

**SCHOOL DISTRICT
OF THE
BOROUGH OF LINCOLN PARK**

**Borough of Lincoln Park School District
Lincoln Park, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Borough of Lincoln Park School District

Borough of Lincoln Park, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Borough of Lincoln Park School District
Board of Education**

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INTRODUCTORY SECTION

Lincoln Park Public Schools

92 Ryerson Road • Lincoln Park, NJ 07035 • www.lincolnparkboe.org
(973) 696-5500 (Phone) • (973) 696-9273 (Fax)

James W. Grube
Superintendent of Schools

Adrian J. Pollio
Business Administrator/Board Secretary

November 10, 2016

The Honorable President and
Members of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Lincoln Park Borough School District (the "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 Lincoln Park Board of Education (the "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 basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and schedules, as well as the independent auditors' 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*; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lincoln Park Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lincoln Park Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade eight. These include regular, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 536 students at the LPES and 398 students at the LPMS. Lincoln Park high school-aged students attend Boonton High School on a tuition basis as well as the Morris County Academies. During the 2015-2016 school year 288 students attended Boonton High School and 67 students attended the Morris County Academies. At the end of June 2016, the K-8 enrollment was 958 students; 19 fewer students than the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: The two communities of the Lincoln Park Borough School District continue to experience moderate growth.

Long Term Financial Planning: New Jersey law limits the increase in NJ districts' tax levies to 2% annually. In order to exceed the cap, a public vote is required. The Lincoln Park Board of Education is committed to limiting tax increases and continues to explore alternate funding sources.

3) MAJOR INITIATIVES:

Academic Performance:

The following is the results of the 2016 PARCC Assessment:

Math Scores

Grade	Did Not Meet Exp.	Partially Met Exp.	Approached Exp.	Met Exp.	Exceeded Exp.	Total Students	% Met/Exceed Exp.
Third	4	9	25	50	20	108	65%
Fourth	1	11	25	50	8	95	61%
Fifth	2	5	24	48	9	88	65%
Sixth	5	13	20	54	4	96	60%
Seventh	0	11	24	43	9	87	60%
Eighth	5	9	12	31	2	59	56%
Algebra	0	0	2	39	3	45	93%

ELA Scores

Third	6	13	18	62	7	106	65%
Fourth	0	5	20	52	18	95	74%
Fifth	1	4	11	63	8	87	82%
Sixth	4	6	20	57	15	102	71%
Seventh	1	8	11	37	30	87	77%
Eighth	1	4	18	50	30	103	78%

When compared to the PARCC results around the state, we are very pleased with the progress the students have demonstrated in math and language arts literacy, throughout the district. We are constantly looking for ways to improve instruction. The following is a partial list of initiatives that have recently been put in place throughout the District:

- The continued assistance provided by the recently hired Director of Curriculum & Instruction.
- The review of the district-wide science curriculum with the total rewrite of the sixth through eighth grade curriculum. The kindergarten through fifth grade curriculum will be experiencing a total rewrite during the coming school year.
- The review of the middle school instructional schedule, with the recommendation of a modification of the schedule, which provides more instructional time in math and science.
- The addition of a specialized special education program at the elementary and middle school, in order to meet the needs of the special education population.
- The purchase of additional laptop carts and iPads and the continuation of the one to one iPad initiative in the district. During the upcoming school year all the students in fourth through eighth grades will be issued a personal device for the school year. Also, the wireless coverage in both schools has been improved.

Professional Staff:

Lincoln Park's professional staff included one superintendent of school, one School Business Administrator, one Director of Special Services, two Principals, and a Director of Curriculum and Instruction, 98 certified staff members, 10 paraprofessionals, 13 student aides, 1.5 guidance counselors, 2 school nurses, and 4 Child Study Team members.

Teachers regularly engage in professional development opportunities that include workshops/conferences, in-house workshops, articulation meetings; professional visitations; and pursuit toward advanced degrees in area universities and colleges and online. Teachers continued to serve as leaders in curriculum development throughout the District and across disciplines.

Academic School Improvement:

Academic improvement continues to be the goal in all areas of the school population. During the past school year, specific performance objectives for the elementary school students in the areas of math and language arts were put in place. The LPES focus was on increasing the time and effort placed on the online educational components that the district had at its disposal. The LPMS focused on the increased use of technology for instruction within the classroom. The other goal for the 2015-16 school year, for both the elementary and the middle schools, was improving the school climate. It is clear that a positive school climate will directly affect student learning. The district continues to review and update the curricula throughout the district, assuring alignment with the Common Core and NJ Curriculum Standards. The 2015-16 school year saw the implementation of the math textbook series, which increased the rigor and better challenged the students. The PARCC results demonstrated this was achieved.

The District continues to emphasize the importance of current and up to date technology in the areas of hardware, software, and infrastructure throughout the district. The Lincoln Park School District currently has two computer labs, laptop carts, and iPad carts in the schools. This District is continuing a one to one iPad initiative with the sixth, seventh and eighth grade students all participating in the 1 to 1 iPad initiative. Courses in computer literacy and problem solving using technology are offered to students and to professional staff. We are also providing interactive whiteboards and LCD projectors in the classrooms to enhance and enrich instruction. Computer hardware and software is continually assessed and updated as per the technology plan. The District upgraded its Professional Development and Mentoring Plans to assist the staff with classroom instruction throughout the district. All the attention that was focused on technology allowed the district schools to successfully implement the PARCC Assessments.

Ongoing school improvement initiatives included:

- The District strives to maintain class sizes at no more than 20 children in each primary grade (K-2) and 25 children in each grade 4-8. With the tight budgets and trying to be fiscally conservative, this initiative is not being met in all grades, but the District continues to strive to achieve this goal.
- Updating the entire curricula to align with the Core Curriculum Content Standards and Common Core Standards. This initiative has been accomplished. The District will continue this alignment once the State adopts new standards in future years.
- Inclusion of special education children in the regular education program, while also concentrating on differentiating instruction to meet all students' needs is an ongoing focus.
- The continued emphasis on the safe school climate has been and will continue to be a major focus of the District. The District continues to upgrade the safety measures that are in place in both schools.
- Ongoing staff training in writing, math, and use of technology as an instructional tool in the classroom, which assists the staff in meeting the needs of all the students.
- The administration and teaching staff are working together on the implementation of the new evaluation system required by the Department of Education.
- Continued development of the District's inclusive preschool program and expanding the special education programs offered to our students in order to meet the needs of all the children in the community.

The Lincoln Park School District provides excellence in education while maintaining fiscal responsibility.

Preparing Tomorrow's Leaders at Lincoln Park Schools Today

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, special revenue fund and the debt service 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and 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 GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic 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 Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

The District is a member of the New Jersey Schools Insurance Group ("NJSIG"). The NJSIG is a risk-sharing public entity risk pool that is both an insured and self administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NJSIG is included in the "Notes to the Basic Financial Statements", in Note 13.

9) OTHER INFORMATION:

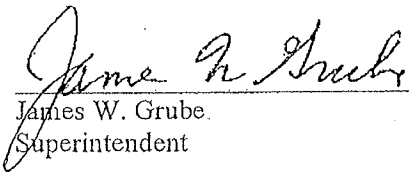
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Audits of States, Local Governments*

and Non-Profit Organizations, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.


10) ACKNOWLEDGMENTS:

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

Respectfully submitted,



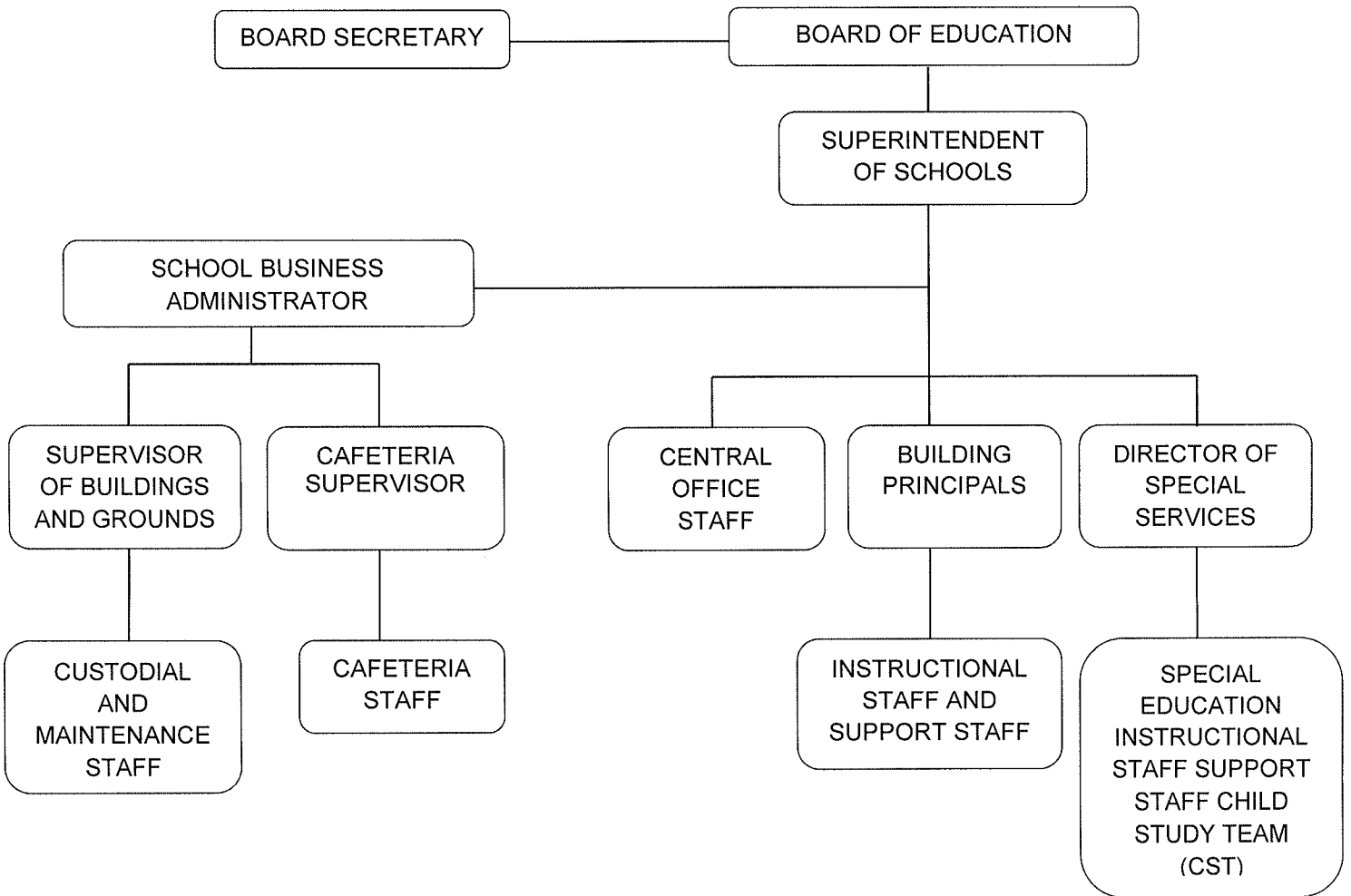
James W. Grube
Superintendent



Adrian Pollio
School Business Administrator/Board Secretary

LINCOLN PARK BOROUGH SCHOOL DISTRICT

ORGANIZATIONAL CHART



Adopted: 11 June 1996
Revised: 24 January 2006

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term</u>	<u>Term Expires</u>
Perry Mayers-Board President	3 Years	2018
Frank Avena-Vice President	3 Years	2018
Jack Gibbons	3 Years	2019
Lou Nazzaro	3 Years	2020
Carol Nielsen	3 Years	2020
Robert Stager	3 Years	2019
Dina Valente-Stoel	3 Years	2019

Other Officers

James W. Grube, Superintendent

Adrian Pollio, School Business Administrator/Board Secretary

Kerry Geisler, Treasurer of School Moneys

Nathanya Simon, Board Counsel

LINCOLN PARK BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorney

Nathanya Simon, Esq.
Schwartz, Simon, Edelstein and Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856-1320

Official Depository

TD Banknorth
280 Passaic Avenue
Fairfield, New Jersey 07004

Valley National Bank
1455 Valley Road
Wayne, NJ 07470

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, 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 Lincoln Park Board of Education School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 3

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 17, 2016
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis Unaudited

This section of Lincoln Park Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Revenue from governmental activities was \$24,589,328 which represents 98.68 percent of all revenues totaling \$24,917,565.
- The School District had expenses from governmental activities of \$24,682,882, which was 98.28 percent of all expenses totaling \$25,112,890.
- Net Position of the District decreased by \$195,325.

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 District:

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

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 District's budget for the year. Table 1 shows how the various parts of this annual report are arranged and relate to one another.

Table 1
Organization of Lincoln Park Borough's Financial Report

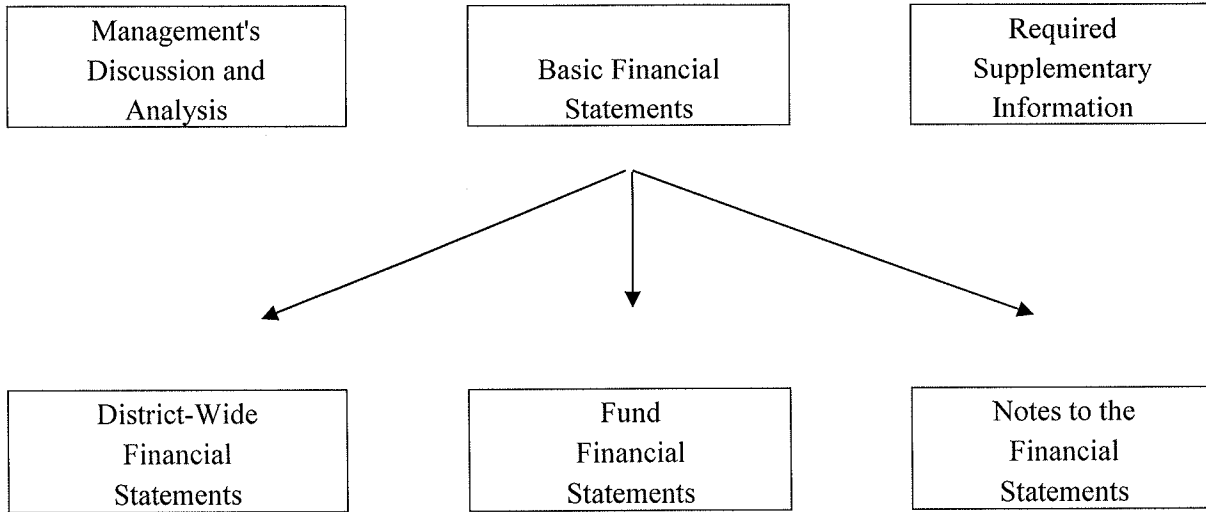


Table 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Table 2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

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

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements:

The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a district's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Current and							
Other Assets	\$3,824,160	\$3,638,563	\$ 129,339	\$ 44,631	\$3,953,499	\$3,683,194	-6.84%
Capital Assets, Net	7,402,629	6,584,113	16,396	19,722	7,419,025	6,603,835	-10.99%
Total Assets	<u>11,226,789</u>	<u>10,222,676</u>	<u>145,735</u>	<u>64,353</u>	<u>11,372,524</u>	<u>10,287,029</u>	-9.54%
Deferred Outflows of Resources	<u>127,859</u>	<u>706,945</u>			<u>127,859</u>	<u>706,945</u>	452.91%
Long-term							
Liabilities	5,011,025	5,077,315			5,011,025	5,077,315	1.32%
Other Liabilities	1,690,423	1,362,498	16,177	37,211	1,706,600	1,399,709	-17.98%
Total	<u>6,701,448</u>	<u>6,439,813</u>	<u>16,177</u>	<u>37,211</u>	<u>6,717,625</u>	<u>6,477,024</u>	-3.58%
Deferred Inflows of Resources	<u>205,336</u>	<u>83,555</u>			<u>205,336</u>	<u>83,555</u>	-59.31%
Net Investment in							
Capital Assets	5,572,629	5,409,113	16,396	19,722	5,589,025	5,428,835	-2.87%
Restricted	1,546,545	1,673,075			1,546,545	1,673,075	8.18%
Unrestricted/(Deficit)	<u>(2,671,310)</u>	<u>(2,727,233)</u>	<u>113,162</u>	<u>7,420</u>	<u>(2,558,148)</u>	<u>(2,719,813)</u>	-6.32%
Total Net Position	<u>\$4,447,864</u>	<u>\$4,354,955</u>	<u>\$ 129,558</u>	<u>\$ 27,142</u>	<u>\$4,577,422</u>	<u>\$4,382,097</u>	-4.27%

Changes in Net Position. The District's *combined* net position was \$4,382,097 on June 30, 2016, \$195,325 or 4.27% less than the year before. (Table 3). The depreciation factored into the net position of the District as a decrease is \$821,885. The net position of the governmental activities decreased by \$92,909 which consisted of increases in total revenue of the District and spending increases as indicated by the notes on the following schedule (See Table 4). The net position of the business-type activities decreased \$102,416 (See Table 4). The decrease in the net position of the business-type activities is attributable to expenses exceeding revenues.

