

**Lower Alloways Creek Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT

SALEM, NEW JERSEY 08079

**Lower Alloways Creek School Board of Education
Salem, New Jersey 08079**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Lower Alloways Creek School Board of Education
Salem, New Jersey 08079**

For the Fiscal Year Ended June 30, 2016

Prepared by:

**Lower Alloways Creek School
Board of Education Administration**

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INTRODUCTORY SECTION

Lower Alloways Creek School Board of Education



967 Main Street – Canton
Salem, NJ 08079

Telephone: (856) 935-6984
Fax: (856) 935-1955

September 15, 2016

Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Dear Board Members:

The comprehensive annual financial report of the Lower Alloways Creek Township School District for the fiscal year ending June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the independent auditor's report, MD&A, and the basic financial statements including the District-wide statements, fund statements, notes to the financial statements, required supplementary information other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Lower Alloways Creek Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and/or the reporting requirements under NJ OMB's Circular Letter 15-08, "Audits of State and Local Governments," and "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Board constitutes the District's reporting entity.

The District provides a full range of education services appropriate to grade levels Pre-K through 8. Other classes include regular, remedial, and special education for students who require that accommodation. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Students may also choose to attend academies that are housed in several Salem County high school districts, including the Salem County Vo-Tech. There was a decrease from the previous year's District Average Daily Enrollment. The District completed the 2015-2016 fiscal year with an enrollment of 167.

2) ECONOMIC CONDITIONS AND OUTLOOK

The most recent data available, the 2010 U.S. Census, reveals a population decrease in the Township.

<u>Year</u>	<u>Population</u>
1970	1,400
1980	1,547
1990	1,858
2000	1,851
2010	1,770

3) MAJOR INITIATIVES

The Lower Alloways Creek Township School District is continuing ensure that each child will experience optimal academic, social, emotional, and physical success through a challenging and progressive learner-active educational program in a technology-infused, safe, and healthy learning environment. Once again, students will be partaking in the PARCC test in grades 3-8 for ELA and mathematics, and students in grades 4 and 8 will take the NJASK for science to be compliant with the NCLB mandates.

We are committed to all students and ensuring that all are learning. If needed, academic support and remediation is provided on an individual and small group basis to students based on the following criteria:

- Those individual State mandated test results (PARCC).
- Analysis of student performance in school via report cards, benchmark goals, and progress reports during the four marking periods.
- Recognized individual student needs via the individual education plan (IEP), 504 Accommodation Plans, and IR&S Team.

The District continues to expose students to a varied amount of character education themes. Students are recommended for outstanding recognition as students of the month and each month students are invited to the local board meeting to receive a certificate of recognition.

The District circulates around excellence in the academics, athletics, and arts. Students are given instruction in ELA, Math, Science, and Social Studies (the core content areas) but are also given "specials" (electives) consisting of World Language, Library, MYON, Computer Studies, Music, Art, Health, and Physical Education.

The student's educational program is enhanced with a variety of educational field trips and programming provided for all students through the LAC Parent Teacher Organization.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the capital projects fund. The final budget amount 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 reservations of the fund balance at year-end.

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 and account groups which are converted from Governmental Fund balances to net position.

7) DEBT ADMINISTRATION

The School District has had no outstanding debt for the last twenty one years, including 2016.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workman's compensation, and fidelity bonds.

10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and New Jersey OMB's Circular Letter 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

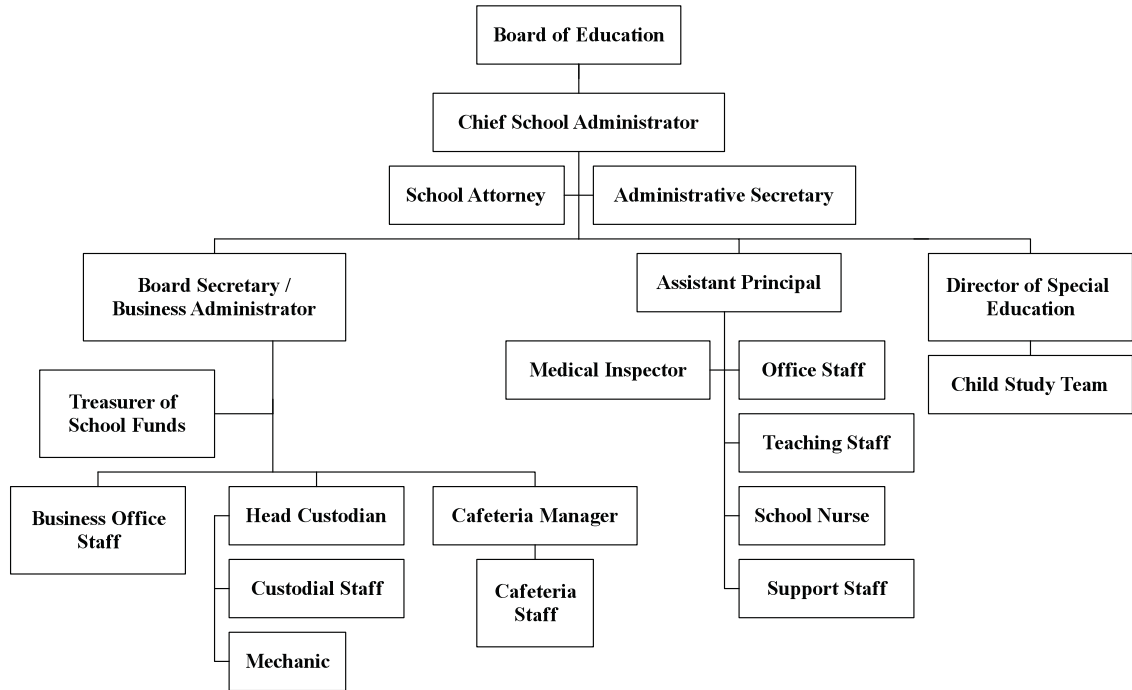
We would like to express our appreciation to the members of the Lower Alloways Creek School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

Phillip Neff
Phillip Neff, Chief School Administrator

Shannon N. DuBois-Brody
Shannon N. DuBois-Brody, Business
Administrator/Board Secretary

**Lower Alloways Creek Township Board of Education
Organization Chart**



**LOWER ALLOWAYS CREEK SCHOOL BOARD OF EDUCATION
SALEM, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Walter Sheets, President	2018
Tracy Beal, Vice President	2017
Laura Tice Crane	2018
Gail B. Donelson	2018
Linwood H. Donelson, III	2016
Robert Hill	2017
Joyce A. Willis	2016

OTHER OFFICIALS

Phillip Neff, Chief School Administrator

Shannon N. DuBois-Brody, Business Administrator/Board Secretary

Rebecca S. Joyce, Alternate Board Secretary

Robert A. Muccilli, Solicitor

**LOWER ALLOWAYS CREEK SCHOOL BOARD OF EDUCATION
SALEM, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nick L. Petroni, CPA, RMA
Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
P.O. Box 279
Glassboro, NJ 08028

ATTORNEY

Robert A. Muccilli
Capehart Scatchard, PA
8000 Midlantic Drive, Suite 300S
P.O. Box 5016
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

Fulton Bank of New Jersey
1 South Main Street
Woodstown, NJ 08098

INSURANCE AGENCY

Conner Strong
P.O. Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Alloways Creek Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedules of expenditures of Federal and State Awards, is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles*, (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Lower Alloways Creek Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Lower Alloways Creek Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 15, 2016

Required Supplementary Information – Part I

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

This section of the Lower Alloways Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements.

Overview of the Financial Statements

The Comprehensive Annual Financial 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-term and long-term* financial information about activities the District operates *like business*.
- *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.

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.

Key financial highlights for 2015-2016 are as follows:

- General revenues accounted for \$4,589,740 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$245,481 or 5% percent to total revenues of \$4,835,221 (See Exhibit A-2).
- Total net position of Governmental Activities increased by \$289,302 comprised of changes in cash and cash equivalents, receivables, inventory, and capital assets. The net position of the Business-type Activities decreased by \$2,752 (See Exhibit A-2).
- The School District had \$4,619,940 in expenses, of which only \$316,750 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid, and property taxes) of \$4,589,740 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities (See Exhibit A-2).
- The Governmental Funds had \$4,815,724 in revenues and \$4,590,969 in expenditures. The General Fund's balance increased \$219,755 over FY 2015 net change in fund balance (See Exhibit B-2).

