	500	42	728
	<u>\$ 31,635</u>	<u>\$ 23,526</u>	<u>\$ 52,078</u>	<u>\$ 38,375</u>	<u>\$ 218,697</u>	<u>\$ 9,814</u>	<u>\$ 22,877</u>	<u>\$ 10,588</u>	<u>\$ 19,054</u>	<u>\$ 63,536</u>

Source: District Records

REVENUE CAPACITY INFORMATION

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

BOROUGH OF LAWNESIDE SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016	\$ 3,813,500	\$ 134,198,900	\$ 55,014,500	\$ 15,736,100	\$ 4,803,300	\$ 213,566,300	\$ 353,222	\$ 213,919,522	\$ 21,235,000	\$ 215,876,175	\$ 2.072
2015	3,857,400	134,389,500	55,513,500	15,811,100	4,621,800	214,193,300	334,869	214,528,169	21,198,800	228,035,026	2.021
2014	3,814,600	134,641,300	55,861,800	15,811,100	4,621,800	214,750,600	329,408	215,080,008	21,198,800	236,796,339	1.964
2013	4,467,700	134,936,000	56,385,400	15,916,400	4,621,800	216,327,300	341,014	216,668,314	20,363,400	216,327,300	1.938
2012	(A) 3,046,500	100,607,600	39,976,300	11,728,600	3,241,600	158,600,600	249,741	158,850,341	15,483,500	217,617,600	1.940
2011	3,007,500	101,005,400	39,976,300	11,728,600	3,241,600	158,959,400	249,741	159,209,141	15,391,700	264,984,836	2.784
2010	3,021,400	103,162,500	40,379,500	11,878,600	3,241,600	161,683,600	343,074	162,026,674	15,264,400	263,000,307	2.850
2009	3,035,500	103,367,000	40,437,900	11,953,200	3,241,600	162,035,200	264,831	162,300,031	14,928,700	260,360,980	2.597
2008	2,924,000	102,282,000	39,830,200	12,203,200	3,241,600	160,481,000	247,432	160,728,432	14,928,700	249,239,255	2.561
2007	3,744,000	96,116,300	39,808,600	11,250,000	3,241,600	154,160,500	211,982	154,372,482	15,214,900	226,579,223	2.476

(A) Reassessment

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

Source: Camden County Board of Taxation

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service (2)	Total Direct School Tax Rate	Borough of Lawnside	Camden County		
2016	\$ 1.971	\$ 0.101	\$ 2.072	\$ 0.947	\$ 0.900	\$	3.919
2015	1.921	0.100	2.021	0.947	0.938		3.907
2014	1.877	0.087	1.964	0.944	0.934		3.842
2013	1.858	0.080	1.938	0.954	0.913		3.805
2012	1.800	0.140	1.940	0.964	0.912		3.816
2011	2.644	0.140	2.784	1.367	1.185		5.336
2010	2.830	0.020	2.850	1.187	1.060		5.097
2009	2.577	0.020	2.597	0.929	0.996		4.522
2008	2.521	0.040	2.561	0.918	0.985		4.464
2007	2.440	0.036	2.476	0.820	0.941		4.237

Source: Municipal Tax Collector

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30.</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2016	\$ 4,392,531	\$ 4,592,167	104.54%	\$ -
2015	4,278,087	4,078,451	95.33%	199,636.00
2014	4,168,891	3,969,255	95.21%	199,636.00
2013	4,229,320	4,229,324	100.00%	(4.00)
2012	4,226,545	3,636,900	86.05%	589,645.00
2011	4,614,338	5,004,338	108.45%	(390,000.00)
2010	4,457,235	4,457,235	100.00%	-
2009	4,165,720	4,165,720	100.00%	-
2008	4,066,762	4,066,762	100.00%	-
2007	3,578,007	3,578,007	100.00%	-

(1) 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.