Table 4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Revenue:							
Program Revenue:							
Charges for Services			\$ 230,882	\$ 217,520	\$ 230,882	\$ 217,520	-5.79%
Operating Grants and Contributions	\$ 4,412,547	\$ 5,423,328	110,780	110,027	4,523,327	5,533,355	22.33%
General Revenue:							
Property Taxes	18,080,191	18,363,650			18,080,191	18,363,650	1.57%
Unrestricted State and Federal Aid	63,284	63,011			63,284	63,011	-0.43%
Other	633,632	739,984	13	45	633,645	740,029	16.79%
Total Revenue	23,189,654	24,589,973	341,675	327,592	23,531,329	24,917,565	5.89%
Expenses:							
Instruction	9,971,178	11,690,178			9,971,178	11,690,178	17.24%
Pupil and Instruction Services	8,171,203	8,143,230			8,171,203	8,143,230	-0.34%
Administrative and Business	1,740,006	1,875,579			1,740,006	1,875,579	7.79%
Maintenance and Operations	1,195,259	1,070,048			1,195,259	1,070,048	-10.48%
Transportation	1,477,084	1,199,032			1,477,084	1,199,032	-18.82%
Other	685,825	704,815	329,266	430,008	1,015,091	1,134,823	11.80%
Total Expenses	23,240,555	24,682,882	329,266	430,008	23,569,821	25,112,890	6.55%
Special Item - Reimbursement of Prior Year Tuition	424,190				424,190		-100.00%
Increase/(Decrease) in Net Position	\$ 373,289	\$ (92,909)	\$ 12,409	\$ (102,416)	\$ 385,698	\$ (195,325)	-150.64%

Revenue Sources. The District's total revenue for the 2015-2016 school year was \$24,917,565. (See Table 4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$18,363,650 of the total, or 73.70 percent. (See Table 5). Another 22.21 percent came from state and federal aid for specific programs and the remainder from unrestricted state and federal aid, miscellaneous sources and charges for services. The District basically conducts its operations from the revenues it receives from its local taxpayers.

Table 5
Sources of Revenue for Fiscal Year 2016

	Amount	Percentage
Sources of Income:		
Property Taxes	\$ 18,363,650	73.70%
Operating Grants and Contributions	5,533,355	22.21%
Unrestricted State and Federal Aid	63,011	0.25%
Charges for Services	217,520	0.87%
Other	740,029	2.97%
	\$ 24,917,565	100.00%

The total cost of all programs and services was \$25,112,890. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.75 percent). (See Table 6). The District's administrative and business activities accounted for 7.47 percent of total costs.

Table 6
Expenses for Fiscal Year 2016

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 11,690,178	46.55%
Pupil and Instruction Services	8,143,230	32.43%
Administrative and Business	1,875,579	7.47%
Maintenance and Operations	1,070,048	4.26%
Transportation	1,199,032	4.77%
Other	1,134,823	4.52%
	<u>\$ 25,112,890</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remained relatively stable. Maintaining existing programs with relatively stable pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. The District has taken steps to reduce expenses while still providing a quality educational experience for the children of Lincoln Park. Such changes have generated savings, but these have not been sufficient enough to offset rising insurance premiums, increased special education program costs and escalating utility expenses.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented and/or continued during the year were:

- The Borough continues to provide lawn mowing and snowplowing services.
- Participate in the Cooperative Purchasing of School Supplies and Jointure Transportation through the Morris County E.S.C. as well as Hunterdon County.
- Member of the State-wide ACES consortium for the bulk purchase of natural gas and electrical generation services.
- Applied and received 40% discounts on all telecommunication services and equipment through the federal e-rate program.
- Member of the Morris County Educational Technology Training Center, which provides professional development in technology for the staff.

Table 7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Table 7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014/15	2015/16	2014/15	2015/16
Instruction	\$ 9,971,178	\$ 11,690,178	\$ 6,459,891	\$ 7,499,211
Pupil and Instruction Services	8,171,203	8,143,230	7,929,609	7,711,802
Administrative and Business	1,740,006	1,875,579	1,735,006	1,725,717
Maintenance and Operations	1,195,259	1,070,048	1,195,259	1,070,048
Transportation	1,477,084	1,199,032	822,418	547,961
Other	685,825	704,815	685,825	704,815
	<u>\$ 23,240,555</u>	<u>\$ 24,682,882</u>	<u>\$ 18,828,008</u>	<u>\$ 19,259,554</u>

- The cost of all governmental activities this year was \$24.68 million.
- The main revenue source for the District's governmental activities (\$18.36 million) was financed by District taxpayers.
- A portion of governmental activities was financed with \$5.53 million in state and federal aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity decreased by \$102,416 (refer to Table 4). Factors contributing to these results included:

- Food services expenses exceeded revenue.
- Capital asset purchases were made to update the cafeteria in the food service fund.
- Ipad insurance collected by the Middle School.

Financial Analysis of the District's Funds

The District's financial position improved slightly over the past year. The District continues to provide educational programs, which enable to students to remain in the District although out of district placement costs will continue to increase. Once again the District managed to end the year with a surplus, which will allow a reasonable tax rate for the next budget year. The Business Office continues to receive input on budget expenses, which allows the District to budget appropriately.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated, and to prevent over expenditures in specific line item accounts. The following revision bears notation:

- Tuition for special education students' is budgeted based on existing and known incoming students at the time budget is submitted. Students move in and out of the District during the summer and school year which necessitates transferring among the appropriate budget lines to account for these students.

Table 8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
Land	\$ 719,980	\$ 719,980			\$ 719,980	\$ 719,980	0.00%
Construction in Progress	1,122,000				1,122,000		-100.00%
Buildings and Building Improvements	5,538,250	5,859,184			5,538,250	5,859,184	5.79%
Machinery and Equipment	22,399	4,949	\$ 16,396	\$ 19,722	38,795	24,671	-36.41%
	<u>\$ 7,402,629</u>	<u>\$ 6,584,113</u>	<u>\$ 16,396</u>	<u>\$ 19,722</u>	<u>\$ 7,419,025</u>	<u>\$ 6,603,835</u>	<u>-10.99%</u>

The decrease in capital assets is due to current year depreciation of \$818,272 combined with minimal purchases of \$3,613 for the governmental activities and for the business type activities purchases of \$5,882 combined with depreciation of \$2,556.

Long-term Liabilities

At year-end, the District had \$1,175,000 in general obligation bonds outstanding – a decrease of \$655,000 from last year – as shown in Table 9. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the basic financial statements.)

Table 9
Outstanding Liabilities

	Total School District		Total Percentage Change
	2014/15	2015/16	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,830,000	\$ 1,175,000	-35.79%
Net Pension Liability	2,960,533	3,683,795	24.43%
Other Long-Term Liabilities	220,492	218,520	-0.89%
	<u>\$ 5,011,025</u>	<u>\$ 5,077,315</u>	1.32%

- The District continued to pay down its debt, retiring \$655,000 of outstanding bonds.
- There was an increase to the net pension liability of \$723,262 in fiscal 2015/16.

Factors Bearing on the District’s Future Revenue/Expense Changes

The Lincoln Park School District is currently in good financial condition. The School District is proud of its community support of the public schools, although the reduction in State aid has increased the reliance on local property taxes to support the District. Although the increased financial impact is difficult on the tax payers, the community continues to support the schools.

The concern to the District continues to be the 2% cap placed on the budget. It will be exceedingly difficult to continue to maintain programs under the new regulations. With the continued reduction in State aid, the local tax payers will continue to shoulder more of the financial responsibility of the District.

The Lincoln Park School District has agreed to the 2% cap, which allows the District to move the budget without a vote. The community still has the opportunity to attend the public hearing for all budget information.

In conclusion, the Lincoln Park School District has committed itself to financial excellence for many years. In addition, the School District system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the difficult challenges of future budgets.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Adrian J. Pollio, Business Administrator/Board Secretary at the Lincoln Park Board of Education, 92 Ryerson Road, Lincoln Park, New Jersey 07035. Please visit our website at www.lincolnparkboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,087,892	\$ 10,363	\$ 2,098,255
Receivables from Other Governments	151,663	5,443	157,106
Non-Current Receivable Tuition Reimbursement	212,095		212,095
Interfund Receivable	588		588
Internal Balances	(23,927)	23,927	
Inventory		4,898	4,898
Restricted Cash and Cash Equivalents	1,210,252		1,210,252
Capital Assets:			
Sites (Land)	719,980		719,980
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	5,864,133	19,722	5,883,855
Total Assets	<u>10,222,676</u>	<u>64,353</u>	<u>10,287,029</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pension	395,610		395,610
Changes in Proportions - Pension	94,964		94,964
Difference Between Actual and Experience - Pension	87,882		87,882
District Contribution Subsequent to Measurement Date - Pension	128,489		128,489
Total Deferred Outflows of Resources	<u>706,945</u>		<u>706,945</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,306,563	35,919	1,342,482
Unearned Revenue	12,461	1,292	13,753
Accrued Interest Payable	6,426		6,426
Judgements Payable	30,000		30,000
Payable to Federal Government	7,048		7,048
Noncurrent Liabilities:			
Due Within One Year	145,000		145,000
Due Beyond One Year, Net	4,932,315		4,932,315
Total Liabilities	<u>6,439,813</u>	<u>37,211</u>	<u>6,477,024</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	59,228		59,228
Changes in Proportions - Pensions	24,327		24,327
Total Deferred Inflows of Resources	<u>83,555</u>		<u>83,555</u>
NET POSITION			
Net Investment in Capital Assets	5,409,113	19,722	5,428,835
Restricted for:			
Capital Projects	320,002		320,002
Debt Service	108		108
Maintenance Reserve	441,450		441,450
Excess Surplus	699,420		699,420
Tuition Reserve	212,095		212,095
Unrestricted/(Deficit)	(2,727,233)	7,420	(2,719,813)
Total Net Position	<u>\$ 4,354,955</u>	<u>\$ 27,142</u>	<u>\$ 4,382,097</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 8,344,994		\$ 2,488,117	\$ (5,856,877)		\$ (5,856,877)
Special Education	2,643,512		1,468,713	(1,174,799)		(1,174,799)
Other Special Instruction	596,896		204,006	(392,890)		(392,890)
Other Instruction	104,776		30,131	(74,645)		(74,645)
Support services:						
Tuition	6,732,655		292,286	(6,440,369)		(6,440,369)
Student & Instruction Related Services	1,410,575		139,142	(1,271,433)		(1,271,433)
General Administrative Services	534,437		149,862	(384,575)		(384,575)
School Administrative Services	826,296			(826,296)		(826,296)
Plant Operations and Maintenance	1,070,048			(1,070,048)		(1,070,048)
Pupil Transportation	1,199,032		651,071	(547,961)		(547,961)
Central Services	514,846			(514,846)		(514,846)
Capital Outlay	3,671			(3,671)		(3,671)
Interest on Long-Term Debt	103,451			(103,451)		(103,451)
Unallocated Depreciation	597,693			(597,693)		(597,693)
Total Governmental Activities	24,682,882		5,423,328	(19,259,554)		(19,259,554)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 430,008	\$ 217,520	\$ 110,027		\$ (102,461)	\$ (102,461)
Total Business-Type Activities	430,008	217,520	110,027		(102,461)	(102,461)
Total Primary Government	<u>\$ 25,112,890</u>	<u>\$ 217,520</u>	<u>\$ 5,533,355</u>	<u>\$ (19,259,554)</u>	<u>(102,461)</u>	<u>(19,362,015)</u>
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,699,769		17,699,769
Taxes Levied for Debt Service				663,881		663,881
Unrestricted Federal and State Aid				63,011		63,011
Investment Earnings				6,895	45	6,940
Miscellaneous Income				733,089		733,089
Total General Revenue				<u>19,166,645</u>	<u>45</u>	<u>19,166,690</u>
Change in Net Position				(92,909)	(102,416)	(195,325)
Net Position - Beginning				<u>4,447,864</u>	<u>129,558</u>	<u>4,577,422</u>
Net Position - Ending				<u>\$ 4,354,955</u>	<u>\$ 27,142</u>	<u>\$ 4,382,097</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,082,908		\$ 4,983	\$ 1	\$ 2,087,892
Receivables From State Government	60,488				60,488
Receivable From Federal Government		\$ 91,175			91,175
Non-Current Receivable Tuition Reimbursement	212,095				212,095
Interfund Receivable	474,632			224	474,856
Restricted Cash and Cash Equivalents	1,210,252				1,210,252
Total Assets	\$ 4,040,375	\$ 91,175	\$ 4,983	\$ 225	\$ 4,136,758
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,306,563	\$ 51,298			\$ 1,357,861
Payable to Federal Government		7,048			7,048
Judgements Payable	30,000				30,000
Interfund Payable	23,927	20,368	\$ 453,783	\$ 117	498,195
Unearned Revenue		12,461			12,461
Total Liabilities	1,360,490	91,175	453,783	117	1,905,565
Fund Balances:					
Restricted for:					
Capital Reserve Account	768,802				768,802
Maintenance Reserve Account	441,450				441,450
Tuition Reimbursement	212,095				212,095
Debt Service				108	108
Excess Surplus	314,661				314,661
Excess Surplus - For Subsequent Year's Expenditures	384,759				384,759
Assigned:					
For Subsequent Year's Expenditures	300,074				300,074
Unassigned/(Deficit)	258,044		(448,800)		(190,756)
Total Fund Balances/(Deficit)	2,679,885		(448,800)	108	2,231,193
Total Liabilities and Fund Balances	\$ 4,040,375	\$ 91,175	\$ 4,983	\$ 225	
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:					
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,527,502 and the accumulated depreciation is \$12,943,389.					
					6,584,113
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.					
					(6,426)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.					
					(3,683,795)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:					
Changes in Assumptions - Pensions					395,610
Changes in Proportions - Pensions					94,964
Difference Between Actual and Experience - Pension					87,882
District Contribution Subsequent to Measurement Date - Pension					128,489
Investment Gains - Pensions					(59,228)
Changes in Proportions - Pensions					(24,327)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds					
					(1,393,520)
Net Position of Governmental Activities					\$ 4,354,955