District-wide Financial Statements – Reporting the School District as a Whole

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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

District-wide Financial Statements – Reporting the School District as a Whole (Continued)

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 and liabilities - are one way to measure the District's overall 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 overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

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 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 and Latchkey Programs are reported as Business-type Activities.

Reporting the School District's Most Significant Funds

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 completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four 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 the reader 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 differences) 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. In fact, 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.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Fund Financial Statements (Continued)

- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other district programs and activities and for other districts. The District currently does have an Internal Service Fund.
- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that 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 the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Table 1 provides a comparative summary of the School District's net position for the fiscal years ended in 2016 and 2015.

Net Position: The District's combined net position is \$3,392,111 on June 30, 2016. Approximately .58% of the total net position; are from business-type activities, while the balance of the total net position of 99.42% is attributable to governmental activities.

Table 1

Net Position (See Exhibit A-1)

	FY 2016		FY 2015		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2016	FY 2015
Assets						
Current and other assets	\$ 2,165,373	\$ 10,004	\$ 1,921,218	\$ 11,886	\$ 2,175,377	\$ 1,933,104
Capital assets	1,872,333	9,708	1,794,674	10,578	1,882,041	1,805,252
Total assets	<u>4,037,706</u>	<u>\$ 19,712</u>	<u>3,715,892</u>	<u>\$ 22,464</u>	<u>4,057,418</u>	<u>3,738,356</u>
Deferred Outflows of Resources						
Deferred outflows related to pension	<u>105,846</u>		<u>67,619</u>		<u>105,846</u>	<u>67,619</u>
Liabilities						
Current liabilities	25,367				25,367	
Noncurrent liabilities	63,005		67,130		67,130	67,130
Net pension liability	<u>644,667</u>		<u>597,666</u>		<u>644,667</u>	<u>597,666</u>
Total liabilities	<u>733,039</u>		<u>664,796</u>		<u>733,039</u>	<u>664,796</u>
Deferred Inflows of Resources						
Deferred inflows related to pension	<u>38,114</u>		<u>35,618</u>		<u>38,114</u>	<u>35,618</u>
Net Position						
Invested in capital assets, net of related debt	1,872,333	\$ 9,708	1,794,674	\$ 10,578	1,882,041	610,408
Restricted	1,949,793		1,706,965		1,949,793	1,410,710
Unrestricted	(449,727)	10,004	(418,542)	11,886	(439,723)	102,004
Total net position	<u>\$ 3,372,399</u>	<u>\$ 19,712</u>	<u>\$ 3,083,097</u>	<u>\$ 22,464</u>	<u>\$ 3,392,111</u>	<u>\$ 3,105,561</u>

Lower Alloways Creek Township School District
Management's Discussion & Analysis
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Unaudited

Changes in Net Position

Table 2 shows the changes in net position from FY 2016 and 2015.

Changes in Net Position

	FY 2016		FY 2015		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2016	FY 2015
REVENUES:						
Program revenues:						
Charges for services	\$ 27,800	\$ 42,715	\$ 38,400	\$ 45,305	\$ 70,515	\$ 83,705
Operating and capital grants	217,681	28,554	103,837	32,081	246,235	135,918
General revenues:						
Property taxes	3,292,016		3,292,016		3,292,016	3,292,016
Grants and entitlements	1,273,425		1,230,631		1,273,425	1,230,631
Other	24,299		16,892	5,250	24,299	22,142
Total revenues	4,835,221	71,269	4,681,776	82,636	4,906,490	4,764,412
EXPENSES:						
Instruction - related	1,639,648		1,644,461		1,639,648	1,644,461
Instruction - tuition	672,701		593,506		672,701	593,506
Student & instructional related services	252,937		307,449		252,937	307,449
School administration	48,341		57,820		48,341	57,820
General administration	115,076		133,373		115,076	133,373
Central services	92,298		110,245		92,298	110,245
Administration information tech.	2,860				2,860	
Plant operations & maintenance	308,008		332,329		308,008	332,329
Pupil transportation	369,315		372,798		369,315	372,798
Employee benefits	881,792		800,641		881,792	800,641
Food service/childcare		79,021		77,305	79,021	77,305
Unallocated depreciation	147,183		141,625		147,183	141,625
Other	10,760		6,508		10,760	6,508
Total expenses	4,540,919	79,021	4,500,755	77,305	4,619,940	4,578,060
Transfers	(5,000)	5,000	(4,000)	4,000		
Increase (decrease) in net position	\$ 289,302	\$ (2,752)	\$ 177,021	\$ 9,331	\$ 286,550	\$ 186,352

Governmental Activities

The District's total revenues are \$4,835,221 for the fiscal period ended June 30, 2016. The revenue breakout for all funds is as follows: Property taxes 68%; state formula aid 26%; state and federal aid for specific programs fees charged for services and miscellaneous resources was 6%.

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations only when the budget exceeds the State mandated CAP.

Lower Alloways Creek Township School District
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Governmental Activities (Continued)

The total cost of services, as show above, was \$4,540,919. The net costs of all Governmental programs and services was \$4,295,438. Instruction and instructional related services comprises 56.4% of the total District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services		Net Cost of Services	
	FY 2016		FY 2015	
Instruction	\$ 1,639,648	\$ 1,532,244	\$ 1,644,461	\$ 1,550,054
Support services:				
Tuition	672,701	672,701	593,506	593,506
Pupil and instructional staff	252,937	218,315	307,449	266,197
School administration	48,341	48,341	57,820	57,820
General administration	115,076	115,076	133,373	133,373
Central services	92,298	92,298	110,245	110,245
Administration information	2,860	2,860		
Operation and maintenance	308,008	308,008	332,329	332,329
Pupil transportation	369,315	369,315	372,798	372,798
Employee benefits	881,792	870,747	800,641	794,063
Capital outlay	10,760	(81,650)	6,508	6,508
Unallocated depreciation	147,183	147,183	141,625	141,625
	<u>\$ 4,540,919</u>	<u>\$ 4,295,438</u>	<u>\$ 4,500,755</u>	<u>\$ 4,358,518</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teachers and students, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching the students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Extracurricular activities include instructional expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities of activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Other includes Enterprise Fund expenditures and unallocated depreciation.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
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Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of charges for services and federal and state reimbursements.

- Business-type activities expenditures exceeded revenues by \$2,752.
- Charges for services represent \$42,715 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and donated commodities were \$28,554.

The School District's Funds

Information about the School District's Major Funds starts on (Exhibit B-1). These funds are accounted for using the modified accrual basis of accounting. All Governmental Funds implemented (i.e., General Fund, Special Revenue Fund, and Capital Projects Fund, presented in the fund-based statements) had total revenues of \$4,815,724 and expenditures of \$4,590,969 (Exhibit B-2). The net change in fund balance for the year was \$219,755. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds. The District was not required to maintain a Debt Service Fund in the 2015-2016 fiscal year.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Local sources	\$ 3,326,769	69.08%	\$ 10,387	0.31%
State sources	1,365,835	28.36%	135,204	10.99%
Federal sources	123,120	2.56%	23,101	23.10%
	<u>\$ 4,815,724</u>	<u>100.00%</u>	<u>\$ 168,692</u>	<u>3.63%</u>

The following schedules present a summary of General Fund, Special Revenue Fund, and Capital Projects Fund expenditures for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Expenditures	Amount	Percent of Total	(Decrease) from 2015	Increase (Decrease)
Current expense:				
Instruction	\$ 1,620,577	35.30%	\$ (4,281)	-0.26%
Undistributed	2,726,487	59.39%	25,238	0.93%
Capital outlay	243,905	5.31%	202,308	486.35%
	<u>\$ 4,590,969</u>	<u>100.00%</u>	<u>\$ 223,265</u>	<u>4.33%</u>

The increase in capital outlay is attributed to a roof projects in FY 2016.