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Outstanding Debt Per Capital (3)
	General Obligation Bonds (1)	Loans	Capital Leases	Bond Authorized but not Issued	Capital Leases			
2016	\$ 2,500,000					\$ 2,500,000	Unavailable	Unavailable
2015	2,625,000	\$ 500,000				3,125,000	Unavailable	1,071
2014	2,750,000	500,000				3,250,000	2.38%	1,114
2013	2,871,014	3,100,000				5,971,014	4.52%	2,038
2012	2,990,255	2,600,000				5,590,255	4.25%	1,903
2011	3,107,807	2,600,000				5,707,807	4.39%	1,939
2010	273,790			\$ 2,900,000		3,173,790	2.56%	1,076
2009	338,282					338,282	0.28%	119
2008	401,389					401,389	0.35%	141
2007	463,132					463,132	0.43%	163

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Assessed Valuation <u>Taxable (2)</u>	<u>Per Capita (3)</u>
	General Obligation <u>Bonds/Loans</u>	<u>Deductions</u>			
2016	\$ 2,500,000		\$ 2,500,000	1.30%	Unavailable
2015	3,125,000		3,125,000	1.62%	\$ 1,071
2014	3,250,000		3,250,000	1.68%	1,114
2013	5,971,014		5,971,014	3.04%	2,038
2012	5,590,255		5,590,255	1.88%	1,055
2011	5,707,807		5,707,807	1.95%	1,016
2010	3,173,790		3,173,790	1.96%	1,118
2009	338,282		338,282	0.21%	119
2008	401,389		401,389	0.25%	141
2007	463,132		463,132	0.30%	165

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2015
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Lawnside Borough</u>
Municipal Debt: (1)				
Lawnside Borough School District	\$ 2,500,000	\$ 2,500,000		
Lawnside Borough Water & Sewer Utility	705,000	705,000		
Lawnside Borough	<u>1,640,909</u>		<u>\$ 1,640,909</u>	<u>\$ 1,640,909</u>
	<u>4,845,909</u>	<u>3,205,000</u>	<u>1,640,909</u>	<u>1,640,909</u>
Overlapping Debt Apportioned to the Municipality: County of Camden: (2)				
General:				
Bonds	35,695,000.00	12,761,633.36 (3)	22,933,367	142,187
Loan Agreement	269,003,014		269,003,014	1,667,819
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>471,754,632</u>	<u>471,754,632 (4)</u>		<u>(4)</u>
	<u>776,452,646</u>	<u>484,516,265</u>	<u>291,936,381</u>	<u>1,810,006</u>
	<u>\$ 781,298,555</u>	<u>\$ 487,721,265</u>	<u>\$ 293,577,290</u>	<u>\$ 3,450,915</u>

Sources:

- (1) 2015 Annual Debt Statement
 - (2) County's 2015 Audit Report
 - (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
 - (4) Such debt is allocated as a proportion of the Borough's share of the total 2015 Equalized Value, which is 0.620%.
- The source for this computation was the 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis (1)	2013	\$ 238,534,899
	2014	228,628,340
	2015	216,509,957
		<u>\$ 683,673,196</u>
Average equalized valuation of taxable property		<u>\$ 227,891,065</u>
Debt limit (3% of average equalization value) (2)	\$	6,836,732
Total Net Debt Applicable to Limit		<u>2,500,000</u>
Legal Debt Margin	\$	<u>4,336,732</u>

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 6,836,732	\$ 7,049,967	\$ 7,327,131	\$ 7,620,438	\$ 7,858,950	\$ 7,856,642	\$ 7,556,640	\$ 6,910,137	\$ 6,224,887	\$ 5,370,537
Total net debt applicable to limit (3)	2,500,000	3,125,000	3,250,000	5,971,014	5,971,014	5,590,255	3,173,790	338,282	401,389	463,132
Legal debt margin	<u>\$ 4,336,732</u>	<u>\$ 3,924,967</u>	<u>\$ 4,077,131</u>	<u>\$ 1,649,424</u>	<u>\$ 1,887,936</u>	<u>\$ 2,266,387</u>	<u>\$ 4,382,850</u>	<u>\$ 6,571,855</u>	<u>\$ 5,823,498</u>	<u>\$ 4,907,405</u>
Total net debt applicable to the limit as a percentage of debt limit	36.57%	44.33%	44.36%	78.36%	75.98%	71.15%	42.00%	4.90%	6.45%	8.62%

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
 (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	2919	Unavailable	Unavailable	10.1%
2014	2918	\$ 136,813,348	\$ 46,886	11.0%
2013	2930	132,075,610	45,077	11.8%
2012	2938	131,451,996	44,742	15.1%
2011	2944	129,874,560	44,115	15.0%
2010	2949	123,837,357	41,993	15.2%
2009	2838	118,177,158	41,641	14.5%
2008	2841	117,540,693	41,373	9.4%
2007	2842	113,697,052	40,006	7.2%
2006	2807	108,344,586	38,598	7.8%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2016</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Information is not available		1		1
		2		2
		3		3
		4		4
		5		5
		6		6
		7		7
		8		8
		9		9
		10		10