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, 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>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 17,699,769			\$ 663,881	\$ 18,363,650
Tuition	61,286				61,286
Interest Earned	6,888		\$ 7		6,895
Unrestricted Miscellaneous Revenues	733,089				733,089
Total - Local Sources	18,501,032		7	663,881	19,164,920
State Sources	3,156,225			63,011	3,219,236
Federal Sources		\$ 398,689			398,689
Total Revenue	21,657,257	398,689	7	726,892	22,782,845
EXPENDITURES:					
Current:					
Regular Instruction	5,903,939	124,053			6,027,992
Special Education Instruction	1,845,360	43,636			1,888,996
Other Special Instruction	385,678				385,678
Other Instruction	73,580				73,580
Support Services and Undistributed Costs:					
Tuition	6,501,655	231,000			6,732,655
Student & Instruction Related Services	1,299,931				1,299,931
General Administrative Services	553,500				553,500
School Administrative Services	566,133				566,133

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Plant Operations and Maintenance	\$ 1,053,036				\$ 1,053,036
Pupil Transportation	1,192,003				1,192,003
Central Services	369,462				369,462
Administrative Information Technology	138,971				138,971
Unallocated Benefits	1,678,907				1,678,907
Debt Service:					
Principal				\$ 655,000	655,000
Interest and Other Charges				71,891	71,891
Capital Outlay	7,284				7,284
Total Expenditures	<u>21,569,439</u>	<u>\$ 398,689</u>		<u>726,891</u>	<u>22,695,019</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>87,818</u>		<u>7</u>	<u>1</u>	<u>87,826</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In				7	7
Transfers Out			(7)		(7)
Total Other Financing Sources/(Uses)			<u>(7)</u>	<u>7</u>	
Net Change in Fund Balances	87,818			8	87,826
Fund Balance/(Deficit) - July 1	<u>2,592,067</u>	<u>-0-</u>	<u>(448,800)</u>	<u>100</u>	<u>2,143,367</u>
Fund Balance/(Deficit) - June 30	<u>\$ 2,679,885</u>	<u>\$ -0-</u>	<u>\$ (448,800)</u>	<u>\$ 108</u>	<u>\$ 2,231,193</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 87,826

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays differ from depreciation in the period.

Depreciation Expense	\$ (821,885)	
Capital Outlay Additions	3,613	
Deletions	<u>(244)</u>	
		(818,516)

Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in the accrual is reflected on the Statement of Activities. 5,181

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 (+). 1,972

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(723,262)
Deferred Outflows:	
Changes in Assumptions	302,515
Changes In Proportions	94,964
Difference Between Actual and Experience	87,882
District Contribution Subsequent to Measurement Date	128,489
Deferred Inflows:	
Changes in Proportion	4,577
Net difference between projected and actual investment earnings on pension plan investments	117,204

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Repayment of serial bonds 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.	\$ 655,000
The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-).	(34,764)
Discount - The governmental funds report the effect of a bond discount when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).	<u>(1,977)</u>
Change in Net Position of Governmental Activities (A-2)	<u><u>\$ (92,909)</u></u>

THE ACCOMPANYING TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,363
Intergovernmental Accounts Receivable:	
Federal	5,247
State	196
Interfund Receivable	23,927
Inventories	4,898
	44,631
Total Current Assets	44,631
Non-Current Assets:	
Capital Assets	141,771
Less: Accumulated Depreciation	(122,049)
	19,722
Total Non-Current Assets	19,722
Total Assets	64,353
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	35,919
Unearned Revenue	1,292
	37,211
Total Liabilities	37,211
<u>NET POSITION:</u>	
Investment in Capital Assets	19,722
Unrestricted	7,420
	\$ 27,142

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	
School Lunch Program	\$ 166,878
Special Events	81
Daily Sales - Non-Reimbursable Programs	50,561
Total Operating Revenue	217,520
Operating Expenses:	
Cost of Sales - Reimbursable Programs	142,551
Cost of Sales - Nonreimbursable Programs	43,191
Salaries, Benefits & Payroll Taxes	167,448
Purchased Professional Services	3,522
Management Fee	17,648
Depreciation Expense	2,556
Supplies and Repairs	53,092
Total Operating Expenses	430,008
Operating Loss	(212,488)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,114
Federal Sources:	
National School Lunch Program	83,926
School Breakfast Program	284
Food Distribution Program	22,703
Local Sources:	
Interest Income	45
Total Non-Operating Revenue	110,072
Change in Net Position	(102,416)
Net Position - Beginning of Year	129,558
Net Position - End of Year	\$ 27,142

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 217,520
Settlement of Prior Year Interfund Receivable	15,126
Payments to Food Service Vendor	(353,190)
Payments to Suppliers	(31,428)
Net Cash Used for Operating Activities	<u>(151,972)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	45
Net Cash Provided by Investing Activities	<u>45</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,152
Federal Sources:	
School Breakfast Program	277
National School Lunch Program	85,382
Net Cash Provided by Noncapital Financing Activities	<u>88,811</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(5,882)
Net Cash Used for Capital Financing Activities	<u>(5,882)</u>
Net Decrease in Cash and Cash Equivalents	(68,998)
Cash and Cash Equivalents, July 1	<u>79,361</u>
Cash and Cash Equivalents, June 30	<u>\$ 10,363</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (212,488)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,556
Federal Food Distribution Program	22,703
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	15,126
(Increase) in Inventory	(903)
Increase in Accounts Payable	20,348
Increase in Unearned Revenue	686
Net Cash Used for Operating Activities	<u>\$ (151,972)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$22,703 and utilized Commodities Valued at \$22,016.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>	Trust	
		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 67,906	\$ 23,283	\$ 7,701
Total Assets	<u>67,906</u>	<u>23,283</u>	<u>7,701</u>
<u>LIABILITIES:</u>			
Interfund Payable-General Fund	588		
Payroll Deductions and Withholdings	18,291		
Rental Deposit Payable	18,520		
Due to Student Groups	<u>30,507</u>		
Total Liabilities	<u>67,906</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		23,283	
Held in Trust for Flexible Spending Claims			<u>7,701</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 23,283</u>	<u>\$ 7,701</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 11,711	\$ 31,300
District Contributions	11,602	
Total Contributions	<u>23,313</u>	<u>31,300</u>
Investment Earnings:		
Interest	<u>33</u>	<u>28</u>
Net Investment Earnings	<u>33</u>	<u>28</u>
Total Additions	<u>23,346</u>	<u>31,328</u>
DEDUCTIONS:		
Unemployment Compensation Claims	18,493	
Flexible Spending Claims		<u>39,360</u>
Total Deductions	<u>18,493</u>	<u>39,360</u>
Change in Net Position	4,853	(8,032)
Net Position - Beginning of the Year	<u>18,430</u>	<u>15,733</u>
Net Position - End of the Year	<u>\$ 23,283</u>	<u>\$ 7,701</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Lincoln Park Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary and a middle school located in the Borough of Lincoln Park. 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 District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report on the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria program. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the Flexible Spending Trust Fund, and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budget for the fiscal year ending June 30, 2016, was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be made by the School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 21,653,303	\$ 397,314
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		1,375
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	156,517	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(152,563)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 21,657,257</u>	<u>\$ 398,689</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,569,439	\$ 397,314
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		1,375
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,569,439	\$ 398,689
		Capital Projects Fund
Fund Balance - Budgetary Basis		\$ -0-
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis		(448,800)
Fund Balance/(Deficit) per Governmental Funds (GAAP)		\$ (448,800)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit, with maturities of one year or less when purchased, are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenue. 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 nonoperating revenue/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings and Building Improvements	30 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported on the fund financial statements.

L. Long-Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

The 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.

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

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,679,885 General Fund fund balance at June 30, 2016, \$768,802 is restricted in the capital reserve account; \$441,450 is restricted for the maintenance reserve account; \$212,095 is an other restricted fund balance for prior year tuition non-current receivable due from Boonton Township School District; \$300,074 is assigned for subsequent year's expenditures; \$314,661 is restricted for current year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; \$384,759 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$258,044 is unassigned which is \$152,563 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: The Capital Projects Fund has a deficit in unassigned fund balance of \$448,800 at June 30, 2016 which is \$448,800 less on a GAAP basis due to SDA grants receivable that is not recognized on the GAAP basis of accounting until expended and submitted for reimbursement.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2016 of \$108 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2016 as noted above. The total excess surplus at June 30, 2016 was \$699,420.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$152,563, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment 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. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Q. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the deferred amount on the refunding and changes in assumptions related to pensions. The District has deferred inflows of resources related to investment gains and changed in proportion related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for a capital reserve, a maintenance reserve, excess surplus and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2016 on the GAAP basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

S. Deficit Net Position/Fund Balance:

The District has a \$2,727,233 deficit in its governmental activities Unrestricted Net Position at June 30, 2016 primarily as a result of the net pension liability, accrual of interest and compensated absences payable offset by the assigned and unassigned General Fund fund balance. The District also had a negative unassigned fund balance in the Capital Projects Fund of \$448,800 due to the timing of the receipt of SDA grant funding. The deficits do not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, and tuition.

U. Operating Revenue and Expenses

Operating revenue is those revenue that are generated directly from the primary activity of the enterprise fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

V. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. 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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost which approximates market. The District classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions on which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

<u>Accounts</u>	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	\$ 2,197,145	\$ 1,210,252	\$ 3,407,397
	<u>\$ 2,197,145</u>	<u>\$ 1,210,252</u>	<u>\$ 3,407,397</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$3,407,397 and the bank balance was \$3,507,918.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution during the fiscal year ended June 30, 2001 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance		\$	568,802
Add: Increase per Board Resolution			200,000
Ending Balance		\$	768,802

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is equal to or greater than \$768,802.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Lincoln Park Board of Education on June 29, 2010. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance	\$ 291,450
Add: Increase per Board Resolution	<u>150,000</u>
Ending Balance	<u><u>\$ 441,450</u></u>

NOTE 6. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2016, the District made transfers to capital outlay for other purchased services for \$3,613 which was approved by the county superintendent.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 474,632	\$ 23,927
Special Revenue Fund		20,368
Capital Projects Fund		453,783
Debt Service Fund	224	117
Food Service Fund	23,927	
Agency Fund		588
	<u><u>\$ 498,783</u></u>	<u><u>\$ 498,783</u></u>

The interfund payable from the Debt Service Fund to the General Fund consists of interest earned in the Debt Service Fund of \$117. There was \$588 due from the payroll agency fund which is also a part of a prior year interfund payable and interest earned due to the General Fund. The interfund between the Food Service Fund and the General Fund consists of federal and state lunch reimbursements collected in the General Fund and due to the Food Service Fund for prior years of \$23,927. The interfund between the Capital Projects Fund and the Debt Service Fund is for interest earned for both current and prior years in the amount of \$224. The interfund due from the Capital Projects Fund to the General Fund is for funds advanced that are to be returned of \$453,559. The interfund between the General Fund and the Special Revenue fund of \$20,368 is for grant funds expended but not yet received in Special Revenue Fund.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. CAPITAL ASSETS:

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 164,883
Other Instruction	8,103
Student and Instruction Related Services	7,048
School Administrative Services	31,232
Operations and Maintenance of Plant	4,987
Student Transportation	6,901
Unallocated	<u>598,731</u>
	<u>\$ 821,885</u>

Capital asset balances and activity for this fiscal year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Construction in Progress</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets not Being Depreciated:					
Sites (Land)	\$ 719,980				\$ 719,980
Construction in Progress	1,122,000			\$ (1,122,000)	
Total Capital Assets Not Being Depreciated	<u>1,841,980</u>			<u>(1,122,000)</u>	<u>719,980</u>
Capital Assets Being Depreciated:					
Buildings and Building Improvements	14,857,655			1,122,000	15,979,655
Machinery and Equipment	2,829,114	\$ 3,613	\$ (4,860)		2,827,867
Total Capital Assets Being Depreciated	<u>17,686,769</u>	<u>3,613</u>	<u>(4,860)</u>	<u>1,122,000</u>	<u>18,807,522</u>
Governmental Activities Capital Assets	<u>19,528,749</u>	<u>3,613</u>	<u>(4,860)</u>		<u>19,527,502</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(9,218,100)	(720,371)			(9,938,471)
Machinery and Equipment	(2,908,020)	(101,514)	4,616		(3,004,918)
	<u>(12,126,120)</u>	<u>(821,885)</u>	<u>4,616</u>		<u>(12,943,389)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,402,629</u>	<u>\$ (818,272)</u>	<u>\$ (244)</u>	<u>\$ -0-</u>	<u>\$ 6,584,113</u>
Business Type Activities:					
Capital Assets Being Depreciated:					
Furniture and Equipment	\$ 135,889	\$ 5,882			\$ 141,771
Less Accumulated Depreciation	(119,493)	(2,556)			(122,049)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,396</u>	<u>\$ 3,326</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,722</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Accrued	Retired	Balance 6/30/2016	Amounts Due in a Year
Serial Bond Payable	\$ 1,830,000		\$ 655,000	\$ 1,175,000	\$ 145,000
Net Pension Liability	2,960,533	\$ 723,262		3,683,795	
Compensated Absences Payable	220,492		1,972	218,520	
	<u>\$ 5,011,025</u>	<u>\$ 723,262</u>	<u>\$ 656,972</u>	<u>\$ 5,077,315</u>	<u>\$ 145,000</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the school district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had serial bonds outstanding as of June 30, 2016 as follows:

Final Maturity Date	Interest Rate	Amount
10/1/2022	4.38%	<u>\$ 1,175,000</u>

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 145,000	\$ 48,234	\$ 193,234
2018	155,000	41,673	196,673
2019	160,000	34,781	194,781
2020	165,000	27,672	192,672
2021	175,000	20,234	195,234
2022-2023	375,000	16,516	391,516
	<u>\$ 1,175,000</u>	<u>\$ 281,417</u>	<u>\$ 2,026,417</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, there were no bonds authorized but not issued.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES: (Cont'd)

C. Compensated Absence Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$-0-, and the long term portion is \$218,520. Compensated absences will be liquidated by the General Fund.

The liability for compensated absences of the proprietary fund types is recorded with these funds as benefits accrue to the employees. As of June 30, 2016, no liability existed for compensated absences in the Enterprise Fund.

D. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long term portion is \$3,683,795. See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS:

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS:(Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 50 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$141,085 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$3,683,795 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 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.016%, which was an increase of 0.0006% from its proportion measured as of June 30, 2014.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

A. Public Employees' Retirement System (PERS) (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 District recognized pension expense of \$256,297. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	6.44	\$ 78,855	
Changes in Assumptions - 2015	5.72	316,755	
Changes in Proportion - 2014	6.44		\$ 24,327
Changes in Proportion - 2015	5.72	94,964	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		137,327
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(78,099)
Difference Between Expected and Actual Experience - 2015	5.72	87,882	
District Contribution Subsequent to the Measurement Date	1.00		128,489
		<u>\$ 578,456</u>	<u>\$ 212,044</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 77,237
2017	77,237
2018	77,238
2019	123,013
2020	69,539
	<u>\$ 424,264</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) 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 one year for females) are used to value disabled retirees.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS:(Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
(Cont'd)

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 4,578,506	\$ 3,683,795	\$ 2,933,675

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included 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 actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$466,873 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,273,998.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$37,242,635. 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 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.059%, which was an increase of 0.002% from its proportion measured as of June 30, 2014.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>37,242,635</u>
Total	\$	<u><u>37,242,635</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,273,998 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u><u>\$ 6,966,979,252</u></u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements 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.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	Fiscal Year Ended June 30, 2015		
	At 1%	At Current	At 1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 44,261,480	\$ 37,242,635	\$ 31,195,480

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$15,215 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$27,894 for the fiscal year ended June 30, 2016.

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$555,917, \$505,723, and \$393,267 and for 2016, 2015 and 2014, respectively.

NOTE 12. DEFERRED COMPENSATION

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

Equitable Life Insurance Company
Lincoln Investments
Lincoln National Life Insurance Company

Metropolitan Life Insurance Company
Copeland Companies
Securities First Group

NOTE 13. RISK MANAGEMENT

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

Property and Liability

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the 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 District is billed quarterly for amounts due to the State.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of District contributions, employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 33	\$ 23,313	\$ 18,493	\$ 23,283
2014-2015	11	21,474	9,027	18,430
2013-2014	5	15,423	22,130	5,972

Property and Liability

The District is a member of the New Jersey Schools Insurance Group (the "NJSIG"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Information for the NJSIG as of June 30, 2016 is as follows:

Total Assets	<u>\$ 311,014,416</u>
Net Position	<u>\$ 68,222,364</u>
Total Revenue	<u>\$ 124,872,219</u>
Total Expenses	<u>\$ 113,965,181</u>
Change in Net Position	<u>\$ 10,907,038</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for the NJSIG are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 14. CONTINGENT LIABILITIES:

Grant Programs

The School District participates in state and federal assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2016, there were encumbrances in the amount of \$-0- in the General Fund.

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 16. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2016, were:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business - Type</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Activities Proprietary Funds</u>
Vendors	\$ 1,306,563	\$ 51,298		\$ 1,357,861	\$ 35,919
State			\$ 128,489	128,489	
	<u>\$ 1,306,563</u>	<u>\$ 51,298</u>	<u>\$ 128,489</u>	<u>\$ 1,486,350</u>	<u>\$ 35,919</u>

**REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES**

L-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0158127037%	0.0164103502%
District's proportionate share of the net pension liability	\$ 2,960,533	\$ 3,683,795
District's covered employee payroll	\$ 1,119,346	\$ 1,020,600
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.49%	360.94%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
Contractually required contribution	\$ 149,712	\$ 170,007
Contributions in relation to the contractually required contribution	<u>(149,712)</u>	<u>(170,007)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,020,600	\$ 1,018,783
Contributions as a percentage of covered employee payroll	14.67%	16.69%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
State's proportion of the net pension liability attributable to the District	0.0566971351%	0.0589242385%
State's proportionate share of the net pension liability attributable to the District	\$ 30,302,773	\$ 37,242,635
District's covered employee payroll	\$ 5,913,277	\$ 6,040,917
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	512.45%	616.51%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,630,574	\$ 2,273,998
Contributions in relation to the contractually required contribution	<u>(318,566)</u>	<u>(466,873)</u>
Contribution deficiency/(excess)	<u>\$ 1,312,008</u>	<u>\$ 1,807,125</u>
District's covered employee payroll	\$ 6,040,917	\$ 6,338,409
Contributions as a percentage of covered employee payroll	5.27%	7.37%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,699,769		\$ 17,699,769	\$ 17,699,769	
Tuition From Individuals	40,000		40,000	45,876	\$ 5,876
Interest on Investments				6,888	6,888
Tuition From within State				15,410	15,410
Unrestricted Miscellaneous Revenues	320,225	\$ 11,335	331,560	733,089	401,529
Total - Local Sources	18,059,994	11,335	18,071,329	18,501,032	429,703
State Sources:					
Transportation Aid	640,100		640,100	640,100	
Special Education Aid	702,643		702,643	702,643	
Security Aid	105,026		105,026	105,026	
Adjustment Aid	134,141		134,141	134,141	
PARCC Readiness Aid	12,400		12,400	12,400	
Per Pupil Growth Aid	12,400		12,400	12,400	
Extraordinary Aid	73,370		73,370	27,265	(46,105)
Nonpublic Transportation Aid				9,396	9,396
On-Behalf TPAF Pension Payments (Non-Budgeted)				466,873	466,873
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				555,917	555,917
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				486,110	486,110
Total State Sources	1,680,080		1,680,080	3,152,271	1,472,191
TOTAL REVENUES	19,740,074	11,335	19,751,409	21,653,303	1,901,894