Lower Alloways Creek Township School District
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General Fund Budgetary Highlights

The School District's Budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the year, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

While the District's final budget for the General Fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show a change of \$211,727 as shown on Exhibit C-1. There was a transfer to Food Service Fund of \$5,000.

The District's final FY 2016 budget anticipated \$585,803 in fund balance; \$6,578 of prior year encumbrances, offset by budgeted increase in capital reserve of \$50,000 and \$500 interest budgeted for capital reserve for this fiscal period.

Capital Assets

The Lower Alloways Creek Township School District investment in capital assets for its Governmental and Business-type Activities as of June 30, 2016, amounts to \$1,882,041 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (more detailed information about capital assets can be found in Note 6 to the financial statements).

Capital Assets (Net of Depreciation)

	FY 2016		FY 2015		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2016	FY 2015
Site improvements	\$ 5,684		\$ 6,408		\$ 5,684	\$ 6,408
Buildings	1,430,471		1,291,624		1,430,471	1,291,624
Machinery & equipment	436,178	\$ 9,708	496,642	\$ 10,578	445,886	507,220
Total	\$ 1,872,333	\$ 9,708	\$ 1,794,674	\$ 10,578	\$ 1,882,041	\$ 1,805,252

Overall capital assets increased by \$76,789 from fiscal year 2015 which is mainly attributed to roof replacement and depreciation. Depreciation expenses were \$147,183 for the fiscal year 2016 for Governmental Funds and \$870 for food service.

Long-Term Debt

Lower Alloways Creek Township School District has \$63,005 in compensated absences which is the only long-term debt as of June 30, 2016.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Factors Bearing on the District's Future

While Lower Alloways Creek Township is primarily a residential community, the funding of school operations is provided by industrial property owners.

The District anticipates an enrollment of 174 students for the 2016-2017 fiscal year.

In conclusion, the Lower Alloways Creek Township School District has committed itself to fiscal responsibility for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are function. The School District plans to continue its sound fiscal management to meet the requirements of the future, which entail matching revenues to meet expense requirements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Shannon N. Dubois-Brody, Business Administrator, Lower Alloways Creek Township School District, 967 Main Street-Canton, Salem, NJ 08079.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business- type Activities	FY 2016
ASSETS			
Cash and cash equivalents	\$ 1,434,677	\$ 4,368	\$ 1,439,045
Receivables, net	134,220	4,608	138,828
Inventory		1,028	1,028
Restricted assets:			
Restricted cash and cash equivalents	250,759		250,759
Capital reserve account - cash	345,717		345,717
Capital assets:			
Assets net of depreciation	1,872,333	9,708	1,882,041
Total Assets	4,037,706	\$ 19,712	4,057,418
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	105,846		105,846
LIABILITIES			
Accounts payable	25,367		25,367
Noncurrent liabilities:			
Due beyond one year	63,005		63,005
Net pension liability	644,667		644,667
Total liabilities	733,039		733,039
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	38,114		38,114
NET POSITION			
Invested in capital assets, net of related debt	1,872,333	\$ 9,708	1,882,041
Restricted for:			
Capital projects	603,484		603,484
Other purposes	1,346,309		1,346,309
Unrestricted	(449,727)	10,004	(439,723)
Total net position	\$ 3,372,399	\$ 19,712	\$ 3,392,111

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 1,418,544	\$ 23,029			\$ (1,395,515)		\$ (1,395,515)
Special education	219,793		\$ 84,375		(135,418)		(135,418)
Other instruction	1,311				(1,311)		(1,311)
Support services:							
Tuition	672,701				(672,701)		(672,701)
Student & instructional related services	252,937		34,622		(218,315)		(218,315)
General administration	115,076				(115,076)		(115,076)
School administrative services	48,341				(48,341)		(48,341)
Central services	92,298				(92,298)		(92,298)
Administration information technology	2,860				(2,860)		(2,860)
Plant operations & maintenance	308,008				(308,008)		(308,008)
Pupil transportation	369,315				(369,315)		(369,315)
Employee benefits	881,792	4,771	6,274		(870,747)		(870,747)
Capital outlay	10,760			\$ 92,410	81,650		81,650
Unallocated depreciation	147,183				(147,183)		(147,183)
Total governmental activities	4,540,919	27,800	125,271	92,410	(4,295,438)		(4,295,438)
Business-type activities:							
Food service	75,172	37,599	28,554			\$ (9,019)	(9,019)
Latchkey program	3,849	5,116				1,267	1,267
Total business-type activities	79,021	42,715	28,554			(7,752)	(7,752)
Total primary government	\$ 4,619,940	\$ 70,515	\$ 153,825	\$ 92,410	\$ (4,295,438)	\$ (7,752)	\$ (4,303,190)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 3,292,016		\$ 3,292,016
Federal and state aid not restricted					1,273,425		1,273,425
Tuition charges					9,000		9,000
Transportation charges					617		617
Investment earnings					11,472		11,472
Miscellaneous income					11,513		11,513
Loss on disposal of assets					(8,303)		(8,303)
Transfers					(5,000)	\$ 5,000	
Total general revenues, special items, extraordinary items, and transfers					4,584,740	5,000	4,589,740
Change in net position					289,302	(2,752)	286,550
Net position - beginning					3,083,097	22,464	3,105,561
Net position - end					\$ 3,372,399	\$ 19,712	\$ 3,392,111

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Major Funds			FY 2016
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 1,509,457	\$ 2,904		\$ 1,512,361
Receivables from other governments	19,347	22,463	\$ 92,410	134,220
Restricted cash and cash equivalents	596,476			596,476
Total assets	<u>\$ 2,125,280</u>	<u>\$ 25,367</u>	<u>\$ 92,410</u>	<u>2,243,057</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft			\$ 85,402	85,402
Accounts payable		\$ 25,367		25,367
Total liabilities		<u>25,367</u>	<u>85,402</u>	<u>110,769</u>
Fund balances:				
Restricted for:				
Excess surplus - current year	\$ 527,172			527,172
Excess surplus - prior year - designated for subsequent year's expenditures	462,894			462,894
Emergency reserve	30,000			30,000
Maintenance reserve	229,965			229,965
Tuition reserve	39,000			39,000
Capital reserve	596,476			596,476
Capital projects fund			7,008	7,008
Assigned to:				
Other purposes	23,383			23,383
Designated by the BOE for subsequent year's expenditures	33,895			33,895
Unassigned:				
General fund	182,495			182,495
Total fund balances	<u>2,125,280</u>		<u>7,008</u>	<u>2,132,288</u>
Total liabilities and fund balances	<u>\$ 2,125,280</u>	<u>\$ 25,367</u>	<u>\$ 92,410</u>	