Percentage
of Total
Municipal
Employment

Percentage
of Total
Municipal
Employment

Source: Individual Employers

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	24.4	23.3	24.6	24.4	22.0	23.0	24.5	24.5	25.5	27.0
Special Education	13.2	12.0	10.0	10.0	8.0	7.0	6.0	5.0	5.0	5.0
Support Services:										
Tuition										
Student & Instruction Related Services	10.4	9.2	8.4	7.6	5.5	5.0	7.0	10.5	10.5	8.5
School Administrative Services	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.0
Business Administrative Services	1.0	1.0	1.0	1.0	2.0	1.5	1.5	1.5	1.5	1.0
Plant Operations and Maintenance	4.6	5.0	4.5	3.5	2.5	2.0	3.0	3.0	3.0	3.0
Food Service										2.0
Total	55.6	52.5	50.5	48.5	42.0	41.0	44.5	47.0	48.0	48.5

Source: District Records

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio <u>Elementary</u>	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2016	317	\$ 8,853,922	\$ 27,930	-9.59%	37	1:12	317.0	277.0	8.19%	87.38%
2015	286	8,835,697	30,894	5.00%	35	1:8	293.0	266.0	6.12%	90.78%
2014	285	8,385,233	29,422	6.41%	29	1:10	276.1	258.4	4.11%	93.59%
2013	281	8,377,666	27,649	-10.04%	29	1:11	265.2	252.0	1.65%	95.02%
2012	277	8,513,992	30,736	-9.91%	25	1:11	260.9	246.7	-0.65%	94.56%
2011	265	9,041,410	34,119	-3.21%	24	1:11	262.6	247.7	4.17%	94.33%
2010	252	8,882,709	35,249	22.07%	26	1:10	252.1	236.1	-11.85%	93.65%
2009	298	8,604,817	28,875	4.03%	27	1:11	286.0	273.8	-2.79%	95.73%
2008	303	8,410,612	27,758	5.30%	31	1:10	294.2	280.2	-5.00%	95.24%
2007	310	8,171,749	26,360	25.05%	31	1:10	309.7	294.6	-3.52%	95.12%

(a) Teaching staff includes only Full-time equivalents of instructional, certificated staff.

Sources: District Records

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,

<u>District Building</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Elementary</u>										
Lawnside Elementary (1974)	60,110	60,110	60,110	60,110	60,110	57,266	57,266	57,266	57,266	57,266
Square Feet	436	436	436	436	496	436	436	436	436	436
Capacity (students)	317	286	285	281	277	265	252	298	303	310
Enrollment										

Number of Schools at June 30, 2016
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Records

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

	Fiscal Year Ended June 30,										
<u>School Facilities</u>	<u>School #</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Lawnside Elementary School	2560	\$ 62,254	\$ 77,000	\$ 64,737	\$ 55,817	\$ 39,640	\$ 43,996	\$ 42,233	\$ 38,749	\$ 40,875	\$ 48,601
Total School Facilities		<u>\$ 62,254</u>	<u>\$ 77,000</u>	<u>\$ 64,737</u>	<u>\$ 55,817</u>	<u>\$ 39,640</u>	<u>\$ 43,996</u>	<u>\$ 42,233</u>	<u>\$ 38,749</u>	<u>\$ 40,875</u>	<u>\$ 48,601</u>