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers		\$ 103,193	\$ 103,193	\$ 91,028	\$ 12,165
Kindergarten - Salaries of Teachers	\$ 284,113	52,180	336,293	326,623	9,670
Grades 1-5 - Salaries of Teachers	1,925,192	42,949	1,968,141	1,968,141	
Grades 6-8 - Salaries of Teachers	1,441,414	48,550	1,489,964	1,489,964	
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	260	15,260	13,940	1,320
Regular Program - Undistributed Instruction:					
Other Salaries for Instruction	94,600	(94,600)			
Purchased Professional Educational Services	11,975	6,293	18,268	13,294	4,974
Purchased Technical Services	50,170	53,658	103,828	103,828	
Other Purchased Services (400-500 series)	29,455	12,556	42,011	31,608	10,403
General Supplies	275,752	(87,844)	187,908	250,123	(62,215)
Textbooks	104,940	(7,786)	97,154	97,154	
Other Objects	800		800	800	
Total Regular Programs - Instruction	<u>4,233,411</u>	<u>129,409</u>	<u>4,362,820</u>	<u>4,386,503</u>	<u>(23,683)</u>
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	448,327	(244,644)	203,683	203,683	
Other Salaries for Instruction	256,335	(111,579)	144,756	144,756	
General Supplies	1,966	10,729	12,695	12,695	
Total Learning and or Language Disabilities	<u>706,628</u>	<u>(345,494)</u>	<u>361,134</u>	<u>361,134</u>	
Behavioral Disabilities					
General Supplies		2,395	2,395	2,395	
Total Behavioral Disabilities		<u>2,395</u>	<u>2,395</u>	<u>2,395</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 518,953	\$ 78,454	\$ 597,407	\$ 567,082	\$ 30,325
General Supplies	4,561	2,279	6,840	2,944	3,896
Total Resource Room/Resource Center	<u>523,514</u>	<u>80,733</u>	<u>604,247</u>	<u>570,026</u>	<u>34,221</u>
Autism:					
Salaries of Teachers		110,113	110,113	110,113	
General Supplies		90,249	90,249	90,249	
Total Autism		<u>200,362</u>	<u>200,362</u>	<u>200,362</u>	
Preschool Disabilities - Part-time:					
Salaries of Teachers	112,853	153,615	266,468	266,071	397
Other Salaries for Instruction	10,166	(8,534)	1,632	1,632	
General Supplies	14,155	(10,769)	3,386	3,114	272
Total Preschool Disabilities - Part-time	<u>137,174</u>	<u>134,312</u>	<u>271,486</u>	<u>270,817</u>	<u>669</u>
Preschool Disabilities - Full-time:					
Salaries of Teachers		59,500	59,500	59,500	
Total Preschool Disabilities - Full-time		<u>59,500</u>	<u>59,500</u>	<u>59,500</u>	
Total Special Education Instruction	<u>1,367,316</u>	<u>131,808</u>	<u>1,499,124</u>	<u>1,464,234</u>	<u>34,890</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	314,855	(26,363)	288,492	288,492	
Total Basic Skills/Remedial - Instruction	<u>314,855</u>	<u>(26,363)</u>	<u>288,492</u>	<u>288,492</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	60,799	(799)	60,000	48,000	12,000
Other Salaries for Instruction		46,450	46,450	46,450	
General Supplies	3,454		3,454	2,736	718
Total Bilingual Education - Instruction	<u>64,253</u>	<u>45,651</u>	<u>109,904</u>	<u>97,186</u>	<u>12,718</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 31,271	\$ 202	\$ 31,473	\$ 25,196	\$ 6,277
Total School-Sponsored Cocurricular Activities - Instruction	<u>31,271</u>	<u>202</u>	<u>31,473</u>	<u>25,196</u>	<u>6,277</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	28,700	2,952	31,652	31,363	289
Supplies and Materials	2,875	1,211	4,086	4,086	
Other Objects	7,400	(705)	6,695	6,435	260
Total School-Sponsored Cocurricular Athletics - Instruction	<u>38,975</u>	<u>3,458</u>	<u>42,433</u>	<u>41,884</u>	<u>549</u>
Total Instruction	<u>6,050,081</u>	<u>284,165</u>	<u>6,334,246</u>	<u>6,303,495</u>	<u>30,751</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	5,305,850	(271,963)	5,033,887	5,033,887	
Tuition to Other LEAs Within the State - Special	1,072,602	(75,226)	997,376	1,001,645	(4,269)
Tuition to Private Schools for the Handicapped - Within State	603,662	(137,539)	466,123	466,123	
Total Undistributed Expenditures - Instruction	<u>6,982,114</u>	<u>(484,728)</u>	<u>6,497,386</u>	<u>6,501,655</u>	<u>(4,269)</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Attendance & Social Work:					
Salaries	\$ 2,085		\$ 2,085	\$ 2,085	
Total Attendance & Social Work	<u>2,085</u>		<u>2,085</u>	<u>2,085</u>	
Health Services:					
Salaries	150,697	\$ 3,190	153,887	153,887	
Purchased Professional/Technical Services		1,025	1,025	100	\$ 925
Other Purchased Services (400-500 Series)	700	(200)	500	161	339
Supplies and Materials	<u>4,412</u>		<u>4,412</u>	<u>3,491</u>	<u>921</u>
Total Health Services	<u>155,809</u>	<u>4,015</u>	<u>159,824</u>	<u>157,639</u>	<u>2,185</u>
Speech, OT, PT and Related Services:					
Salaries	105,407	12,812	118,219	118,219	
Supplies and Materials	<u>1,472</u>		<u>1,472</u>	<u>1,472</u>	
Total Speech, OT, PT and Related Services	<u>106,879</u>	<u>12,812</u>	<u>119,691</u>	<u>119,691</u>	
Guidance:					
Salaries of Other Professional Staff	99,218	3,912	103,130	88,704	14,426
Purchased Professional - Educational Services	1,000	(850)	150		150
Other Purchased Services (400-500 Series)	150	(18)	132		132
Supplies and Materials	<u>286</u>	<u>18</u>	<u>304</u>	<u>303</u>	<u>1</u>
Total Guidance	<u>100,654</u>	<u>3,062</u>	<u>103,716</u>	<u>89,007</u>	<u>14,709</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 464,147	\$ (80,789)	\$ 383,358	\$ 373,672	\$ 9,686
Salaries of Secretarial and Clerical Assistants	47,848	(1,099)	46,749	46,749	
Purchased Professional/Educational Services	333,055	(28,419)	304,636	216,235	88,401
Purchased Technical Services	17,943		17,943	5,559	12,384
Other Purchased Services (400-500 Series)		5,604	5,604	4,522	1,082
Misc Purchased Services (400-500 Series Other Than Resident Costs)	6,504	(5,604)	900		900
Supplies and Materials	14,365	(200)	14,165	5,472	8,693
Other Objects	2,150	200	2,350	2,350	
Total Child Study Team	<u>886,012</u>	<u>(110,307)</u>	<u>775,705</u>	<u>654,559</u>	<u>121,146</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	89,086	454	89,540	89,540	
Total Improvement of Instructional Services	<u>89,086</u>	<u>454</u>	<u>89,540</u>	<u>89,540</u>	
Educational Media Services/School Library:					
Salaries	59,923	(18,788)	41,135	41,135	
Purchased Professional and Technical Services	2,200		2,200	800	1,400
Supplies and Materials	14,254		14,254	9,510	4,744
Total Educational Media Services/School Library	<u>76,377</u>	<u>(18,788)</u>	<u>57,589</u>	<u>51,445</u>	<u>6,144</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Purchased Professional/Educational Services	\$ 5,000	\$ (1,430)	\$ 3,570	\$ 2,751	\$ 819
Total Instructional Staff Training Services	<u>5,000</u>	<u>(1,430)</u>	<u>3,570</u>	<u>2,751</u>	<u>819</u>
Support Services - General Administration:					
Salaries	226,807	(1,950)	224,857	224,857	
Legal Services	20,000	(3,758)	16,242	6,416	9,826
Audit Fees	24,000	(4,000)	20,000	20,000	
Architectural/Engineering Services	15,000	(15,000)			
Other Purchased Professional Services		1,340	1,340	1,340	
Purchased Technical Services	9,575	(2,622)	6,953	6,953	
Communications/Telephone	9,600	7,100	16,700	11,048	5,652
BOE Other Purchased Services	4,662	(1,642)	3,020	3,020	
Miscellaneous Purchased Services	2,100	(1,958)	142	142	
General Supplies	1,500	9	1,509	1,337	172
BOE In-House Training/Meeting Supplies	750	(750)			
Miscellaneous Expenditures	6,175	(323)	5,852	5,852	
BOE membership Dues and Fees	13,000	2,179	15,179	15,179	
Total Support Services - General Administration	<u>333,169</u>	<u>(21,375)</u>	<u>311,794</u>	<u>296,144</u>	<u>15,650</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 75,828	\$ 1,401	\$ 77,229	\$ 77,229	\$ 5,052
Purchased Technical Services	16,133	(4,904)	11,229	6,177	139
Other Purchased Services (400-500 series)	15,531	(615)	14,916	14,777	(6,881)
Supplies and Materials	13,729	(2,885)	10,844	17,725	9,165
Purchased Professional Services		19,980	19,980	10,815	7,475
Total Administrative Information Technology	<u>121,221</u>	<u>12,977</u>	<u>134,198</u>	<u>126,723</u>	
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	374,145	8,988	383,133	383,133	
Salaries of Secretarial and Clerical Assistants	109,926	(1,869)	108,057	108,057	
Purchased Professional Services	3,200	(3,200)			8
Other Purchased Services (400-500 Series)	9,580	(5,730)	3,850	3,842	167
Supplies and Materials	4,440	(272)	4,168	4,001	43
Other Objects	3,500		3,500	3,457	
Total Support Services - School Administration	<u>504,791</u>	<u>(2,083)</u>	<u>502,708</u>	<u>502,490</u>	218
Required Maintenance of School Facilities:					
Salaries	84,848	(294)	84,554	84,554	
Cleaning, Repair and Maintenance Services	49,500	948	50,448	50,448	
General Supplies	1,500	(511)	989	989	
Total Required Maintenance of School Facilities	<u>135,848</u>	<u>143</u>	<u>135,991</u>	<u>135,991</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 397,131	\$ (1,113)	\$ 396,018	\$ 396,018	
Purchased Professional and Technical Services	37,700	(14,284)	23,416	23,416	
Cleaning, Repair and Maintenance Services	2,300	(2,050)	250	250	
Other Purchased Property Services	16,952	(3,271)	13,681	13,681	
Insurance	92,514	7,260	99,774	99,774	
Supplies and Materials	42,035	2,399	44,434	44,434	
Energy (Electricity)	127,000	(22,186)	104,814	87,806	\$ 17,008
Energy (Natural Gas)	160,000	(33,000)	127,000	106,613	20,387
Other Objects	7,925	(4,402)	3,523	3,523	
Total Custodial Services	<u>883,557</u>	<u>(70,647)</u>	<u>812,910</u>	<u>775,515</u>	<u>37,395</u>
Student Transportation Services:					
Salaries of Non- Instructional Aides	13,100	(6,365)	6,735	6,735	
Contracted Services:					
Aid in Lieu - Non Public Students	112,342	443	112,785	99,267	13,518
(Between Home and School) - Vendors	792,800	(32,177)	760,623	760,623	
(Other than Between Home and School) Vendors	19,000	(2,885)	16,115	14,788	1,327
Special Education Students - Vendors	<u>325,000</u>	<u>(56,572)</u>	<u>268,428</u>	<u>187,216</u>	<u>81,212</u>
Total Student Transportation Services	<u>1,262,242</u>	<u>(97,556)</u>	<u>1,164,686</u>	<u>1,068,629</u>	<u>96,057</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 309,449	\$ (21,021)	\$ 288,428	\$ 288,428	
Purchased Technical Services	19,036	(13,384)	5,652	5,652	
Miscellaneous Purchased Services (400-500 Series)	5,000	12,890	17,890	17,890	
Supplies and Materials	5,650	(348)	5,302	5,302	
Other Objects	5,650	(1,623)	4,027	4,027	
Total Central Services	<u>344,785</u>	<u>(23,486)</u>	<u>321,299</u>	<u>321,299</u>	
Total Undistributed Expenditures	<u>11,989,629</u>	<u>(796,937)</u>	<u>11,192,692</u>	<u>10,895,163</u>	<u>\$ 297,529</u>
Regular Instruction - Allocated Benefits:					
Social Security	19,649	4,328	23,977	28,891	(4,914)
Other Retirement Contributions- PERS	5,000	(4,617)	383	383	
Unemployment Compensation	27,305	(15,703)	11,602	11,602	
Workers Compensation	48,435		48,435	48,434	1
Tuition Reimbursement	21,000		21,000	21,000	
Health Benefits	1,037,707	381,226	1,418,933	1,407,509	11,424
Total Regular Programs - Allocated Benefits	<u>1,159,096</u>	<u>365,234</u>	<u>1,524,330</u>	<u>1,517,436</u>	<u>6,894</u>
Special Education - Instruction - Allocated Benefits:					
Social Security	22,145	24,792	46,937	36,439	10,498
Other Retirement Contributions- PERS	512	(512)			
Workers Compensation	23,262	(2,205)	21,057	21,057	
Health Benefits	185,494	138,136	323,630	323,630	
Total Special Education - Allocated Benefits	<u>231,413</u>	<u>160,211</u>	<u>391,624</u>	<u>381,126</u>	<u>10,498</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Instructional Program - Instruction - Allocated Benefits:					
Social Security	\$ 2,412	\$ 10,563	\$ 12,975	\$ 5,195	\$ 7,780
Workers Compensation	1,305		1,305	1,305	
Total Other Instructional Program - Allocated Benefits	<u>3,717</u>	<u>10,563</u>	<u>14,280</u>	<u>6,500</u>	<u>7,780</u>
Attendance & Social Work - Allocated Benefits:					
Social Security	<u>164</u>	<u>(164)</u>			
Total Attendance & Social Work - Allocated Benefits	<u>164</u>	<u>(164)</u>			
Health Services - Allocated Benefits:					
Social Security	8,786	(3,597)	5,189	5,189	
Workers Compensation	1,803		1,803	1,803	
Health Benefits	<u>21,535</u>	<u>(9,965)</u>	<u>11,570</u>	<u>11,570</u>	
Total Health Benefits - Allocated Benefits	<u>32,124</u>	<u>(13,562)</u>	<u>18,562</u>	<u>18,562</u>	
Speech, OT,PT and Related Services - Allocated Benefits:					
Social Security		458	458	401	57
Workers Compensation	2,112		2,112	2,112	
Health Benefits	<u>36,684</u>	<u>(19,062)</u>	<u>17,622</u>	<u>17,622</u>	
Total Speech, OT,PT and Related Services - Allocated Benefits	<u>38,796</u>	<u>(18,604)</u>	<u>20,192</u>	<u>20,135</u>	<u>57</u>
Guidance - Allocated Benefits:					
Social Security		531	531	109	422
Workers Compensation	2,095		2,095	2,095	
Health Benefits	<u>12,192</u>	<u>(4,971)</u>	<u>7,221</u>	<u>7,221</u>	
Total Guidance - Allocated Benefits	<u>14,287</u>	<u>(4,440)</u>	<u>9,847</u>	<u>9,425</u>	<u>422</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team - Allocated Benefits:					
Social Security	\$ 4,780	\$ (177)	\$ 4,603	\$ 4,206	\$ 397
Workers Compensation	6,860		6,860	6,860	
Health Benefits	126,952	(63,553)	63,399	63,399	
Total Child Study Team - Allocated Benefits	<u>138,592</u>	<u>(63,730)</u>	<u>74,862</u>	<u>74,465</u>	<u>397</u>
Improvement of Instructional Services - Allocated Benefits:					
Social Security		3,683	3,683	3,683	
Health Benefits		2,500	2,500	2,500	
Total Improvement of Instructional Services - Allocated Benefits		<u>6,183</u>	<u>6,183</u>	<u>6,183</u>	
Educational Media Services/School Library- Allocated Benefits:					
Social Security	3,085	1,172	4,257	4,257	
Total Educational Media School/Library - Allocated Benefits	<u>3,085</u>	<u>1,172</u>	<u>4,257</u>	<u>4,257</u>	
Instructional Staff Training - Allocated Benefits:					
Social Security		187	187	187	
Total Instructional Staff Training - Allocated Benefits		<u>187</u>	<u>187</u>	<u>187</u>	
Administrative Information Technology:					
Social Security	5,927	390	6,317	6,304	13
Health Benefits	5,000	944	5,944	5,944	
Total Administrative Information Technology - Allocated Benefits	<u>10,927</u>	<u>1,334</u>	<u>12,261</u>	<u>12,248</u>	<u>13</u>
Support Services - General Administration - Allocated Benefits:					
Social Security	14,775	(13,106)	1,669	1,669	
Workers Compensation	2,370		2,370	2,370	
Health Benefits	44,079	209,238	253,317	253,317	
Total Support Services - General Administration - Allocated Benefits	<u>61,224</u>	<u>196,132</u>	<u>257,356</u>	<u>257,356</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration - Allocated Benefits:					
Social Security	\$ 8,407	\$ 1,670	\$ 10,077	\$ 10,077	
Health Benefits	113,664	(60,098)	53,566	53,566	
Total Support Services-School Administration-Allocated Benefits	<u>122,071</u>	<u>(58,428)</u>	<u>63,643</u>	<u>63,643</u>	
Required Maintenance of School Facilities - Allocated Benefits:					
Social Security	42,488	(6,618)	35,870	35,870	
Workers Compensation	12,570	(4,939)	7,631	6,602	\$ 1,029
Tuition Reimbursement	500	(500)			
Health Benefits	204,732	(105,674)	99,058	99,058	
Other Employee Benefits	500		500		500
Total Required Maintenance of School Facilities - Allocated Benefits	<u>260,790</u>	<u>(117,731)</u>	<u>143,059</u>	<u>141,530</u>	<u>1,529</u>
Student Transportation Services - Allocated Benefits:					
Social Security	955	(483)	472	472	
Workers Compensation	167		167	167	
Health Benefits		122,735	122,735	122,735	
Total Student Transportation Services - Allocated Benefits	<u>1,122</u>	<u>122,252</u>	<u>123,374</u>	<u>123,374</u>	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services - Allocated Benefits:					
Social Security	\$ 18,752	\$ (5,439)	\$ 13,313	\$ 13,313	
Workers Compensation	3,133	(3,133)			
Health Benefits	100,000	(65,150)	34,850	34,850	
Total Central Services - Allocated Benefits	<u>121,885</u>	<u>(73,722)</u>	<u>48,163</u>	<u>48,163</u>	
Total Allocated Benefits	<u>2,199,293</u>	<u>512,887</u>	<u>2,712,180</u>	<u>2,684,590</u>	<u>\$ 27,590</u>
Unallocated Benefits:					
Other Retirement Contributions- PERS	162,400	7,607	170,007	170,007	
Total Unallocated Benefits	<u>162,400</u>	<u>7,607</u>	<u>170,007</u>	<u>170,007</u>	
On-Behalf Contributions:					
On-Behalf TPAF Pension Payments (Non-Budgeted)				466,873	(466,873)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				555,917	(555,917)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				486,110	(486,110)
Total On-Behalf Contributions				<u>1,508,900</u>	<u>(1,508,900)</u>
Total Personal Services - Employee Benefits	<u>2,361,693</u>	<u>520,494</u>	<u>2,882,187</u>	<u>4,363,497</u>	<u>(1,481,310)</u>
Total Undistributed Expenditures	<u>14,351,322</u>	<u>(276,443)</u>	<u>14,074,879</u>	<u>15,258,660</u>	<u>(1,183,781)</u>
TOTAL CURRENT EXPENSE	<u>20,401,403</u>	<u>7,722</u>	<u>20,409,125</u>	<u>21,562,155</u>	<u>(1,153,030)</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		\$ 3,613	\$ 3,613	\$ 3,613	
Assessment for Debt Service- SDA Funding	\$ 3,671		3,671	3,671	
Total Facilities Acquisition and Construction Services	3,671	3,613	7,284	7,284	
TOTAL CAPITAL OUTLAY	3,671	3,613	7,284	7,284	
TOTAL EXPENDITURES	20,405,074	11,335	20,416,409	21,569,439	\$ (1,153,030)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(665,000)		(665,000)	83,864	748,864
Fund Balance, July 1	2,748,584		2,748,584	2,748,584	
Fund Balance, June 30	\$ 2,083,584	\$ -0-	\$ 2,083,584	\$ 2,832,448	\$ 748,864
<u>Recapitulation:</u>					
Restricted for:					
Capital Reserve				\$ 768,802	
Maintenance Reserve				441,450	
Tuition Reimbursement				212,095	
Excess Surplus - For Subsequent Year's Expenditures				384,759	
Excess Surplus				314,661	
Assigned:					
For Subsequent Year's Expenditures				300,074	
Unassigned				410,607	
				2,832,448	
Reconciliation to Governmental Funds Statement (GAAP):					
Final Two State Aid Payments not Recognized on GAAP Basis				(152,563)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,679,885	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 144,441	\$ 252,873	\$ 397,314	\$ 397,314	
Total Revenues	<u>144,441</u>	<u>252,873</u>	<u>397,314</u>	<u>397,314</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	50,910	22,812	73,722	73,722	
Other Purchased Services	714	2,486	3,200	3,200	
Tuition	81,340	149,660	231,000	231,000	
General Supplies	<u>3,507</u>	<u>42,249</u>	<u>45,756</u>	<u>45,756</u>	
Total Instruction	<u>136,471</u>	<u>217,207</u>	<u>353,678</u>	<u>353,678</u>	
Support Services					
Personal Service - Employee Benefits		15,610	15,610	15,610	
Purchased Professional/Educational Services		19,000	19,000	19,000	
Other Purchased Services	<u>7,970</u>	<u>1,056</u>	<u>9,026</u>	<u>9,026</u>	
Total Support Services	<u>7,970</u>	<u>35,666</u>	<u>43,636</u>	<u>43,636</u>	
Total Expenditures	<u>\$ 144,441</u>	<u>\$ 252,873</u>	<u>\$ 397,314</u>	<u>\$ 397,314</u>	<u>\$ -0-</u>

Exhibit C-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 21,653,303	\$ 397,314
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		1,375
Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Statements	156,517	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(152,563)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 21,657,257	\$ 398,689
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,569,439	\$ 397,314
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		1,375
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,569,439	\$ 398,689

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets for the fiscal year ending June 30, 2016, was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	No Child Left Behind			IDEA Part B Basic	IDEA Part B Preschool	Totals
	Title I	Title II	Title III			
REVENUE:						
Federal Sources	\$ 94,428	\$ 13,026	\$ 17,910	\$ 263,067	\$ 8,883	\$ 397,314
Total Revenue	<u>94,428</u>	<u>13,026</u>	<u>17,910</u>	<u>263,067</u>	<u>8,883</u>	<u>397,314</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	71,922		1,800			73,722
Other Purchased Services (400-500 series)					3,200	3,200
Tuition				231,000		231,000
General Supplies	6,896		16,110	17,067	5,683	45,756
Total Instruction	<u>78,818</u>		<u>17,910</u>	<u>248,067</u>	<u>8,883</u>	<u>353,678</u>
Support Services:						
Personal Service - Employee Benefits	15,610					15,610
Purchased Professional - Educational Services		4,000		15,000		19,000
Other Purchased Services (400-500 series)		9,026				9,026
Total Support Services	<u>15,610</u>	<u>13,026</u>		<u>15,000</u>		<u>43,636</u>
Total Expenditures	<u>\$ 94,428</u>	<u>\$ 13,026</u>	<u>\$ 17,910</u>	<u>\$ 263,067</u>	<u>\$ 8,883</u>	<u>\$ 397,314</u>

CAPITAL PROJECTS FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Interest Earned	\$ 7
Total Revenue and Other Financing Sources	<u>7</u>
Other Financing Uses:	
Transfer to Debt Service Fund	<u>7</u>
Total Other Financing Uses	<u>7</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Other Financing Uses	-0-
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u><u>\$ -0-</u></u>
Recapitulation of Fund Balance:	
Fund Balance per Governmental Funds (Budgetary Basis)	\$ -0-
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants Recognized on the GAAP Basis	<u>(448,800)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u><u>\$ (448,800)</u></u>

PROPRIETARY FUNDS

Exhibit G-1

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 10,363
Intergovernmental Accounts Receivable:	
Federal	5,247
State	196
Interfund Receivable	23,927
Inventories	4,898
	<hr/>
Total Current Assets	44,631
Non-Current Assets:	
Capital Assets	141,771
Less: Accumulated Depreciation	(122,049)
	<hr/>
Total Non-Current Assets	19,722
	<hr/>
Total Assets	64,353

LIABILITIES:

Current Liabilities:	
Accounts Payable - Vendors	35,919
Unearned Revenue	1,292
	<hr/>
Total Current Liabilities	37,211

NET POSITION:

Investment in Capital Assets	19,722
Unrestricted	7,420
	<hr/>
Total Net Position	\$ 27,142

Exhibit G-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:

Local Sources:	
Daily Sales - Reimbursable Programs	\$ 166,878
Special events	81
Daily Sales - Non-Reimbursable Programs	50,561
Total Operating Revenue	217,520
Operating Expenses:	
Cost of Sales - Reimbursable Programs	142,551
Cost of Sales - Nonreimbursable Programs	43,191
Salaries, Benefits & Payroll Taxes	167,448
Purchased Professional and Technical Services	3,522
Management Fee	17,648
Depreciation Expense	2,556
Supplies and Repairs	53,092
Total Operating Expenses	430,008
Operating Loss	(212,488)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,114
Federal Sources:	
National School Lunch Program	83,926
National School Breakfast Program	284
Food Distribution Program	22,703
Local Sources:	
Interest Income	45
Total Non-Operating Revenue	110,072
Change in Net Position	(102,416)
Net Position - Beginning of Year	129,558
Net Position - End of Year	\$ 27,142

Exhibit G-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 217,520
Settlement of Prior Year Interfund Receivable	15,126
Payments to Food Service Vendor	(353,190)
Payments to Suppliers	(31,428)
	<hr/>
Net Cash Used for Operating Activities	(151,972)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(5,882)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(5,882)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Revenue	45
	<hr/>
Net Cash Provided by Investing Activities	45
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,152
Federal Sources:	
National School Breakfast Program	277
National School Lunch Program	85,382
	<hr/>
Net Cash Provided by Noncapital Financing Activities	88,811
	<hr/>
Net Decrease in Cash and Cash Equivalents	(68,998)
Cash and Cash Equivalents, July 1	79,361
	<hr/>
Cash and Cash Equivalents, June 30	\$ 10,363
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (212,488)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,556
Federal Food Distribution Program	22,703
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	15,126
(Increase) in Inventory	(903)
Increase in Accounts Payable	20,348
Increase in Unearned Revenue	686
	<hr/>
Net Cash Used for Operating Activities	\$ (151,972)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$22,703 and utilized Commodities Valued at \$22,016.

FIDUCIARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Student Activity	Payroll	Agency		Total	Trust	
			Rental Deposit	Athletic Account		Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 29,359	\$ 18,879	\$ 18,520	\$ 1,148	\$ 67,906	\$ 23,283	\$ 7,701
Total Assets	29,359	18,879	18,520	1,148	67,906	23,283	7,701
<u>LIABILITIES:</u>							
Interfund Payable-General Fund		588			588		
Payroll Deductions and Withholdings		18,291			18,291		
Rental Deposit Payable			18,520		18,520		
Due to Student Groups	29,359				29,359		
Due Various Groups				1,148	1,148		
Total Liabilities	29,359	18,879	18,520	1,148	67,906		
<u>NET POSITION:</u>							
Held in Trust for Unemployment Claims						23,283	
Held in Trust for Flexible Spending Claims							7,701
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 23,283	\$ 7,701

Exhibit H-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 11,711	\$ 31,300
District Contributions	11,602	
Total Additions	<u>23,313</u>	<u>31,300</u>
Investment Earnings:		
Interest	33	28
Net Investment Earnings	<u>33</u>	<u>28</u>
Total Additions	<u>23,346</u>	<u>31,328</u>
DEDUCTIONS:		
Unemployment Compensation Claims	18,493	
Flexible Spending Claims		39,360
Total Deductions	<u>18,493</u>	<u>39,360</u>
Change in Net Position	4,853	(8,032)
Net Position - Beginning of the Year	<u>18,430</u>	<u>15,733</u>
Net Position - End of the Year	<u><u>\$ 23,283</u></u>	<u><u>\$ 7,701</u></u>

Exhibit H-3

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 42,044	\$ 76,594	\$ 89,279	\$ 29,359
Total Assets	<u>\$ 42,044</u>	<u>\$ 76,594</u>	<u>\$ 89,279</u>	<u>\$ 29,359</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 42,044	\$ 76,594	\$ 89,279	\$ 29,359
Total Liabilities	<u>\$ 42,044</u>	<u>\$ 76,594</u>	<u>\$ 89,279</u>	<u>\$ 29,359</u>

Exhibit H-4

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets:				
Cash and Cash Equivalents	\$ 88,623	\$ 9,846,380	\$ 9,916,124	\$ 18,879
Total Assets	<u>\$ 88,623</u>	<u>\$ 9,846,380</u>	<u>\$ 9,916,124</u>	<u>\$ 18,879</u>
Liabilities				
Payroll Deductions & Withholdings	\$ 88,076	\$ 9,846,339	\$ 9,916,124	\$ 18,291
Interfund Payable - General Fund	547	41		588
Total Liabilities	<u>\$ 88,623</u>	<u>\$ 9,846,380</u>	<u>\$ 9,916,124</u>	<u>\$ 18,879</u>

Exhibit H-5

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RENTAL DEPOSIT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,494	\$ 26	\$ -0-	\$ 18,520
Total Assets	<u>\$ 18,494</u>	<u>\$ 26</u>	<u>\$ -0-</u>	<u>\$ 18,520</u>
<u>LIABILITIES:</u>				
Rental Deposits Payable	\$ 18,494	\$ 26	\$ -0-	\$ 18,520
Total Liabilities	<u>\$ 18,494</u>	<u>\$ 26</u>	<u>\$ -0-</u>	<u>\$ 18,520</u>

Exhibit H-6

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
ATHLETIC ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 897	\$ 5,286	\$ 5,035	\$ 1,148
Total Assets	<u>\$ 897</u>	<u>\$ 5,286</u>	<u>\$ 5,035</u>	<u>\$ 1,148</u>
 <u>LIABILITIES:</u>				
Due to Various Groups	\$ 897	\$ 5,286	\$ 5,035	\$ 1,148
Total Liabilities	<u>\$ 897</u>	<u>\$ 5,286</u>	<u>\$ 5,035</u>	<u>\$ 1,148</u>

LONG-TERM DEBT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Issue	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Refunding Bond of 1996 Issue	10/1/2004	\$ 4,865,000				\$ 515,000	\$ 515,000	
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2007	2,146,000	10/1/16	\$ 145,000	4.375%	1,315,000	140,000	\$ 1,175,000
			10/1/17	155,000	4.375%			
			10/1/18	160,000	4.375%			
			10/1/19	165,000	4.375%			
			10/1/20	175,000	4.375%			
			10/1/21	185,000	4.375%			
	10/1/22	190,000	4.375%					
						<u>\$ 1,830,000</u>	<u>\$ 655,000</u>	<u>\$ 1,175,000</u>

Exhibit I-2

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 663,881		\$ 663,881	\$ 663,881	
State Sources:					
Debt Service State Aid Support	63,011		63,011	63,011	
Total Revenue	<u>726,892</u>		<u>726,892</u>	<u>726,892</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	71,892		71,892	71,891	\$ 1
Redemption of Principal	655,000		655,000	655,000	
Total Regular Debt Service	<u>726,892</u>		<u>726,892</u>	<u>726,891</u>	<u>1</u>
Total Expenditures	<u>726,892</u>		<u>726,892</u>	<u>726,891</u>	<u>1</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures				<u>1</u>	<u>1</u>
Other Financing Sources:					
Transfer In from Capital Projects Fund				7	7
Total Other Financing Sources				<u>7</u>	<u>7</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				8	8
Fund Balance, July 1	100		100	100	
Fund Balance, June 30	<u>\$ 100</u>	<u>\$ -0-</u>	<u>\$ 100</u>	<u>\$ 108</u>	<u>\$ 8</u>
<u>Recapitulation:</u>					
Restricted				<u>\$ 108</u>	

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 5,081,807	\$ 4,844,978	\$ 4,635,357	\$ 4,614,867	\$ 4,425,427	\$ 4,246,711	\$ 4,489,839	\$ 4,623,806	\$ 5,572,629	\$ 5,409,113
Restricted	1,312,789	581,394	318,965	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075
Unrestricted/(Deficit)	167,183	417,526	461,093	83,301	63,170	1,140,454	877,378	(2,571,339)	(2,671,310)	(2,727,233)
Total governmental activities net position	<u>\$ 6,561,779</u>	<u>\$ 5,843,898</u>	<u>\$ 5,415,415</u>	<u>\$ 5,915,151</u>	<u>\$ 6,277,313</u>	<u>\$ 7,089,730</u>	<u>\$ 7,075,573</u>	<u>\$ 4,074,575</u>	<u>\$ 4,447,864</u>	<u>\$ 4,354,955</u>
Business-type activities										
Investment in capital assets	\$ 9,858	\$ 8,708	\$ 7,143	\$ 5,578	\$ 4,013	\$ 2,448	\$ 883	\$ 8,406	\$ 16,396	\$ 19,722
Unrestricted/(Deficit)	69,319	102,072	156,151	150,211	160,728	140,358	148,407	108,743	113,162	7,420
Total business-type activities net position	<u>\$ 79,177</u>	<u>\$ 110,780</u>	<u>\$ 163,294</u>	<u>\$ 155,789</u>	<u>\$ 164,741</u>	<u>\$ 142,806</u>	<u>\$ 149,290</u>	<u>\$ 117,149</u>	<u>\$ 129,558</u>	<u>\$ 27,142</u>
District-wide										
Net investment in capital assets	\$ 5,091,665	\$ 4,853,686	\$ 4,642,500	\$ 4,620,445	\$ 4,429,440	\$ 4,249,159	\$ 4,490,722	\$ 4,632,212	\$ 5,589,025	\$ 5,428,835
Restricted	1,311,345	581,394	318,965	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075
Unrestricted/(Deficit)	237,946	519,598	617,244	233,512	223,898	1,280,812	1,025,785	(2,462,596)	(2,558,148)	(2,719,813)
Total district net position	<u>\$ 6,640,956</u>	<u>\$ 5,954,678</u>	<u>\$ 5,578,709</u>	<u>\$ 6,070,940</u>	<u>\$ 6,442,054</u>	<u>\$ 7,232,536</u>	<u>\$ 7,224,863</u>	<u>\$ 4,191,724</u>	<u>\$ 4,577,422</u>	<u>\$ 4,382,097</u>

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,316,585	\$ 5,557,259	\$ 5,394,709	\$ 5,710,472	\$ 4,767,816	\$ 5,185,141	\$ 5,852,111	\$ 6,044,460	\$ 7,340,354	\$ 8,344,994
Special education	1,796,244	1,776,710	1,557,804	1,651,064	1,576,753	1,841,343	1,746,192	1,710,704	1,981,593	2,643,512
Other special education	536,709	542,506	487,811	490,294	374,751	362,561	417,311	368,058	481,020	596,896
Other instruction	285,622	285,660	204,986	184,394	53,194	105,115	104,384	92,178	168,211	104,776
Support Services:										
Tuition	4,763,495	6,033,399	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655
Student & instruction related services	1,714,602	1,674,695	1,674,363	1,594,648	1,280,274	1,351,359	1,296,672	1,303,443	1,408,460	1,410,575
School administrative services	430,254	530,952	526,612	543,864	642,514	506,310	395,172	659,184	392,568	534,437
General administrative services	679,538	495,491	495,414	488,749	508,797	547,936	642,893	690,516	791,007	826,296
Plant operations and maintenance	1,183,708	1,141,699	1,056,821	999,086	1,205,138	1,216,739	1,251,747	1,107,503	1,195,259	1,070,048
Pupil transportation	1,115,266	1,175,584	1,178,615	1,278,923	1,150,905	1,177,417	1,204,558	1,216,713	1,477,084	1,199,032
Central services	467,435	521,792	513,490	592,878	510,251	538,486	682,517	622,020	556,431	514,846
Capital Outlay	27,545		121,611		1,659	1,735	2,381	3,671	3,671	3,671
Special Schools	7,731	11,698	11,900	6,442	147					
Interest on long-term debt	170,642	161,684	295,104	225,801	208,930	190,939	178,978	41,481	125,410	103,451
Unallocated depreciation	278,715	557,302	556,744	556,744	556,744	556,744	556,744	556,744	556,744	597,693
Total governmental activities expenses	18,774,091	20,466,431	20,122,632	20,298,991	19,865,602	20,487,299	21,261,095	21,163,672	23,240,555	24,682,882
Business-type activities:										
Food service	322,650	326,555	314,062	300,994	280,589	320,040	329,456	366,934	329,266	430,008
Total business-type activities expense	322,650	326,555	314,062	300,994	280,589	320,040	329,456	366,934	329,266	430,008
Total district expenses	19,096,741	20,792,986	20,436,694	20,599,985	20,146,191	20,807,339	21,590,551	21,530,606	23,569,821	25,112,890
Program Revenues										
Governmental activities:										
Operating grants and contributions	3,789,326	3,867,235	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328
Total governmental activities program revenues	3,789,326	3,867,235	3,219,020	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328
Business-type activities:										
Charges for services										
Food service	215,482	209,797	219,364	207,896	213,356	210,042	228,807	220,881	230,882	217,520
Operating grants and contributions	63,394	66,661	67,692	85,593	76,181	88,018	107,105	113,893	110,780	110,027
Total business type activities program revenues	278,876	276,458	287,056	293,489	289,537	298,060	335,912	334,774	341,662	327,547
Total district program revenues	4,068,202	4,143,693	3,506,076	3,876,724	2,797,974	3,538,877	2,891,372	3,523,207	4,754,209	5,750,875

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (14,984,765)	\$ (16,599,196)	\$ (16,903,612)	\$ (16,715,756)	\$ (17,357,165)	\$ (17,246,482)	\$ (18,705,635)	\$ (17,975,239)	\$ (18,828,008)	\$ (19,259,554)
Business-type activities	(43,774)	(50,097)	(27,006)	(7,505)	8,948	(21,980)	6,456	(32,160)	12,396	(102,461)
Total district-wide net expense	<u>(15,028,539)</u>	<u>(16,649,293)</u>	<u>(16,930,618)</u>	<u>(16,723,261)</u>	<u>(17,348,217)</u>	<u>(17,268,462)</u>	<u>(18,699,179)</u>	<u>(18,007,399)</u>	<u>(18,815,612)</u>	<u>(19,362,015)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	14,142,445	14,938,389	15,485,425	16,104,842	16,749,035	17,050,518	16,916,122	17,172,154	17,481,253	17,699,769
Taxes levied for debt service	649,038	625,458	743,578	656,953	682,061	666,959	643,124	623,913	598,938	663,881
Unrestricted grants and contributions			91,445	74,684	63,598	63,647	743,154	63,489	63,284	63,011
Investment earnings	6,833	5,468	1,037	4,129	2,064	292	326	158	5,165	6,895
Miscellaneous income	406,899	393,700	233,164	236,771	222,569	277,483	388,752	297,215	628,467	733,089
Transfers	(75,513)	(81,700)	(79,520)							
Disposition/Adjustment of Capital Assets				138,113						
Reimbursement of Prior Year Tuition								424,190		
Total governmental activities	<u>15,129,702</u>	<u>15,881,315</u>	<u>16,475,129</u>	<u>17,215,492</u>	<u>17,719,327</u>	<u>18,058,899</u>	<u>18,691,478</u>	<u>18,156,929</u>	<u>19,201,297</u>	<u>19,166,645</u>
Business-type activities:										
Investment earnings					4	45	28	19	13	45
Transfers	75,513	81,700	79,520							
Total business-type activities	<u>75,513</u>	<u>81,700</u>	<u>79,520</u>		<u>4</u>	<u>45</u>	<u>28</u>	<u>19</u>	<u>13</u>	<u>45</u>
Total district-wide	<u>15,205,215</u>	<u>15,963,015</u>	<u>16,554,649</u>	<u>17,215,492</u>	<u>17,719,331</u>	<u>18,058,944</u>	<u>18,691,506</u>	<u>18,156,948</u>	<u>19,201,310</u>	<u>19,166,690</u>
Change in Net Position										
Governmental activities	144,937	(717,881)	(428,483)	499,736	362,162	812,417	(14,157)	181,690	373,289	(92,909)
Business-type activities	31,739	31,603	52,514	(7,505)	8,952	(21,935)	6,484	(32,141)	12,409	(102,416)
Total district	<u>\$ 176,676</u>	<u>\$ (686,278)</u>	<u>\$ (375,969)</u>	<u>\$ 492,231</u>	<u>\$ 371,114</u>	<u>\$ 790,482</u>	<u>\$ (7,673)</u>	<u>\$ 149,549</u>	<u>\$ 385,698</u>	<u>\$ (195,325)</u>