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>FY 2016</u>
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 assets is \$5,537,235 and the accumulated depreciation is \$3,664,902 (see Note 6).	1,872,333
Internal Service Funds are used by management to charge the cost of certain activities, such as shared teacher to other districts. Assets and liabilities of the internal service fund of \$7,718 are included in the governmental activities in the statement of new position.	7,718
Net pension liability adjustment for GASB Statement No. 68 and 71	(576,935)
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 (see Note 7).	(63,005)
Net position of governmental activities	<u><u>\$ 3,372,399</u></u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Major Funds			FY 2016
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES:				
Local tax levy	\$ 3,292,016			\$ 3,292,016
Tuition charges	9,000			9,000
Transportation	617			617
Interest earned on investments	10,713			10,713
Interest earned on Capital Reserve Funds	759			759
Miscellaneous	11,513	\$ 2,151		13,664
	<u>3,324,618</u>	<u>2,151</u>		<u>3,326,769</u>
State sources	1,273,425		\$ 92,410	1,365,835
Federal sources		123,120		123,120
Total revenues	<u>4,598,043</u>	<u>125,271</u>	<u>92,410</u>	<u>4,815,724</u>
EXPENDITURES:				
Current:				
Regular instruction	1,398,986			1,398,986
Special education instruction	135,905	84,375		220,280
Other instruction	1,311			1,311
Support services & undistributed costs:				
Tuition	672,701			672,701
Student & instruction related services	218,315	34,622		252,937
General administration	115,076			115,076
School administrative services	48,341			48,341
Central services	92,298			92,298
Administration information technology	2,860			2,860
Plant operations and maintenance	308,008			308,008
Pupil transportation	368,515			368,515
Employee benefits	859,477	6,274		865,751
Capital outlay	12,880		231,025	243,905
Total expenditures	<u>4,234,673</u>	<u>125,271</u>	<u>231,025</u>	<u>4,590,969</u>
Excess (deficiency) of revenues over expenditures	<u>363,370</u>		<u>(138,615)</u>	<u>224,755</u>
Other financing sources (uses)				
Transfers out:				
Food Service Fund	(5,000)			(5,000)
Capital reserve to capital projects	(138,615)		138,615	
Total other financing sources (uses)	<u>(143,615)</u>		<u>138,615</u>	<u>(5,000)</u>
Net change in fund balances	<u>219,755</u>			<u>219,755</u>
Fund balance - July 1	1,905,525		7,008	1,912,533
Fund balance - June 30	<u>\$ 2,125,280</u>		<u>\$ 7,008</u>	<u>\$ 2,132,288</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016

Total net change in fund balances - Governmental Funds (from B-2)	\$	219,755
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital outlays	\$	233,145
Depreciation		(147,183)
		85,962
<p>In the statement of activities, only the gain/loss on disposal of capital assets is reported, whereas in the Governmental Funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.</p>		
		(8,303)
<p>Pension contributions are reported in Governmental Funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(11,270)
<p>Internal service funds are used by management to charge the costs of certain activities, such as a shared Spanish teacher. The operating income (loss) of \$967 is included in the governmental activities and the statement of net position.</p>		
		(967)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		4,125
Change in net position of governmental activities	\$	289,302

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Major Funds		Governmental Activities - Internal Service Fund
	Food Service	Latchkey Program	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 706	\$ 3,662	\$ 7,718
Accounts receivable	4,608		
Inventories	1,028		
Total current assets	<u>6,342</u>	<u>3,662</u>	<u>7,718</u>
Noncurrent assets:			
Furniture, machinery & equipment	76,037		
Less: accumulated depreciation	<u>(66,329)</u>		
Total noncurrent assets	<u>9,708</u>		
Total assets	<u>\$ 16,050</u>	<u>\$ 3,662</u>	<u>\$ 7,718</u>
NET POSITION			
Invested in capital assets net of related debt	\$ 9,708		
Unrestricted	6,342	\$ 3,662	\$ 7,718
Total net position	<u>\$ 16,050</u>	<u>\$ 3,662</u>	<u>\$ 7,718</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities - Major Funds		Governmental Activities - Internal Service Fund
	Food Service	Latchkey Program	
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs	\$ 26,163		
Daily sales - non-reimbursable programs	11,436		
Tuition		\$ 5,116	
Other			\$ 27,800
Total operating revenue	37,599	5,116	27,800
OPERATING EXPENSES:			
Salaries	23,914	3,575	23,996
Employee benefits	1,925	274	4,771
Purchased professional/technical services	1,985		
Purchased property services	4,386		
Other purchased services (400-500 series)	7,000		
Supplies and materials	254		
Cost of sales	34,838		
Depreciation	870		
Total operating expenses	75,172	3,849	28,767
Operating income (loss)	(37,573)	1,267	(967)
NON-OPERATING REVENUES:			
State sources:			
National school lunch program - state	720		
Federal sources:			
National school lunch program	22,599		
School breakfast program	1,221		
Food distribution program	4,014		
Total non-operating revenues (expenses)	28,554		
Income (loss) before operating transfers	(9,019)	1,267	(967)
Operating financing sources (uses):			
Operating transfer in - General Fund	5,000		
Net income (loss)	(4,019)	1,267	(967)
Total net position - beginning	20,069	2,395	8,685
Total net position - ending	\$ 16,050	\$ 3,662	\$ 7,718

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Major Funds		Governmental Activities - Internal
	Food Service	Latchkey Program	Service Fund
Cash flows from operating activities:			
Receipts from customers	\$ 37,599	\$ 5,116	\$ 27,800
Payments to suppliers	(43,707)		
Payments to employees	(23,914)	(3,575)	(23,996)
Payments for employee benefits	(1,925)	(274)	(4,771)
Net cash provided (used) by operating activities	(31,947)	1,267	(967)
Cash flows from non-capital financing activities:			
Cash received from state & federal reimbursements	21,624		
Board contribution	5,000		
Net cash provided by non-capital financing activities	26,624		
Net increase in cash & cash equivalents	(5,323)	1,267	(967)
Cash and cash equivalents - July 1	6,029	2,395	8,685
Cash and cash equivalents - June 30	\$ 706	\$ 3,662	\$ 7,718
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (37,573)	\$ 1,267	\$ (967)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	870		
Food distribution program	4,014		
Change in assets and liabilities:			
(Increase) decrease in inventory	742		
	\$ (31,947)	\$ 1,267	\$ (967)

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds			Totals FY 2016
	Scholarship Trust	Unemployment Compensation Trust	Agency Funds	
ASSETS				
Cash and cash equivalents	\$ 1,864	\$ 185,838	\$ 8,299	\$ 196,001
Total assets	<u>\$ 1,864</u>	<u>\$ 185,838</u>	<u>\$ 8,299</u>	<u>196,001</u>
LIABILITIES				
Due to student groups			\$ 7,901	7,901
Payroll deductions and withholdings			398	398
Total liabilities			<u>\$ 8,299</u>	<u>8,299</u>
NET POSITION				
Held in trust for:				
Unemployment claims		\$ 185,838		185,838
Scholarship awards	\$ 1,864			1,864
Total net position	<u>\$ 1,864</u>	<u>\$ 185,838</u>		<u>\$ 187,702</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		Totals FY 2016
	Scholarship Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 3,794	\$ 3,794
Total contributions		3,794	3,794
Investment earnings:			
Interest		276	276
Total investment earnings		276	276
Total additions		4,070	4,070
DEDUCTIONS:			
Unemployment claims		1,641	1,641
Scholarships awarded	\$ 125		125
Total deductions	125	1,641	1,766
Change in net position	(125)	2,429	2,304
Net position - July 1	1,989	183,409	185,398
Net position - June 30	\$ 1,864	\$ 185,838	\$ 187,702

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Lower Alloways Creek Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are 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.

The financial statements of the Board of Education of Lower Alloways Creek Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing Governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Lower Alloways Creek Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

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

B. Government-wide Statements

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's Major Funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service and latchkey programs are classified as Business-type Activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds,

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund (Continued) - 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 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 to expenditures for specified purposes.

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

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

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the Proprietary Funds of the District.

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's 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 on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other Governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governments and therefore not available to support District programs. The reporting focus is on net assets. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS (CONTINUED)

for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that 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. Proceeds of general obligation long-term debt, if any, is recognized when due.