* School Facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

BOROUGH OF LAWNSIDE SCHOOL DISTRICT

Insurance Schedule

As of June 30, 2016

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG:			
Real & Personal Property	(1)	\$ 400,000,000	\$ 1,000
Extra Expense - Blanket	(1)	50,000,000	1,000
Valuable Papers Blanket	(1)	10,000,000	1,000
Demolition & Increased Cost of Construction	(1)	25,000,000	N/A
Pollutant Cleanup and Removal	(1)	250,000	N/A
Accounts Receivable	(1)	250,000	N/A
Flood Zones	(2)	75,000,000	10,000
Special Flood Hazard	(2)	20,000,000	500,000
Earthquake	(2)	50,000,000	N/A
Terrorism	(2)	1,000,000	N/A
Electronic Data Processing	(1)	300,000	1,000
Equipment Breakdown		100,000,000	1,000
Faithful Performance		250,000	1,000
Forgery & Alteration		25,000	500
Money & Securities		25,000	500
Computer Fraud		25,000	500
Money Orders/Counterfeit		10,000	500
Bodily Injury & Property Damage		6,000,000	N/A
Products & Completed Operations	(2)	6,000,000	N/A
Sexual Abuse	(2)	6,000,000	N/A
Personal & Advertising Injury	(2)	6,000,000	N/A
Employee Benefits Liability	(2)	6,000,000	1,000
Premises Medical Payments	(3)	10,000	N/A
Automobile Liability	(3)	6,000,000	N/A
Workers' Compensation	(4)	2,000,000	
Errors & Omissions		6,000,000	5,000
Bonds:			
Board Secretary		90,000	500
Treasurer		200,000	1,000

(1) Limit each occurrence, No annual aggregate

(2) Limit each occurrence, annual aggregated

(3) Per claim / annual aggregate

(4) Each accident

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Lawnside School District
Lawnside, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Lawnside School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2016. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and the State of New Jersey Circular 15-08-OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Lawnside School District's, in the County of Camden, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey Circular 15-08-OMB, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding numbers 2016-004 and 2016-005. Our opinion on each major state program is not modified with respect to these matters.

The School District's response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

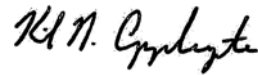
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
November 29, 2016

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2016

<u>Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>FAIN</u> <u>Number</u>	<u>Pass-Through</u> <u>Entity Identifying</u> <u>Number</u>	<u>Program or</u> <u>Award</u> <u>Amount</u>	<u>Local</u> <u>Match</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
I.A.S.A. (N.C.L.B.)							
Title I	84.010	S010A150030	IASA540016	\$ 200,285.00	N/A	7-1-15	6-30-16
Title I	84.010	S010A150030	IASA540015	185,276.00	N/A	7-1-14	6-30-15
Total Title I							
Title II - Part A	84.367	S367A150029	IASA540016	30,739.00	N/A	7-1-15	6-30-16
Title II - Part A	84.367	S367A150029	IASA540015	30,086.00	N/A	7-1-14	6-30-15
Total Title II - Part A							
I.D.E.A. Part B:							
Basic	84.027	H027A150100	IDEA540016	118,877.00	N/A	7-1-15	6-30-16
Basic	84.027	H027A150100	IDEA540015	112,452.00	N/A	7-1-14	6-30-15
Basic	84.027	H173A150114	IDEA540012	136,508.00	N/A	9-1-11	8-31-12
Pre-School	84.173	H173A150114	IDEA540016	2,698.00	N/A	7-1-15	6-30-16
Total I.D.E.A. Part B Special Education Cluster							
21st Century - Supplemental	84.287C	S287C150031	11000045	20,000.00	N/A	9-1-14	8-31-15
21st Century Community Learning Center Grant	84.287C	S287C150031	11000045	300,000.00	N/A	9-1-14	8-31-15
21st Century Community Learning Center Grant	84.287C	S287C150031	11000045	300,000.00	N/A	9-1-12	8-31-13
21st Century Community Learning Center Grant	84.287C	S287C150031	11000045	300,000.00	N/A	9-1-11	8-31-12
Total 21st Century							
Total Special Revenue Fund							
Enterprise Fund:							
U.S. Department of Agriculture:							
Passed-through State Department of Education:							
Child Nutrition Cluster:							
Non-Cash Assistance (Food Distribution):							
National School Lunch Program	10.555	16161NJ304N1099	N/A	15,833.99	N/A	7-1-15	6-30-16
National School Lunch Program	10.555	16161NJ304N1099	N/A	9,990.21	N/A	7-1-14	6-30-15
Cash Assistance:							
School Breakfast Program	10.553	16161NJ304N1099	N/A	20,049.23	N/A	7-1-15	6-30-16
School Breakfast Program	10.553	16161NJ304N1099	N/A	22,584.98	N/A	7-1-14	6-30-15
After School Snacks	10.555	16161NJ304N1099	N/A	3,014.76	N/A	7-1-15	6-30-16
National School Lunch Program	10.555	16161NJ304N1099	N/A	102,741.62	N/A	7-1-15	6-30-16
National School Lunch Program	10.555	16161NJ304N1099	N/A	103,990.78	N/A	7-1-14	6-30-15
Total Child Nutrition Cluster							
Total Enterprise Fund							
Total Federal Financial Assistance							

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), since the total of all grant award expenditures was less than \$750,000.00.