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$1,312,789	\$ 529,306	\$266,197	\$1,209,198						
Unreserved	278,007	536,354	614,973	240,943						
Restricted					\$1,529,766	\$1,702,523	\$1,708,271	\$2,021,983	\$1,995,245	\$2,121,767
Assigned					248,907	1,054,279	776,353	362,283	338,956	300,074
Unassigned					269,499	238,290	268,049	275,314	257,866	258,044
Total general fund	<u>\$1,590,796</u>	<u>\$1,065,660</u>	<u>\$881,170</u>	<u>\$1,450,141</u>	<u>\$2,048,172</u>	<u>\$2,995,092</u>	<u>\$2,752,673</u>	<u>\$2,659,580</u>	<u>\$2,592,067</u>	<u>\$2,679,885</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special Revenue Fund/(Deficit)	\$ (1,444)	\$ (1,444)								
Capital Projects Fund		1,667,210	\$264,221	\$ 41,545						
Debt Service Fund		53,532	51,167	7,785						
Restricted:										
Debt Service Fund					\$ 43	\$ 42	\$ 85	\$ 125	\$ 100	\$ 108
Unassigned:										
Capital Projects Fund/(Deficit)									(448,800)	(448,800)
Total all other governmental funds/(Deficit)	<u>\$ (1,444)</u>	<u>\$1,719,298</u>	<u>\$315,388</u>	<u>\$ 49,330</u>	<u>\$ 43</u>	<u>\$ 42</u>	<u>\$ 85</u>	<u>\$ 125</u>	<u>\$ (448,700)</u>	<u>\$ (448,692)</u>

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 14,791,483	\$ 15,563,847	\$ 16,229,003	\$ 16,761,795	\$ 17,431,096	\$ 17,717,477	\$ 17,559,246	\$ 17,796,067	\$ 18,080,191	\$ 18,363,650
Tuition charges	74,092	29,540	17,550	17,750	16,842	22,356	32,692	35,335	38,070	61,286
Interest earnings	6,833	59,000	22,396	4,064	2,074	5,499	5,947	5,001	5,165	6,895
Rentals	196,964	202,873	193,218	215,228	205,238	214,835	221,685	230,231	236,008	243,500
Miscellaneous	135,843	107,755	1,037	3,858	479	35,085	128,754	26,806	133,636	489,589
State sources	3,365,846	3,463,518	2,922,865	3,082,752	2,228,612	2,630,403	2,871,534	2,830,173	3,010,428	3,219,236
Federal sources	423,480	403,717	387,601	575,167	343,423	674,061	427,080	421,749	374,148	398,689
Total revenue	18,994,541	19,830,250	19,773,670	20,660,614	20,227,764	21,299,716	21,246,938	21,345,362	21,877,646	22,782,845
Expenditures										
Instruction										
Regular Instruction	4,616,854	4,767,975	4,826,368	5,143,619	4,212,955	4,573,884	5,090,460	5,222,643	5,467,693	6,027,992
Special education instruction	1,589,252	1,571,224	1,426,465	1,513,941	1,458,815	1,690,390	1,556,502	1,545,920	1,426,668	1,888,996
Other special instruction	468,986	475,047	439,651	448,546	340,028	317,479	356,837	323,193	306,510	385,678
Other instruction	245,501	241,252	179,848	162,501	41,893	86,439	83,829	75,377	145,887	73,580
Support Services:										
Tuition	4,763,495	6,033,399	6,046,648	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655
Student & instruction related services	1,505,905	1,470,615	1,540,663	1,461,602	1,158,447	1,211,614	1,144,803	1,174,946	1,294,867	1,299,931
General administrative services	633,076	484,085	497,559	518,035	591,698	493,589	355,689	577,910	368,737	553,500
School Administrative services	359,946	408,269	421,164	421,403	437,241	470,174	535,841	596,223	605,224	566,133
Plant operations and maintenance	1,099,297	1,057,418	1,004,954	944,116	1,145,034	1,146,410	1,168,692	1,451,855	1,184,568	1,053,036
Pupil transportation	1,113,179	1,173,449	1,170,817	1,271,094	1,142,992	1,169,256	1,195,988	1,208,510	1,470,369	1,192,003
Central services	411,423	461,607	481,617	553,556	473,147	527,915	669,559	611,170	419,898	369,462
Administrative Information Technology									127,544	138,971
Unallocated Benefits	1,358,621	1,382,659	865,157	891,280	827,715	987,496	1,225,412	1,212,599	1,426,958	1,678,907
Special Schools	6,147	9,950	11,900	5,834	132					
Capital outlay	51,241	536,536	1,524,600	271,491	67,783	42,038	469,528	3,671	1,148,200	7,284
Debt service:										
Principal	520,000	505,000	591,000	590,000	585,000	580,000	575,000	575,000	570,000	655,000
Interest and other charges	129,038	120,458	254,139	185,051	168,411	150,639	131,739	112,401	92,308	71,891
Total expenditures	18,871,961	20,698,943	21,282,550	20,357,701	19,679,020	20,352,797	21,489,314	21,438,415	22,818,174	22,695,019
Excess (Deficiency) of revenues over (under) expenditures	122,580	(868,693)	(1,508,880)	302,913	548,744	946,919	(242,376)	(93,053)	(940,528)	87,826

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Special Item - Reimbursement of Prior Year Tuition									\$ 424,190	
Bond Proceeds		\$ 2,146,000								
Transfers in	\$ 81	53,532	\$ 7,751	\$ 32	\$ 10	\$ 32	\$ 43	\$ 39	673,261	\$ 7
Transfers out	(75,594)	(135,232)	(87,271)	(32)	(10)	(32)	(43)	(39)	(673,261)	(7)
Total other financing sources (uses)	(75,513)	2,064,300	(79,520)	-	-	-	-	-	424,190	-
Net change in fund balances	\$ 47,067	\$ 1,195,607	\$ (1,588,400)	\$ 302,913	\$ 548,744	\$ 946,919	\$ (242,376)	\$ (93,053)	\$ (516,338)	\$ 87,826
Debt service as a percentage of noncapital expenditures	2.86%	2.58%	3.12%	3.06%	3.10%	2.96%	2.83%	2.77%	2.71%	2.98%

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Cancellation of</u> <u>Prior Year</u> <u>Accounts</u> <u>Payable</u>	<u>Other</u>	<u>Total</u>
2006	\$ 90,751	\$ 36,524	\$ 191,227			\$ 17,207	\$ 335,709
2007	142,676	74,092	196,964				413,732
2008	160,444	29,540	202,873			6,311	399,168
2009	15,682	17,550	193,218				226,450
2010	4,032	17,750	215,228			3,858	240,868
2011	2,064	16,842	205,238			479	224,623
2012	5,499	22,356	214,835	\$ 28,625		6,428	277,743
2013	5,904	32,692	221,685			128,754	389,035
2014	4,962	35,335	230,231	12,854		13,952	297,334
2015	5,104	38,070	236,008			137,307	416,489
2016	6,888	61,286	243,500		\$ 247,360	242,229	801,263

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2006	\$ 3,997,100	\$ 618,033,600	\$ 2,863,000	\$ 333,500	\$ 50,237,600	\$ 39,294,300	\$ 22,954,100	\$ 737,713,200	\$ 689,140	\$ 738,402,340	\$ 1.92	\$ 1,416,235,232
2007	4,327,000	618,197,100	2,953,000	329,700	49,887,600	38,831,800	22,954,100	737,480,300	686,618	738,166,918	2.06	1,597,048,889
2008	5,160,800	618,574,400	2,953,000	318,400	49,887,600	38,154,800	22,954,100	738,003,100	711,977	738,715,077	2.16	1,710,788,744
2009 *	10,446,700	1,310,840,600	6,698,300	348,900	120,983,400	77,469,500	48,109,400	1,574,896,800	1,753,935	1,576,650,735	1.05	1,709,551,504
2010	8,920,500	1,308,042,400	6,698,300	353,500	122,053,800	76,689,100	48,109,400	1,570,867,000	1,682,839	1,572,549,839	1.10	1,604,006,429
2011	8,517,400	1,302,107,000	6,581,700	353,500	120,319,600	75,047,100	48,109,400	1,561,035,700		1,561,035,700	1.11	1,545,175,879
2012	7,401,000	1,152,812,300	5,879,500	355,400	109,742,000	64,994,600	37,896,700	1,379,081,500		1,379,081,500	1.28	1,480,564,104
2013	7,260,000	1,184,170,900	6,234,900	355,400	109,681,800	64,942,600	36,083,800	1,408,729,400		1,372,290,200	1.29	1,480,564,104
2014	6,501,300	1,143,842,500	5,879,500	355,400	114,499,400	64,210,500	36,896,700	1,372,185,300		1,372,185,300	1.32	1,340,717,718
2015	6,531,500	1,132,999,600	5,879,500	355,400	114,815,900	62,000,500	36,896,700	1,359,479,100		1,359,479,100	1.35	1,331,789,820

* Revaluation year

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Exhibit J-7

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Lincoln Park School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Lincoln Park	Morris County	
2006	\$ 1.91	\$ 0.01	\$ 1.92	\$ 1.17	\$ 0.47	\$ 3.56
2007	2.05	0.01	2.06	1.27	0.51	3.84
2008	2.15	0.01	2.16	1.46	0.54	4.16
2009 *	1.04	0.01	1.05	0.75	0.25	2.04
2010	1.06	0.04	1.10	0.78	0.23	2.11
2011	1.07	0.04	1.11	0.79	0.23	2.13
2012	1.23	0.05	1.28	0.92	0.26	2.46
2013	1.24	0.05	1.29	0.94	0.26	2.49
2014	1.27	0.04	1.32	0.95	0.25	2.51
2015	1.30	0.05	1.35	0.97	0.24	2.56

* Revaluation year

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2016		Taxpayer	2007	
	Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Beaver Brook Associates	\$ 36,083,800	2.65%	Beaverbrook Apartments	\$ 11,129,000	3.39%
499 Pine Brook Realty, LLC	16,441,900	1.21%	Lincoln Park Properties	5,362,500	1.64%
Mort's Family Group	15,500,000	1.14%	Lincoln Park Nursing & Convalescent Home	4,754,800	1.45%
521 Pine Brook Realty, LLC	9,958,400	0.73%	Mort's Family Group	4,242,300	1.29%
Lincoln Park Properties	7,729,200	0.57%	I.C.E.Associates	2,019,700	0.62%
Lincoln Park Plaza Associates	7,662,600	0.56%	510 Ryerson Road, Inc.	1,850,000	0.56%
510 Ryerson Road, Inc.	7,500,000	0.55%	Lincoln Park Nursing Home	1,841,200	0.56%
Phoenix Realty Partners	4,500,000	0.33%	Lincoln Park Plaza Associates	1,666,800	0.51%
FRA Lincoln Pakr, LLC	3,741,000	0.28%	Phoenix Realty Partners	1,250,000	0.38%
Kay Elemetrics	3,000,000	0.22%	Grinnell Fire Protection	1,142,200	0.35%
Total	\$ 112,116,900	8.25%	Total	\$ 35,258,500	10.75%

Note: A revaluation was effective in 2009.

Source: Municipal Tax Assessor

Exhibit J-9

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 14,791,483	\$ 14,791,483	100.00%	-0-
2008	15,563,847	15,563,847	100.00%	-0-
2009	16,229,003	16,229,003	100.00%	-0-
2010	16,761,795	16,761,795	100.00%	-0-
2011	17,431,096	17,431,096	100.00%	-0-
2012	17,717,477	17,717,477	100.00%	-0-
2013	17,559,246	17,559,246	100.00%	-0-
2014	18,105,166	18,105,166	100.00%	-0-
2015	18,080,191	18,080,191	100.00%	-0-
2016	18,363,650	18,363,650	100.00%	-0-

Source: Borough of Lincoln Park District records including the Certificate and Report of School Taxes (A4F form)

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2007	\$ 4,255,000				\$ 4,255,000	0.57%	\$ 402
2008	5,896,000				5,896,000	0.77%	557
2009	5,305,000				5,305,000	0.74%	501
2010	4,715,000				4,715,000	0.65%	448
2011	4,130,000				4,130,000	0.54%	391
2012	3,550,000				3,550,000	0.46%	337
2013	2,975,000				2,975,000	0.38%	284
2014	2,400,000				2,400,000	0.31%	229
2015	1,830,000				1,830,000	0.23%	175
2016	1,175,000				1,175,000	0.14%	113

Source: School District Financial Reports

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 4,255,000	-0-	\$ 4,255,000	0.576%	\$ 402
2008	5,896,000	-0-	5,896,000	0.799%	557
2009	5,305,000	-0-	5,305,000	0.718%	501
2010	4,715,000	-0-	4,715,000	0.299%	448
2011	4,130,000	-0-	4,130,000	0.263%	391
2012	3,550,000	-0-	3,550,000	0.227%	337
2013	2,975,000	-0-	2,975,000	0.216%	284
2014	2,400,000	-0-	2,400,000	0.175%	229
2015	1,830,000	-0-	1,830,000	0.133%	175
2016	1,175,000	-0-	1,175,000	0.086%	113

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
 a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the previous calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population estimate for the previous calendar year.