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

E. Cash and Cash Equivalents

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

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. (NJSA 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 Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 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 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in, first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in, first-out method. Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food - commodities	\$	546
Food		482
		<u>\$ 1,028</u>

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

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables (Continued)

particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District, over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund, as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

T. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other Governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

U. Fund Balance Reserves

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

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

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

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

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

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balance are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

V. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective (Continued)

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on the net position of the district is anticipated to not be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$2,231,522 and \$2,051,639. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$2,120,995 and \$1,930,020, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016 and 2015, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government Money Market Mutual Funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 110,757	\$ 133
Other	1,000	
Federal aid	22,463	4,475
	<u>\$ 134,220</u>	<u>\$ 4,608</u>

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$500 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, 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 (June 1 to June 30) 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 NJSA 19:60-2. Pursuant to NJAC 6A: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 June 30, 2016, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2015	\$ 345,717
Deposit	250,000
Interest earnings	759
Ending balance, June 30, 2016	<u>\$ 596,476</u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2016.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: CAPITAL ASSETS (CONTINUED)

	Balance <u>July 1, 2015</u>	Additions	Disposals/ Adjustments	Balance <u>June 30, 2016</u>
Governmental activities:				
Site improvements	\$ 127,475			\$ 127,475
Building & building improvements	3,718,393	\$ 226,623	\$ 13,784	3,931,232
Machinery & equipment	1,476,142	6,522	4,136	1,478,528
Totals at historical cost	<u>5,322,010</u>	<u>233,145</u>	<u>17,920</u>	<u>5,537,235</u>
Less: accumulated depreciation				
Site improvements	(121,067)	(724)		(121,791)
Building & building improvements	(2,426,769)	(79,680)	5,688	(2,500,761)
Machinery & equipment	(979,500)	(66,779)	3,929	(1,042,350)
Total accumulated depreciation	<u>(3,527,336)</u>	<u>(147,183)</u>	<u>9,617</u>	<u>(3,664,902)</u>
Governmental activities capital assets, net	<u>\$ 1,794,674</u>	<u>\$ 85,962</u>	<u>\$ 8,303</u>	<u>\$ 1,872,333</u>
Business-type activities:				
Machinery & equipment	\$ 76,037			\$ 76,037
Less: accumulated depreciation	(65,459)	\$ (870)		(66,329)
Business-type capital assets, net	<u>\$ 10,578</u>	<u>\$ (870)</u>	None	<u>\$ 9,708</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

Bonds are authorized in accordance with state law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Balance <u>July 1, 2015</u>	Additions	Deductions	Balance <u>June 30, 2016</u>	Due Within <u>One Year</u>
Compensated absences	<u>\$ 67,130</u>	<u>\$ 800</u>	<u>\$ 4,925</u>	<u>\$ 63,005</u>	<u>None</u>

Bonds Payable

During the year ended June 30, 2016, the Board had no bonds issued or outstanding.

Bonds Authorized But Not Issued

As of June 30, 2016, the Board has \$0 of bonds authorized but not issued.

Capital Leases

As of June 30, 2016, the Board has \$0 capital leases.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability, and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: PENSION FUNDS (CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for 7.06% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$24,690, \$26,316, and \$23,002, respectively, equal to the required contributions for each year. The School District's share of TPAF for normal contributions, post-retirement medical benefits and life insurance premiums for the years ending June 30, 2016, 2015, and 2014, which were \$261,057, \$196,505, and \$163,383, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2016, 2015, and 2014; \$104,863, \$104,221, and \$106,296, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2016, 2015, and 2014, were \$1,957,864, \$1,897,411, and \$1,859,446, covered payroll was \$1,394,094, \$1,439,272, and \$1,420,848, for TPAF and \$192,016, \$190,690, and \$176,212, for PERS.

For the year ended June 30, 2016, the District recognized pension expense of \$35,960. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 65,777	
Net difference between expected and actual experience	15,379	
Net difference between projected and actual earnings on pension plan investments		\$ 1,460
Changes in proportion and differences between District contributions and proportionate share of contributions		36,654
District contributions subsequent to the measurement date	24,690	
	\$ 105,846	\$ 38,114

\$24,690, reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
June 30,	
2017	\$ 7,287
2018	7,287
2019	7,289
2020	16,193
2021	4,986
Thereafter	0
	\$ 43,042

Additional information – Collective balances at June 30, 2015 and 2014, are as follows:

	June 30, 2015	June 30, 2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's proportion	0.0028718258%	0.0031921956%

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

Defined Contribution Retirement Program (Continued) - The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2016, 2015, and 2014, were \$6,276, \$5,191, and \$3,488.

NOTE 9: POST-EMPLOYMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.03 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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 Pensions and Benefits issues a publicly 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/financial/2015divisioncombined.pdf>.

NOTE 10: LABOR CONTRACTS

As of June 30, 2016, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Lower Alloways Creek Education Association collective bargaining unit, which will expire on June 30, 2017.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.	MetLife
ING	Voya

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the 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 policies. The District's policy permits employees to accumulate 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 District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For 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. The liability for compensated absences in the Governmental Fund at June 30, 2016, is \$63,005. The liability for compensated absences in the Food Service Fund at June 30, 2016, is \$0.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1, as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for staff as of July 1, 2011, was \$1,000.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2016, the District did not incur claims in excess of their coverage.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: RISK MANAGEMENT (CONTINUED)

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

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. The table below is a summary of District contributions, employee contributions, 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:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016		\$ 3,494	\$ 1,641	\$ 185,838
2014-2015		3,472	458	183,409
2013-2014		3,458	14,695	180,124

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both Restricted and Unrestricted Fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey’s minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an Undesignated Fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained. Specific classifications of fund balance are summarized below:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15: FUND BALANCE APPROPRIATED (CONTINUED)

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2016.

Restricted Fund Balance:

Capital Reserve Account - Of the \$596,476 balance in the capital reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - Of the \$229,965 balance in the maintenance reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Emergency Reserve Account - Of the \$30,000 balance in the emergency reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 budget.

Excess Surplus - At June 30, 2016, excess surplus created in FY 2015 of \$462,894 will be utilized for expenditures in the 2016-2017 budget, while excess surplus created in FY 2016 of \$527,172 is restricted and will be utilized for budget expenditures in 2017-2018.

Debt Service Fund - At June 30, 2016, there was \$0 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2016.

Assigned Fund Balance - At June 30, 2016, the Board has assigned \$33,895 of General Fund balance to expenditures in the 2016-2017 budget. \$23,383 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2016, the District has \$182,495 of Unassigned Fund balance in the General Fund.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016, is \$990,066.

NOTE 17: ECONOMIC DEPENDENCY

The District is heavily reliant on the local tax levy and state sources to fund the District operations. State sources funded approximately 28% of the District's 2015-2016 Governmental Fund revenue, while local tax levy accounted for approximately 68%.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2016.

NOTE 19: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$88-\$323 a month per machine. Total lease payments made during the year ended June 30, 2016, amounted to \$7,388. Future minimum lease payments are as follows:

Year Ended	
June 30,	Amount
2017	\$ 7,388
2018	3,872
2019	3,872
	<u>\$ 15,132</u>

NOTE 20: COMMITMENTS AND CONTINGENCIES

The School District participates in Federal and State assisted grant programs. These programs are subject to program 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.

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Lower Alloways Creek Township School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and September 15, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,292,016		\$ 3,292,016	\$ 3,292,016	
Tuition from individuals				9,000	\$ 9,000
Transportation fees				617	617
Interest on investments	5,000		5,000	10,713	5,713
Interest on capital reserve funds	500		500	759	259
Miscellaneous				11,513	11,513
Total - local sources	3,297,516		3,297,516	3,324,618	27,102
State sources:					
Transportation aid	120,883		120,883	120,883	
Special education aid	124,366		124,366	124,366	
Equalization aid	421,194		421,194	421,194	
Security aid	19,864		19,864	19,864	
Adjustment aid	196,496		196,496	196,496	
PARCC readiness aid	1,840		1,840	1,840	
Per pupil growth aid	1,840		1,840	1,840	
Extraordinary aid				11,602	11,602
Other state aid:					
Nonpublic transportation				1,392	1,392
TPAF post-retirement medical (on-behalf non-budgeted)				141,892	141,892
Teachers' pension & annuity fund (on-behalf non-budgeted)				119,165	119,165
Reimbursed TPAF social security contributions (non-budgeted)				104,863	104,863
Total - state sources	886,483		886,483	1,265,397	378,914
Total revenues	4,183,999		4,183,999	4,590,015	406,016