Balance June 30, 2015											
Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Adjustments	Repayment of Prior Years' Balances	Budgetary Expenditures			Passed Through to Subrecipients	Balance June 30, 2016		
					Pass-Through Funds	Direct Funds	Total Budgetary Expenditures		Accounts Receivable	Unearned Revenue	Due to Grantor
\$ (39,843 00)		\$ 174,929 00 39,843 00			\$ 131,613.00		\$ 131,613 00			\$ 43,316.00	
(39,843 00)	\$ -	214,772 00	\$ -	\$ -	131,613.00	\$ -	131,613 00	\$ -	\$ -	43,316.00	\$ -
(1,649 00)		15,758 00 1,649 00			15,758.00		15,758 00				
(1,649 00)	-	17,407 00	-	-	15,758.00	-	15,758 00	-	-	-	-
(30,014 00)		96,852 00 30,014 00			99,009.00		99,009 00		(8,213.00)	6,056.00	
	475.54			475 54							
		2,698 00			2,698.00		2,698 00				
(30,014 00)	475.54	129,564 00	-	475 54	101,707.00	-	101,707 00	-	(8,213.00)	6,056.00	-
(5,005 00)		5,005 00									
(96,252 00)		96,252 00									
	9,086.04 5,055.04			9,086 04 5,055 04							
(101,257 00)	14,141.08	101,257 00	-	14,141 08	-	-	-	-	-	-	-
(172,763 00)	14,616.62	463,000 00	-	14,616.62	249,078.00	-	249,078 00	-	(8,213.00)	49,372.00	-
		15,833 99			12,589.73 2,063.40		12,589.73 2,063.40			3,244.26	
2,063.40											
(1,552 24)		27,304 35 1,552 24			30,299.39		30,299 39		(2,995.04)		
		2,763.60			3,014.76		3,014.76		(251.16)		
(7,624.66)		111,867.70 7,624.66			122,323.03		122,323 03		(10,455.33)		
(7,113 50)	-	166,946 54	-	-	170,290.31	-	170,290 31	-	(13,701.53)	3,244.26	-
(7,113 50)	-	166,946 54	-	-	170,290.31	-	170,290 31	-	(13,701.53)	3,244.26	-
\$ (179,876 50)	\$ 14,616.62	\$ 629,946 54	\$ -	\$ 14,616.62	\$ 419,368.31	\$ -	\$ 419,368 31	\$ -	\$ (21,914.53)	\$ 52,616.26	\$ -