Source: School District Financial Reports

Exhibit J-12

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Lincoln Park	\$ 24,511,753	100.00%	\$ 24,511,753
Morris County General Obligation Debt	226,745,317	1.468%	<u>3,328,470</u>
Subtotal, overlapping debt			27,840,223
Lincoln Park School District Direct Debt			<u>1,175,000</u>
Total direct and overlapping debt			<u>\$ 29,015,223</u>

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 1,347,887,269
	2014 1,340,810,338
	2013 <u>1,337,254,141</u>
	<u>\$ 4,025,951,748</u>
	Average equalized valuation of taxable property <u>\$ 1,341,983,916</u>
	Debt limit (3% of average equalization value) <u>\$ 40,259,517 a</u>
	Net bonded school debt <u>1,175,000</u>
	Legal debt margin <u>\$ 39,084,517</u>

	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 42,675,388	\$ 47,205,866	\$ 49,901,093	\$ 49,996,151	\$ 48,463,481	\$ 46,283,925	\$ 44,306,594	\$ 42,172,057	\$ 40,821,385	\$ 40,259,517
Total net debt applicable to limit	<u>6,401,000</u>	<u>5,896,000</u>	<u>5,305,000</u>	<u>4,715,000</u>	<u>4,130,000</u>	<u>3,550,000</u>	<u>2,975,000</u>	<u>2,400,000</u>	<u>1,830,000</u>	<u>1,175,000</u>
Legal debt margin	<u>\$ 28,114,024</u>	<u>\$ 31,370,100</u>	<u>\$ 36,274,388</u>	<u>\$ 41,309,866</u>	<u>\$ 44,596,093</u>	<u>\$ 45,281,151</u>	<u>\$ 44,333,481</u>	<u>\$ 39,772,057</u>	<u>\$ 38,991,385</u>	<u>\$ 39,084,517</u>
Total net debt applicable to the limit as a percentage of debt limit	15.00%	12.49%	10.63%	9.43%	8.52%	7.67%	6.71%	5.69%	4.48%	2.92%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Exhibit J-14

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Borough Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Borough Unemployment Rate^d</u>
2007	10,597	\$ 765,219,967	\$ 72,211	3.10%
2008	10,581	789,723,516	74,636	4.20%
2009	10,580	746,059,280	70,516	7.10%
2010	10,531	766,446,180	72,780	7.10%
2011	10,546	803,541,924	76,194	7.20%
2012	10,529	828,558,597	78,693	7.00%
2013	10,467	827,876,898	79,094	6.90%
2014	10,494	869,008,140	82,810	5.90%
2015	10,405	861,638,050	82,810 *	4.90%
2016	10,405 **	861,638,050 *	82,810 *	N/A

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

LINCOLN PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2015		Employer	2006	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
U.S. Army Armament Research and Development	6,000	2.31%	Atlantic Health System	5,900	2.25%
Atlantic Health System	5,171	1.99%	Novartis Corporation	5,000	1.90%
Novartis Corporation	4,622	1.78%	U.S. Army Armament Research and Development	3,412	1.30%
Bayer Healthcare, LLC	2,800	1.08%	Lucent Technologies	2,300	0.88%
County of Morris	1,757	0.68%	St. Clare's	2,250	0.86%
Wyndham Worldwide Corporation	1,626	0.63%	County of Morris	2,156	0.82%
Accenture	1,561	0.60%	United Parcel Service	2,131	0.81%
St. Clare's Health System	1,504	0.58%	Automatic Data Processing, Inc.	1,986	0.76%
BASF Corporation	1,500	0.58%	AT&T	1,500	0.57%
Pricewaterhouse Coopers	1,360	0.52%	Greystone Psychiatric	1,300	0.49%
Total	<u>27,901</u>	<u>10.74%</u>	Total	<u>27,935</u>	<u>10.63%</u>
Total Employment*	<u>259,756</u>		Total Employment*	<u>262,724</u>	

* - Employment data provided by the NJ Department of Labor and Workforce development.

Source: Morris County Treasurer's Office.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	63.0	63.0	62.0	64.6	60.0	52.6	56.0	54.0	55.0	56.0
Special education	17.0	17.0	17.0	23.0	20.0	21.4	23.4	20.5	27.0	29.5
Support Services:										
Student & instruction related services	25.0	25.0	25.0	15.0	11.0	11.0	10.8	10.8	10.8	10.8
School administrative services	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1
General and administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	9.5	9.5	9.5	8.9	9.0	8.5	8.5	8.5	8.5	8.5
Pupil transportation	0.5	0.5	0.5	0.5	1.0	0.3	0.3	0.3	0.3	0.3
Business and other support services	6.0	6.0	6.0	5.5	7.0	6.8	6.0	6.0	6.0	6.0
Food Service	2.0	2.0	2.0	2.6				8.0	8.0	8.0
Total	<u>128.0</u>	<u>128.0</u>	<u>127.0</u>	<u>125.1</u>	<u>113.0</u>	<u>105.7</u>	<u>110.1</u>	<u>113.2</u>	<u>120.7</u>	<u>124.2</u>

Source: District Personnel Records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	929	\$ 18,165,535	\$ 19,554	5.03%	80	1:12	1:12	929	892	-1.17%	96.02%
2008	913	19,526,999	21,388	9.37%	80	1:12	1:12	913	879	-1.72%	96.28%
2009	907	18,890,185	20,827	-2.94%	80	1:12	1:10	907	877	-0.66%	96.37%
2010	887	19,311,159	21,771	3.48%	79	1:13	1:9	887	859	-2.21%	96.84%
2011	890	18,857,826	21,189	-1.02%	73	1:13	1:10	890	856	0.34%	96.18%
2012	875	19,580,120	22,377	5.27%	77	1:12	1:10	875	857	-1.69%	97.94%
2013	899	20,313,047	22,595	0.97%	79	1:11	1:09	899	876	2.74%	97.44%
2014	934	20,747,343	22,213	-1.69%	80	1:12	1:10	942	906	4.78%	96.18%
2015	953	21,007,666	22,044	-0.76%	82	1:12	1:11	953	917	1.17%	96.22%
2016	934	21,959,469	23,511	6.66%	85	1:12	1:12	933	910	-2.10%	97.53%

Sources: Borough of Lincoln Park School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
Chapel Hill School (1923)										
Square Feet	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elementary School (1966)										
Square Feet	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	491	484	493	522	526	516	527	505	568	536
Middle School (1959)										
Square Feet	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120
Capacity (students)	603	603	603	603	603	603	603	603	603	603
Enrollment	438	429	414	365	364	359	372	435	396	398

Number of Schools at June 30, 2016

Elementary = 1

Middle School = 1

Other = 0

N/A - Not available or applicable

Note: Enrollment is based on the annual October district count.

Source: Lincoln Park Borough School District Central Office

Exhibit J-19

LINCOLN PARK BOROUGH 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,	Chapel Hill School	Elementary School	Middle School	Total
2007	\$ 2,908	\$ 58,154	\$ 84,323	\$ 145,385
2008	4,633	59,557	65,355	129,545
2009	1,785	35,695	51,758	89,238
2010	2,138	42,754	61,993	106,885
2011	4,638	92,756	134,496	231,889
2012	2,531	50,630	73,413	126,574
2013	3,409	68,187	98,871	170,467
2014	3,374	67,478	97,842	168,694
2015	3,553	71,055	81,828	156,436
2016	1,500	61,394	73,097	135,991

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
Policy Number - P283AG		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 400,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	2,500,000	1,000
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
<u>CRIME:</u>		
Blanket Employee Dishonesty	250,000	1,000
Forgery	50,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
<u>SCHOOL BOARD LEGAL LIABILITY - NJSIG (E283AG)</u>	11,000,000	5,000
Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
<u>WORKERS' COMPENSATION (NJSIG - W283AG):</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
<u>BONDS</u>		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - A Pollio	220,000	1,000
Treasurer -K Geisler	210,000	
STUDENT ACCIDENT (Axis Insurance Company)		
Mandatory (KAMB-111083-0029-M)	25,000	
Catastrophic (KAMB-111079-0029-C)	5,000,000	25,000

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln Park Board of Education, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Compliance and Other Matters


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

Purpose of this Report

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

November 17, 2016
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited Lincoln Park Board of Education's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2016. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2016.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Report on Internal Control Over Compliance

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

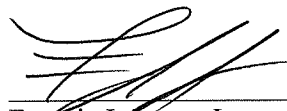
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 17, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #01154
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Carryover Amount	Adjust- ments	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Accounts Payable	Cancellation of Prior Years' Encumbrances	Repayment of Prior Years' Balances	Balance 6/30/16		Due to Grantor 6/30/16	
					Unearned Revenue/ (Accounts Receivable) 6/30/15	Due to Grantor 6/30/15								Accounts Receivable	Unearned Revenue		
Enterprise Fund:																	
U.S. Department of Agriculture																	
Passed-through State Department of Agriculture:																	
Child Nutrition Cluster																	
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 23,389					\$ 23,389	\$ (22,097)						\$ 1,292	
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	14,922	\$ 606					(606)							
Total Food Distribution Program					<u>606</u>				<u>23,389</u>	<u>(22,703)</u>						<u>1,292</u>	
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	83,926					78,715	(83,926)					\$ (5,211)		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	91,105	(6,667)				6,667								
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	284					248	(284)					(36)		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	292	(29)				29								
Total Child Nutrition Cluster					<u>(6,696)</u>				<u>85,659</u>	<u>(84,210)</u>					<u>(5,247)</u>		
Total U.S. Department of Agriculture					<u>(6,090)</u>				<u>109,048</u>	<u>(106,913)</u>					<u>(5,247)</u>		<u>1,292</u>
Special Revenue Fund:																	
U.S. Department of Education																	
Passed-through State Department of Education:																	
No Child Left Behind:																	
Title I	84.010A	NCLB265016	7/1/15-6/30/16	94,428					57,106	(94,428)					(37,322)		
Title I	84.010A	NCLB265015	7/1/14-6/30/15	95,203	(12,514)				12,545								\$ 31
Title I	84.010A	NCLB265008	9/1/07-8/31/08	63,605		\$ 1,992											1,992
Title I - ARRA	84.389A	ARRA265010	7/1/09-8/31/11	17,306	(3,866)										(3,866)		
Total Title I					<u>(16,380)</u>	<u>1,992</u>			<u>69,651</u>	<u>(94,428)</u>					<u>(41,188)</u>		<u>2,023</u>
Title II	84.367A	NCLB265016	7/1/15-6/30/16	13,026					9,300	(13,026)					(3,726)		
Title II	84.367A	NCLB265015	7/1/14-6/30/15	14,388	(1,771)				2,226			\$ 610				610	1,065
Title II	84.367A	NCLB265008	9/1/07-8/31/08	20,617		2,379											2,379
Total Title II					<u>(1,771)</u>	<u>2,379</u>			<u>11,526</u>	<u>(13,026)</u>		<u>610</u>			<u>(3,726)</u>	<u>610</u>	<u>3,444</u>
Title III	84.365A	NCLB265016	7/1/15-6/30/16	17,910					1,075	(17,910)					(16,835)		
Title III	84.365A	NCLB265015	7/1/14-6/30/15	16,369	(6,367)				6,371								4
Title III	84.365A	NCLB265014	7/1/13-6/30/14	16,743	443												443
Total Title III					<u>(5,924)</u>				<u>7,446</u>	<u>(17,910)</u>					<u>(16,835)</u>		<u>447</u>
Special Education Cluster:																	
IDEA Part B, Basic Regular	84.027	IDEA265016	7/1/15-6/30/16	263,067					236,464	(263,067)					(26,603)		
IDEA Part B, Basic Regular	84.027	IDEA265015	7/1/14-6/30/15	250,320	(224,581)				224,581			8,247				8,247	
IDEA Part B, Basic Regular	84.027	IDEA265014	7/1/13-6/30/14	275,765	1,000												1,000
IDEA Part B, Basic Regular	84.027	IDEA265013	9/1/12-8/31/13	278,085	134												134
IDEA Part B, Preschool	84.173	IDEA265016	7/1/15-6/30/16	8,883					6,060	(8,883)					(2,823)		
IDEA Part B, Preschool	84.173	IDEA265015	7/1/14-6/30/15	8,589	(9)				9								
Total Special Education Cluster					<u>(223,456)</u>				<u>467,114</u>	<u>(271,950)</u>		<u>8,247</u>			<u>(29,426)</u>	<u>8,247</u>	<u>1,134</u>
Total Special Revenue Fund/U.S. Department of Education					<u>(247,531)</u>	<u>4,371</u>			<u>555,737</u>	<u>(397,314)</u>		<u>8,857</u>			<u>(91,175)</u>	<u>8,857</u>	<u>7,048</u>
Total Federal Awards					<u>\$ (253,621)</u>	<u>\$ 4,371</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 664,785</u>	<u>\$ (504,227)</u>	<u>\$ -0-</u>	<u>\$ 8,857</u>	<u>\$ -0-</u>	<u>\$ (96,422)</u>	<u>\$ 10,149</u>	<u>\$ 7,048</u>	

N/A - Not applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance Due Grantor/ (Accounts Receivable) 6/30/2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2016			Memo	
								GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	(Budgetary Receivable)	Cumulative Total Expenditures
NJ Department of Education:												
General Fund												
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 640,100	\$ (62,355)		\$ 62,355						\$ 640,100
Transportation Aid - Non-public reimbursement	15-495-034-5120-014	7/1/14-6/30/15	13,196	(13,196)		13,196						13,196
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	702,643	(68,448)		68,448						702,643
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	105,026	(10,231)		10,231						105,026
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	134,141	(13,067)		13,067						134,141
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,400	(1,208)		1,208						12,400
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,400	(1,208)		1,208						12,400
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	50,010	(50,010)		50,010						50,010
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	452,957	(31,769)		31,769						452,957
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	640,100			579,320	\$ (640,100)			\$ (60,780)		640,100
Transportation Aid - Non-public reimbursement	16-495-034-5120-014	7/1/15-6/30/16	9,396				(9,396)	\$ (9,396)		(9,396)		9,396
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	702,643			635,924	(702,643)			(66,719)		702,643
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	105,026			95,053	(105,026)			(9,973)		105,026
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	134,141			121,404	(134,141)			(12,737)		134,141
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,400			11,223	(12,400)			(1,177)		12,400
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,400			11,223	(12,400)			(1,177)		12,400
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	27,265				(27,265)	(27,265)		(27,265)		27,265
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	486,110			462,283	(486,110)	(23,827)		(23,827)		486,110
Total General Fund State Aid				(251,492)		2,167,922	(2,129,481)	(60,488)			(213,051)	4,252,354
Special Revenue Fund												
Anti Bullying Aid	N/A	7/1/13-6/30/14	3,604	3,604						\$ 3,604		
Total Special Revenue Fund				3,604						3,604		
Debt Service Fund:												
Debt Service State Aid Support	16-495-034-5120-017	7/1/15-6/30/16	63,011			63,011	(63,011)					63,011
Total Debt Service Fund						63,011	(63,011)					63,011
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	3,114			2,918	(3,114)	(196)		(196)		3,114
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	3,210	(234)		234						3,210
Total Enterprise Fund				(234)		3,152	(3,114)	(196)		(196)		6,324
Capital Projects Fund:												
NJ Schools Development Authority:												
Elementary School Sectional Roof Replacement	2650-035-14-1001	3/26/14-6/30/16	224,400	(224,400)							(224,400)	224,400
Middle School Sectional Roof Replacement	2650-035-14-1002	3/26/14-6/30/16	224,400	(224,400)							(224,400)	224,400
Total Capital Projects Fund				(448,800)							(448,800)	448,800
Total State Awards				\$ (696,922)	\$ -0-	\$ 2,234,085	\$ (2,195,606)	\$ (60,684)	\$ 3,604	\$ -0-	\$ (662,047)	\$ 4,770,489

N/A - Not available

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Lincoln Park Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue 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 last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A-22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,954 for the General Fund, \$1,375 for the Special Revenue Fund and (\$448,800) for the Capital Projects Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Additionally, the schedule of expenditures does not include the on-behalf Pension Contributions and Post Retirement Contributions revenue of \$466,873 and \$555,917 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,156,225	\$ 3,156,225
Special Revenue Fund	\$ 398,689		398,689
Debt Service Fund		63,011	63,011
Food Service Fund	<u>106,913</u>	<u>3,114</u>	<u>110,027</u>
Total Awards	<u>\$ 505,602</u>	<u>\$ 3,222,350</u>	<u>\$ 3,727,952</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District received grants from the New Jersey Schools Development Authority (SDA) totaling \$448,800 for the roof placement projects at the Elementary and Middle Schools. During the fiscal year ended June 30, 2015, the District realized these grants in full and has \$448,800 grants receivable on the budgetary basis of accounting. The District realizes grant revenue on the GAAP basis of accounting when the funds are expended and submitted for reimbursement. Although the District completed the projects during fiscal year 2015, grant reimbursement requests have not been submitted and \$-0- has been realized as revenue and grants receivable on the GAAP basis as of June 30, 2016.

NOTE 7. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.156(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following award:

	<u>State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
State:				
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	\$ 486,110	\$ 486,110

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.
-

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.