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	143,055		143,055	137,536	5,519
Kindergarten	130,394	\$ (7,500)	122,894	119,417	3,477
Grades 1-5	667,316	(36,700)	630,616	613,678	16,938
Grades 6-8	392,066	16,700	408,766	392,964	15,802
Regular programs - home instruction:					
Salaries of teachers	4,000		4,000		4,000
Purchased professional - education services	5,000		5,000	180	4,820
Regular programs - undistributed instruction:					
Other salaries for instruction	16,873	5,800	22,673	18,726	3,947
Purchased professional - education services	4,000	21,700	25,700	9,390	16,310
Purchased technical services	8,000		8,000	3,600	4,400
Other purchased services (400-500 series)	53,550	(1,000)	52,550	42,591	9,959
General supplies	110,079		110,079	47,780	62,299
Textbooks	17,300		17,300	11,129	6,171
Miscellaneous expenditures	5,500		5,500	1,995	3,505
Total regular programs	1,557,133	(1,000)	1,556,133	1,398,986	157,147
Resource room:					
Salaries of teachers	130,400		130,400	130,393	7
General supplies	2,500	3,017	5,517	5,512	5
Textbooks	4,200	(3,017)	1,183		1,183
Total resource room	137,100		137,100	135,905	1,195
Total special education	137,100		137,100	135,905	1,195
Basic skills/remedial:					
General supplies	200		200		200
Total basic skills/remedial	200		200		200
School sponsored co-curricular activities:					
Salaries	2,300		2,300	1,311	989
Total school sponsored co-curricular activities	2,300		2,300	1,311	989
Total other instructional programs	2,500		2,500	1,311	1,189
Total - instruction	1,696,733	(1,000)	1,695,733	1,536,202	159,531

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state-regular	323,050		323,050	323,050	
Tuition to other LEAs within state-special	63,100		63,100	61,600	1,500
Tuition to county vocational - regular	207,500	884	208,384	184,869	23,515
Tuition to CSSD & regional day school	42,062	(884)	41,178	25,008	16,170
Tuition to private schools for the handicapped - within state	87,923		87,923	78,174	9,749
Total undistributed expenditures - instruction	723,635		723,635	672,701	50,934
Attendance and social work services:					
Salaries	18,107	50	18,157	18,120	37
Purchased professional/technical services	5,200		5,200	5,200	
Total attendance and social work services	23,307	50	23,357	23,320	37
Health services:					
Salaries	51,900	(50)	51,850	50,860	990
Purchased professional/technical services	5,650		5,650	4,816	834
Supplies and materials	3,500		3,500	2,410	1,090
Total health services	61,050	(50)	61,000	58,086	2,914
Related services:					
Purchased professional - education services	39,000		39,000	30,960	8,040
Supplies and materials	200		200		200
Total related services	39,200		39,200	30,960	8,240
Extraordinary services:					
Other salaries for instruction	8,642		8,642	8,041	601
Purchased professional - education services	53,500		53,500	47,324	6,176
Supplies and materials	200		200		200
Total extraordinary services	62,342		62,342	55,365	6,977
Other support services - guidance services:					
Purchased professional - education services	17,500		17,500	17,500	
Supplies and materials	200		200		200
Total other support services - guidance services	17,700		17,700	17,500	200
Other support services - child study team					
Purchased professional - education services	24,128		24,128	23,128	1,000
Other purchased professional - technical services	2,000		2,000	310	1,690
Supplies and materials	500		500		500
Total other support services - child study team	26,628		26,628	23,438	3,190
Improvement of instruction services:					
Salaries of other professional staff	3,800		3,800		3,800
Total improvement of instruction services:	3,800		3,800		3,800

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Purchased professional - education services	500	350	850	850	
Supplies and materials	5,600	650	6,250	5,879	371
Total educational media services/school library	6,100	1,000	7,100	6,729	371
Instructional staff training:					
Salaries of other professional staff	1,000		1,000		1,000
Purchased professional - education services	5,000		5,000	2,500	2,500
Other purchased professional - technical services	1,500		1,500		1,500
Other purchased services (400-500 series)	8,028		8,028	417	7,611
Supplies and materials	1,000		1,000		1,000
Total instructional staff training	16,528		16,528	2,917	13,611
Support services general administration:					
Salaries	83,407	(1,000)	82,407	72,217	10,190
Legal services	10,000		10,000	6,114	3,886
Audit fees	12,500		12,500	11,000	1,500
Other purchased professional services	8,600		8,600	3,605	4,995
Other purchased professional - technical services	1,000		1,000		1,000
Other purchased services (400-500 series)	13,350	1,500	14,850	9,347	5,503
Communications/telephone	9,900	(1,500)	8,400	5,484	2,916
BOE other purchased services	100		100		100
Supplies and materials	3,000		3,000	2,018	982
BOE in-house training/meeting supplies	100		100	26	74
Miscellaneous expenditures	2,900		2,900	2,254	646
BOE membership dues and fees	3,500		3,500	3,011	489
Total support services general administration	148,357	(1,000)	147,357	115,076	32,281
Support services school administration:					
Salaries of principals/assistant principals	59,000	(1,500)	57,500	48,172	9,328
Other purchased services (400-500 series)	800		800	169	631
Supplies and materials	200		200		200
Miscellaneous expenditures	200		200		200
Total support services school administration	60,200	(1,500)	58,700	48,341	10,359
Central services					
Purchased professional services	79,800		79,800	79,800	
Purchased technical services	9,825	1,500	11,325	10,605	720
Miscellaneous purchased services	2,000		2,000	1,051	949
Supplies and materials	2,500		2,500	842	1,658
Total central services	94,125	1,500	95,625	92,298	3,327
Administration information technology					
Salaries	2,000	1,000	3,000	2,860	140
Total administration information technology	2,000	1,000	3,000	2,860	140
Required maintenance for school facilities:					
Other salaries	32,082		32,082	31,489	593
Cleaning, repair, and maintenance services	53,200		53,200	42,988	10,212
Supplies and materials	2,500		2,500	1,026	1,474
Other objects	500		500	195	305
Total required maintenance for school facilities	88,282		88,282	75,698	12,584

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial services:					
Other salaries	67,840		67,840	62,505	5,335
Purchased professional and technical services	24,300		24,300	19,382	4,918
Purchased technical services	300		300		300
Cleaning, repair, and maintenance services	12,100		12,100	4,709	7,391
Insurance	37,000	(800)	36,200	34,439	1,761
Miscellaneous purchased services	400	800	1,200	950	250
General supplies	20,000		20,000	13,925	6,075
Energy - electricity	90,000		90,000	65,556	24,444
Energy - oil	80,000		80,000	24,545	55,455
Energy - gasoline	500		500		500
Other objects	2,260		2,260	240	2,020
Total other operation and maintenance of plant services	334,700		334,700	226,251	108,449
Total operation and maintenance of plant services	422,982		422,982	301,949	121,033
Security					
Cleaning, repair, and maintenance services	6,500		6,500	5,847	653
General supplies	1,000		1,000	212	788
Total security	7,500		7,500	6,059	1,441
Student transportation services:					
Salaries (between home and school) - regular	69,438	2,000	71,438	61,629	9,809
Salaries (between home and school) - special	57,850	(2,000)	55,850	50,528	5,322
Salaries (other than between home and school)	35,081		35,081	33,234	1,847
Other purchased professional - technical services	17,100		17,100	17,100	
Cleaning, repair, and maintenance services	5,000		5,000	625	4,375
Rental school bus	300		300		300
Aid in lieu - nonpublic	6,500	1,700	8,200	7,072	1,128
Aid in lieu - choice	2,800	(1,700)	1,100		1,100
Contracted services (regular students) - ESC and CTSA	79,000		79,000	77,408	1,592
Contracted services (special education students) - ESC	107,000		107,000	93,338	13,662
Miscellaneous purchased services	10,000		10,000		10,000
Supplies and materials	57,100		57,100	25,975	31,125
Miscellaneous expenditures	2,675		2,675	1,606	1,069
Total student transportation services	449,844		449,844	368,515	81,329
Unallocated benefits:					
Social security contributions	30,000	1,600	31,600	31,596	4
Other retirement contributions - PERS	33,000	(600)	32,400	24,709	7,691
Other retirement contributions - DCRP	7,000		7,000	6,276	724
Unemployment compensation	10,000		10,000		10,000
Workers' compensation	27,000		27,000	26,458	542
Health benefits	514,000	(1,000)	513,000	390,953	122,047
Tuition reimbursement	10,000		10,000	3,988	6,012
Other employee benefits	32,000		32,000	9,577	22,423
Total unallocated benefits	663,000		663,000	493,557	169,443