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2016

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Matching</u>	<u>Grant Period</u>		<u>Balance June 30, 2015</u>	
				<u>From</u>	<u>To</u>	<u>Unearned Revenue/ (Accounts Receivable)</u>	<u>Due to Grantor</u>
General Fund:							
State Department of Education:							
Equalization Aid	16-495-034-5120-078	\$ 3,312,813.00	N/A	7-1-15	6-30-16		
Equalization Aid	15-495-034-5120-078	3,312,813.00	N/A	7-1-14	6-30-15	\$ (300,617.57)	
Special Education Categorical Aid	16-495-034-5120-078	256,857.00	N/A	7-1-15	6-30-16		
Special Education Categorical Aid	15-495-034-5120-089	256,857.00	N/A	7-1-14	6-30-15	(23,308.20)	
Security Aid	16-495-034-5120-089	75,958.00	N/A	7-1-15	6-30-16		
Security Aid	15-495-034-5120-084	75,958.00	N/A	7-1-14	6-30-15	(6,892.72)	
PARCC Readiness Aid	16-495-034-5120-084	3,940.00	N/A	7-1-15	6-30-16		
PARCC Readiness Aid	15-495-034-5120-097	3,940.00	N/A	7-1-14	6-30-15	(357.53)	
Per Pupil Growth Aid	16-495-034-5120-097	3,940.00	N/A	7-1-15	6-30-16		
Per Pupil Growth Aid	15-495-034-5120-098	3,940.00	N/A	7-1-14	6-30-15	(357.53)	
School Choice Aid	16-495-034-5120-098	41,406.00	N/A	7-1-15	6-30-16		
School Choice Aid	15-495-034-5120-068	27,604.00	N/A	7-1-14	6-30-15	(2,504.89)	
Total State Aid - Public Cluster						(334,038.44)	\$ -
Transportation Aid	16-495-034-5120-014	26,571.00	N/A	7-1-15	6-30-16		
Transportation Aid	15-495-034-5120-014	26,571.00	N/A	7-1-14	6-30-15	(2,411.16)	
Additional NP School Transportation Aid	16-495-034-5120-014	4,176.00	N/A	7-1-15	6-30-16		
Additional NP School Transportation Aid	15-495-034-5120-014	3,211.00	N/A	7-1-14	6-30-15	(3,828.00)	
Total Transportation Aid:						(6,239.16)	-
Extraordinary Aid	15-100-034-5120-473	29,473.00	N/A	7-1-15	6-30-16		
Extraordinary Aid	14-100-034-5120-473	22,344.00	N/A	7-1-14	6-30-15	(22,344.00)	
Total Extraordinary Aid:						(22,344.00)	-
T.P.A.F. Social Security Aid	16-495-034-5095-002	184,058.17	N/A	7-1-15	6-30-16		
T.P.A.F. Social Security Aid	15-495-034-5095-002	179,480.89	N/A	7-1-14	6-30-15	(7,744.11)	
Total T.P.A.F. Social Security Aid:						(7,744.11)	-
Total General Fund						(370,365.71)	-
Special Revenue Fund:							
State Department of Education:							
Preschool Education Aid	16-495-034-5120-086	49,519.00	N/A	7-1-15	6-30-16		
Preschool Education Aid	15-495-034-5120-086	38,754.00	N/A	7-1-14	6-30-15	(3,875.40)	
Total Preschool Education Aid:						(3,875.40)	-
Capital Projects Fund:							
NJ Economic Development Authority:							
EDA Educational Facilities Construction							
& Financing Act - Section 115							
HVAC & Various Renovations	2560-060-09-1001	4,416,796.00	\$ 2,900,000.00	7-1-10	Open	(545,109.03)	-
Enterprise Fund:							
State School Lunch Aid	16-100-010-3350-023	2,419.24	N/A	7-1-15	6-30-16		
State School Lunch Aid	15-100-010-3350-023	2,199.49	N/A	7-1-14	6-30-15	(222.86)	
Total School Lunch Aid:						(222.86)	-
Total State Financial Assistance						(919,573.00)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf T.P.A.F. Pension Contributions							
Normal Cost	495-034-5094-002	180,544.00	N/A	7-1-15	6-30-16		
Non-contributory Insurance	495-034-5094-004	8,994.00	N/A	7-1-15	6-30-16		
Post Retirement Medical	495-034-5094-001	225,687.00	N/A	7-1-15	6-30-16		
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance						\$ (919,573.00)	\$ -

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments	Total Budgetary Expenditures	Passed Through to Subrecipients	Balance June 30, 2016			Memo	
				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 3,004,224.97		\$ 3,312,813.00		\$ (308,588.03)			\$ (308,588.03)	\$ 3,312,813.00
300,617.57								
232,930.81		256,857.00		(23,926.19)			(23,926.19)	256,857.00
23,308.20								
68,882.52		75,958.00		(7,075.48)			(7,075.48)	75,958.00
6,892.72								
3,572.99		3,940.00		(367.01)			(367.01)	3,940.00
357.53								
3,572.99		3,940.00		(367.01)			(367.01)	3,940.00
357.53								
37,549.04		41,406.00		(3,856.96)			(3,856.96)	41,406.00
2,504.89								
3,684,771.76	\$ -	3,694,914.00	\$ -	(344,180.68)	\$ -	\$ -	(344,180.68)	3,694,914.00
24,095.92		26,571.00		(2,475.08)			(2,475.08)	26,571.00
2,411.16								
3,828.00		4,176.00		(4,176.00)				4,176.00
30,335.08	-	30,747.00	-	(6,651.08)	-	-	(2,475.08)	30,747.00
		29,473.00		(29,473.00)				29,473.00
22,344.00								
22,344.00	-	29,473.00	-	(29,473.00)	-	-	-	29,473.00
174,992.42		184,058.17		(9,065.75)				184,058.17
7,744.11								
182,736.53	-	184,058.17	-	(9,065.75)	-	-	-	184,058.17
3,920,187.37	-	3,939,192.17	-	(389,370.51)	-	-	(346,655.76)	3,939,192.17
44,615.76		49,519.00		(4,903.24)			(4,903.24)	49,519.00
3,875.40								
48,491.16	-	49,519.00	-	(4,903.24)	-	-	(4,903.24)	49,519.00
500,000.00	-	-	-	(45,109.03)	-	-	-	6,067,273.22
2,214.48		2,419.24		(204.76)				2,419.24
222.86								
2,437.34	-	2,419.24	-	(204.76)	-	-	-	2,419.24
4,471,115.87	-	3,991,130.41	-	(439,587.54)	-	-	(351,559.00)	10,058,403.63
180,544.00		180,544.00						180,544.00
8,994.00		8,994.00						8,994.00
225,687.00		225,687.00						225,687.00
415,225.00	-	415,225.00	-	-	-	-	-	415,225.00
\$ 4,886,340.87	\$ -	\$ 4,406,355.41	\$ -	\$ (439,587.54)	\$ -	\$ -	\$ (351,559.00)	\$ 10,473,628.63

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Lawnside School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance (Cont'd)**

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$15,109.40) for the general fund and \$44,334.75 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$44,334.75 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 4,339,307.77	\$ 4,339,307.77
Special Revenue	\$ 293,412.75	49,519.00	342,931.75
Food Service	170,290.31	2,419.24	172,709.55
	<u>\$ 463,703.06</u>	<u>\$ 4,391,246.01</u>	<u>\$ 4,854,949.07</u>

Note 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

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

Note 5: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, and post-retirement medical costs related to TPAF members.

Note 6: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no

Significant deficiency(ies) identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

N/A - Not Required

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? yes no

(Continued)

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-068</u>	<u>School Choice Aid</u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes no

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding No. 2016-001

Criteria or Specific Requirement

Pursuant to N.J.S.A. 18A:17-9, the preparation of monthly reconciliations of bank accounts should be completed prior to the completion of the secretary's monthly report and be presented to the board at each regular meeting.

Condition

The School District did not reconcile their bank accounts in a timely manner pursuant to N.J.S.A. 18A:17-9.

Context

During our analysis of the District's cash balances, we noted that several of the District's accounts were not being reconciled in a timely manner.

Effect

This error could have resulted in misappropriation of the District's assets.

Cause

This error was the result of breakdown of internal controls over the District's cash balances.

Recommendation

The School District should ensure that all bank accounts are reconciled timely, in accordance with N.J.S.A. 18A:17-9.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-002

Criteria or Specific Requirement

Pursuant to N.J.S.A. 18A:66-66, school districts are permitted to request reimbursement from the State of New Jersey for the employer's share of Social Security contributions related to contracted TPAF member salaries. Reimbursement is provided for the employer's share of FICA contributions calculated on TPAF members' pensionable, regular wages. The employer's share of FICA reimbursement should not include extra compensation wages or wages that are not pensionable.

Condition

The School District did not request the proper amounts for reimbursement from the State for the employer's share of Social Security contributions related to contracted TPAF member salaries, pursuant to N.J.S.A. 18A:66-66.

Context

On 2 occasions, the amount of TPAF salaries were incorrectly reported. Additionally, the District did not file for reimbursement for pay date 10/16/15.

Effect

As a result of the errors, the District incurred a possible loss of funding totaling \$9,159.31.

Cause

These errors were the result of breakdown of internal controls over the District's reimbursement requests.

Recommendation

The School District should ensure that requests for reimbursement of the employer's share of Social Security contributions related to contracted TPAF member salaries are for the proper amounts in accordance with N.J.S.A. 18A:66-66.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2016-003

Criteria or Specific Requirement

Pursuant to Federal Register 48 CFR section 52.216- 7(b), "For the purpose of reimbursing allowable costs, those recorded costs at the time of the request for reimbursement, a non-federal entity must have paid for items or services purchased."

Condition

The District incorrectly reported the amount of federal expenditures under the Title I and IDEA Basic programs pursuant to 48 CFR section 52.216- 7(b).

Context

During our audit of expenditures for the Title 1 program, we noted that the District over requested Title 1 funds by \$43,316.00 and over reported expenditures by \$20,341.00. Additionally, we noted that the District over requested IDEA Basic funds and over reported expenditures by \$6,056.00.