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TPAF post-retirement medical (on-behalf non-budgeted)				141,892	(141,892)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				119,165	(119,165)
Reimbursed TPAF social security contributions (non-budgeted)				104,863	(104,863)
Total non-budgeted				365,920	(365,920)
Total undistributed expenditures	2,828,298	1,000	2,829,298	2,685,591	143,707
Total expenditures - current expense	4,525,031		4,525,031	4,221,793	303,238
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction - instructional equipment		4,200	4,200	4,199	1
Required maintenance - equipment		5,100	5,100	5,100	
Custodial services	5,000	(4,200)	800		800
Security	10,000	(7,523)	2,477		2,477
Student transportation		2,323	2,323	2,323	
Total equipment	15,000	(100)	14,900	11,622	3,278
Facilities acquisition and construction services:					
Architectural/engineering services		100	100		100
Other professional/technical services	1,291	39	1,330		1,330
SDA debt service assessment	1,258		1,258	1,258	
Total facilities acquisition and construction services	2,549	139	2,688	1,258	1,430
Total capital outlay	17,549	39	17,588	12,880	4,708
Total expenditures	4,542,580	39	4,542,619	4,234,673	307,946
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(358,581)	(39)	(358,620)	355,342	713,962
Other financing sources (uses)					
Transfers out - food service	(18,000)		(18,000)	(5,000)	(13,000)
Transfer out - capital reserve to capital projects	(165,300)	39	(165,261)	(138,615)	(26,646)
Total other financing sources and uses	(183,300)	39	(183,261)	(143,615)	(39,646)
Net changes in fund balance	(541,881)		(541,881)	211,727	674,316
Fund balances - July 1	1,994,052		1,994,052	1,994,052	
Fund balances - June 30	\$ 1,452,171		\$ 1,452,171	\$ 2,205,779	\$ 674,316

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 596,476	
Maintenance reserve				229,965	
Tuition reserve				39,000	
Emergency reserve				30,000	
Excess surplus - designated for subsequent year's expenditures				462,894	
Excess surplus - current year				527,172	
Assigned Fund Balance:					
Year-end encumbrances				23,383	
Designated for subsequent year's expenditures				33,895	
Unassigned Fund Balance				<u>262,994</u>	
				2,205,779	
Reconciliation to Governmental Fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				<u>(80,499)</u>	
Fund balance per Governmental Funds (GAAP)				<u><u>\$ 2,125,280</u></u>	

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 104,148	\$ 22,194	\$ 126,342	\$ 123,120	\$ 3,222
Local sources		2,151	2,151	2,151	
Total revenues	<u>\$ 104,148</u>	<u>\$ 24,345</u>	<u>\$ 128,493</u>	<u>\$ 125,271</u>	<u>\$ 3,222</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 18,452	\$ 1,395	\$ 19,847	\$ 18,087	\$ 1,760
Other salaries for instruction	24,840	(2,521)	22,319	22,319	
Other purchased services (400-500 series)	21,775		21,775	21,775	
Supplies and materials		22,194	22,194	22,194	
Total Instruction	<u>65,067</u>	<u>21,068</u>	<u>86,135</u>	<u>84,375</u>	<u>1,760</u>
Support services:					
Personal services - employee benefits	5,282	1,126	6,408	6,274	134
Purchased professional - educational services	32,378	(1,628)	30,750	30,750	
Other purchased services (400-500 series)	1,421	1,628	3,049	1,721	1,328
Supplies and materials		2,151	2,151	2,151	
Total support services	<u>39,081</u>	<u>3,277</u>	<u>42,358</u>	<u>40,896</u>	<u>1,462</u>
Total expenditures	<u>\$ 104,148</u>	<u>\$ 24,345</u>	<u>\$ 128,493</u>	<u>\$ 125,271</u>	<u>\$ 3,222</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

	General Fund N-1		Special Revenue Fund
Sources/inflows of resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 4,590,015	[C-2]	\$ 125,271
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	88,527		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(80,499)		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] \$ 4,598,043	[B-2]	\$ 125,271
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 4,234,673		\$ 125,271
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] \$ 4,234,673	[B-2]	\$ 125,271

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Three Fiscal Years

	<u>June 30, 2016</u>	<u>Fiscal Year Ended</u>	
		<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.0028718258%	0.0031921956%	0.0030527702%
District's proportionate share of the net pension liability (asset)	\$ 644,667	\$ 597,666	\$ 583,445
District's covered-employee payroll	190,690	176,212	220,718
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	338.07%	339.17%	264.34%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%
Measurement date	6/30/2015	6/30/2014	6/30/2013

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - PERS
Last Three Fiscal Years

	Fiscal Year Ended		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 24,690	\$ 26,316	\$ 23,002
Contributions in relation to the contractually required contribution	24,690	26,316	23,002
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 190,690	\$ 176,212	\$ 220,718
Contributions as a percentage of covered-employee payroll	12.95%	14.93%	10.42%
Measurement date	6/30/2015	6/30/2014	6/30/2013

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Three Fiscal Years

	Fiscal Year Ended		
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability (asset)	0.0140471437%	0.0146315111%	0.0158131237%
District's proportionate share of the net pension liability (asset)	\$ 8,878,395	\$ 7,820,066	\$ 7,991,828
District's covered-employee payroll	1,439,272	1,420,848	1,438,040
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	616.87%	550.38%	555.74%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%
Measurement date	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: 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. The total pension liability for the June 30, 2014, measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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) with adjustments for mortality improvements from the base year of 2012, based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

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.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward Ex. E-1a	Title I Part A	NJ-SBA Safety Award	Totals	
				FY 2016	FY 2015
REVENUES:					
Federal sources	\$ 77,237	\$ 45,883		\$ 123,120	\$ 100,019
Local sources			\$ 2,151	2,151	3,818
Total revenues	<u>\$ 77,237</u>	<u>\$ 45,883</u>	<u>\$ 2,151</u>	<u>\$ 125,271</u>	<u>\$ 103,837</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 740	\$ 17,347		\$ 18,087	
Other salaries for instruction		22,319		22,319	\$ 21,410
Other purchased services (400-500 series)	21,775			21,775	17,036
Supplies and materials	22,194			22,194	22,501
Total instruction	<u>44,709</u>	<u>39,666</u>		<u>84,375</u>	<u>60,947</u>
Support services:					
Personal services - employee benefits	57	6,217		6,274	1,638
Purchased professional - educational services	30,750			30,750	35,712
Other purchased services (400-500 series)	1,721			1,721	2,722
Supplies and materials			\$ 2,151	2,151	2,818
Total support services	<u>32,528</u>	<u>6,217</u>	<u>2,151</u>	<u>40,896</u>	<u>42,890</u>
Total expenditures	<u>\$ 77,237</u>	<u>\$ 45,883</u>	<u>\$ 2,151</u>	<u>\$ 125,271</u>	<u>\$ 103,837</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part A Teacher & Principal Training & Recruiting Carryover	IDEA Preschool	IDEA Part B	Rural Education Achievement Program	Total Carried Forward
REVENUES:						
Federal sources	\$ 1,097	\$ 1,421	\$ 750	\$ 51,775	\$ 22,194	\$ 77,237
Total revenues	<u>\$ 1,097</u>	<u>\$ 1,421</u>	<u>\$ 750</u>	<u>\$ 51,775</u>	<u>\$ 22,194</u>	<u>\$ 77,237</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 740					\$ 740
Other purchased services (400-500 series)				\$ 21,775		21,775
Supplies and materials					\$ 22,194	22,194
Total instruction	<u>740</u>			<u>21,775</u>	<u>22,194</u>	<u>44,709</u>
Support services:						
Personal services - employee benefits	57					57
Purchased professional - educational services			\$ 750	30,000		30,750
Other purchased services (400-500 series)	300	\$ 1,421				1,721
Total support services	<u>357</u>	<u>1,421</u>	<u>750</u>	<u>30,000</u>		<u>32,528</u>
Total expenditures	<u>\$ 1,097</u>	<u>\$ 1,421</u>	<u>\$ 750</u>	<u>\$ 51,775</u>	<u>\$ 22,194</u>	<u>\$ 77,237</u>