Effect

These errors could result in a possible loss of funding through Federal programs.

Cause

These errors were the result of breakdown of internal controls over the District's reimbursement requests.

Recommendation

The District should ensure that all reimbursement requests and expenditure reports are accurate and comply pursuant to Federal Register 48 CFR section 52.216- 7(b).

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

Finding No. 2016-004 (Prior Year Finding No. 2015-002)

Information on the State Program

State Aid - Public Cluster:

Equalization Aid (GMIS Number: 495-034-5120-078)

Special Education Categorical Aid (GMIS Number: 495-034-5120-089)

Security Aid (GMIS Number: 495-034-5120-084)

PARCC Readiness Aid (GMIS Number: 495-034-5120-097)

Per Pupil Growth Aid (GMIS Number: 495-034-5120-098)

School Choice Aid (GMIS Number: 495-034-5120-068)

Criteria or Specific Requirement

Pursuant to N.J.S.A. 18A:11-12d and N.J.A.C. 6A:23A-7.13, all school districts must submit an Expense Substantiation Report that describes the purpose and relevance of the travel submitted.

Condition

The School District did not submit Expense Substantiation Reports for the travel expenditures tested as required by N.J.S.A. 18A:11-12d and N.J.A.C. 6A:23A-7.13.

Questioned Costs

Not Applicable

Context

During our test of 5 travel expenses, we noted that 2 of the vouchers did not include substantiation reports.

Effect

Noncompliance with statutory requirements and possibly making payments for unallowable expenses.

Cause

Unknown

Recommendation

The School District should ensure that Expense Substantiation Reports be completed for all the travel expenses submitted in compliance with N.J.S.A. 18A:11-12d and N.J.A.C. 6A:23A-7.13.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2016-005

Information on the State Program

State Aid - Public Cluster:

Equalization Aid (GMIS Number: 495-034-5120-078)

Special Education Categorical Aid (GMIS Number: 495-034-5120-089)

Security Aid (GMIS Number: 495-034-5120-084)

PARCC Readiness Aid (GMIS Number: 495-034-5120-097)

Per Pupil Growth Aid (GMIS Number: 495-034-5120-098)

School Choice Aid (GMIS Number: 495-034-5120-068)

Criteria or Specific Requirement

Pursuant to N.J.S.A. 18A:17-36, the treasurer or board designee shall render to the board monthly, and at such other times as shall be requested by the board, reports giving a detailed account of all receipts and the amounts of all warrants signed since the date of the last report.

Condition

The School District did not appoint a treasurer or board designee during the 2015-2016 fiscal year.

Questioned Costs

Not Applicable

Context

During our audit of District records, we noted that the District did not fill the vacancy of treasurer or appoint a board designee.

Effect

As a result of this oversight, the District was not in compliance with N.J.S.A. 18A:17-36.

Cause

Unknown

Recommendation

The District should ensure that a treasurer or a board designee is appointed to comply with N.J.S.A. 18A:17-36.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

BOROUGH OF LAWNSIDE SCHOOL DISTRICT
 Summary Schedule of Prior Year Audit Findings
 and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2015-001

Program

State Aid - Public Cluster:

Equalization Aid (GMIS Number: 495-034-5120-078)

Special Education Categorical Aid (GMIS Number: 495-034-5120-089)

Security Aid (GMIS Number: 495-034-5120-084)

PARCC Readiness Aid (GMIS Number: 495-034-5120-097)

Per Pupil Growth Aid (GMIS Number: 495-034-5120-098)

School Choice Aid (GMIS Number: 495-034-5120-068)

Condition

The School District did not file its Annual Report to the board and the executive county superintendent by the required due date.

Current Status

The condition has been corrected.

Finding No. 2015-002

Program

State Aid - Public Cluster:

Equalization Aid (GMIS Number: 495-034-5120-078)

Special Education Categorical Aid (GMIS Number: 495-034-5120-089)

Security Aid (GMIS Number: 495-034-5120-084)

PARCC Readiness Aid (GMIS Number: 495-034-5120-097)

Per Pupil Growth Aid (GMIS Number: 495-034-5120-098)

School Choice Aid (GMIS Number: 495-034-5120-068)

Condition

The School District did not submit Expense Substantiation Reports for the travel expenditures tested.

Current Status

The condition continues to exist as finding 2016-004.

Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