CAPITAL PROJECTS FUND

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2016
			Prior Years	Current Year	
Exterior door replacement, partial roof replacement & front vestibule	04/23/12	\$ 915,000	\$ 907,992		\$ 7,008
Roof replacement	01/06/14	231,025		\$ 231,025	
		<u>\$ 1,146,025</u>	<u>\$ 907,992</u>	<u>\$ 231,025</u>	<u>\$ 7,008</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	FY 2016
Revenues & other financing sources	
Transfer from capital outlay	\$ 138,615
State sources: SDA Grant	92,410
	231,025
Total revenues	231,025
Expenditures & other financing uses	
Purchased professional & technical services	9,502
Construction services	221,523
	231,025
Total expenditures	231,025
Excess (deficiency) or revenues over (under) expenditures	None
Fund balance - beginning	7,008
Fund balance - ending	\$ 7,008

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Exterior Door Replacement, Partial Roof Replacement and Front Vestibule
 From Inception and for the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources:				
Transfer from capital reserve	\$ 915,000		\$ 915,000	\$ 915,000
Total revenues	915,000		915,000	915,000
Expenditures & other financing uses:				
Purchased professional & technical services	46,697		46,697	49,050
Construction services	861,295		861,295	865,950
Total expenditures	907,992		907,992	915,000
Excess (deficiency) or revenues over (under) expenditures	\$ 7,008	None	\$ 7,008	
Additional project information:				
Project number	2800-050-13-1000			
Grant date	n/a			
Bond authorization date	n/a			
Bonds authorized	0			
Bonds issued	0			
Original authorized cost	\$ 915,000			
Additional authorized cost	None			
Revised authorized cost	915,000			
Percentage increase over original authorized cost	0%			
Percentage completion	100%			
Original target completion date	September 2013			
Revised target completion date	September 2013			

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Roof Replacement
 From Inception and for the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources:				
Transfer from capital outlay		\$ 138,615	\$ 138,615	\$ 165,300
State sources: SDA Grant		92,410	92,410	110,200
Total revenues		231,025	231,025	275,500
Expenditures & other financing uses:				
Purchased professional & technical services		9,502	9,502	22,000
Construction services		221,523	221,523	253,500
Total expenditures		231,025	231,025	275,500
Excess (deficiency) or revenues over (under) expenditures		None	None	None
Additional project information:				
Project number		2800-050-14-1002		
Grant date		1/6/2014		
Bond authorization date		n/a		
Bonds authorized		n/a		
Bonds issued		n/a		
Original authorized cost		\$ 275,500		
Additional authorized cost		None		
Revised authorized cost		275,500		
Percentage increase over original authorized cost		0%		
Percentage completion		100%		
Original target completion date		August 2015		
Revised target completion date		October 2015		

PROPRIETARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2016	Totals FY 2015
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 706	\$ 3,662	\$ 4,368	\$ 8,424
Accounts receivable:				
State	133		133	81
Federal	4,475		4,475	1,611
Inventory	1,028		1,028	1,770
Total current assets	6,342	3,662	10,004	11,886
Non-current assets:				
Machinery and equipment	76,037		76,037	76,037
Less: accumulated depreciation	(66,329)		(66,329)	(65,459)
Total non-current assets	9,708		9,708	10,578
Total assets	\$ 16,050	\$ 3,662	\$ 19,712	\$ 22,464
NET POSITION				
Invested in capital assets, net of related debt	\$ 9,708		\$ 9,708	\$ 10,578
Unrestricted	6,342	\$ 3,662	10,004	11,886
Total net position	\$ 16,050	\$ 3,662	\$ 19,712	\$ 22,464

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2016	Totals FY 2015
OPERATING REVENUES:				
Local sources:				
Daily sales:				
Reimbursable programs	\$ 26,163		\$ 26,163	\$ 29,591
Non-reimbursable programs	11,436		11,436	12,615
Tuition		\$ 5,116	5,116	3,099
Total operating revenue	37,599	5,116	42,715	45,305
OPERATING EXPENSES:				
Salaries	23,914	3,575	27,489	25,469
Employee benefits	1,925	274	2,199	2,049
Purchased professional/technical services	1,985		1,985	494
Purchased property services	4,386		4,386	646
Other purchased services (400-500 series)	7,000		7,000	6,000
Supplies and materials	254		254	141
Cost of sales	34,838		34,838	41,283
Depreciation	870		870	1,223
Total operating expenses	75,172	3,849	79,021	77,305
Operating income (loss)	(37,573)	1,267	(36,306)	(32,000)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	720		720	845
Federal sources:				
National school lunch program	22,599		22,599	23,928
School breakfast program	1,221		1,221	
Food distribution program	4,014		4,014	7,308
Total non-operating revenues (expenses)	28,554		28,554	32,081
Income (loss) before operating transfers	(9,019)	1,267	(7,752)	81
Other financing sources (uses)				
Operating transfer in - general fund	5,000		5,000	4,000
Capital asset contributions				5,250
Net income (loss)	(4,019)	1,267	(2,752)	9,331
Total net position - July 1	20,069	2,395	22,464	13,133
Total net position - June 30	\$ 16,050	\$ 3,662	\$ 19,712	\$ 22,464

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2016	Totals FY 2015
Cash flows from operating activities:				
Receipts from customers	\$ 37,599	\$ 5,116	\$ 42,715	\$ 45,305
Payments to suppliers	(47,721)		(47,721)	(48,773)
Payments to employees	(23,914)	(3,575)	(27,489)	(25,469)
Payments for employee benefits	(1,925)	(274)	(2,199)	(2,049)
Net cash provided (used) by operating activities	(35,961)	1,267	(34,694)	(30,986)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	25,638		25,638	32,422
Board contribution	5,000		5,000	4,000
Net cash provided by non-capital financing activities	30,638		30,638	36,422
Net increase in cash and cash equivalents	(5,323)	1,267	(4,056)	5,436
Cash and cash equivalents - July 1	6,029	2,395	8,424	2,988
Cash and cash equivalents - June 30	\$ 706	\$ 3,662	\$ 4,368	\$ 8,424
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (37,573)	\$ 1,267	\$ (36,306)	\$ (32,000)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	870		870	1,223
Change in assets and liabilities:				
(Increase) decrease in inventory	742		742	(209)
	\$ (35,961)	\$ 1,267	\$ (34,694)	\$ (30,986)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Total</u> <u>FY 2016</u>	<u>Total</u> <u>FY 2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,718	\$ 8,685
Total assets	<u>\$ 7,718</u>	<u>\$ 8,685</u>
LIABILITIES AND NET POSITION		
Net position:		
Unrestricted	\$ 7,718	\$ 8,685
Total liabilities and net position	<u>\$ 7,718</u>	<u>\$ 8,685</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Total</u> <u>FY 2016</u>	<u>Total</u> <u>FY 2015</u>
OPERATING REVENUES:		
Local sources:		
Other charges and fees	\$ 27,800	\$ 38,400
Total operating revenue	<u>27,800</u>	<u>38,400</u>
OPERATING EXPENSES:		
Salaries	23,996	29,028
Employee benefits	4,771	4,940
Total operating expenses	<u>28,767</u>	<u>33,968</u>
Income (loss) before operating transfers	<u>(967)</u>	<u>4,432</u>
Net changes in net position	<u>(967)</u>	<u>4,432</u>
Total net position - July 1	<u>8,685</u>	<u>4,253</u>
Total net position - June 30	<u><u>\$ 7,718</u></u>	<u><u>\$ 8,685</u></u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Total</u> <u>FY 2016</u>	<u>Total</u> <u>FY 2015</u>
Cash flows from operating activities:		
Receipts from customers	\$ 27,800	\$ 38,400
Payments to employees	(23,996)	(29,028)
Payments for employee benefits	(4,771)	(4,940)
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(967)	4,432
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	(967)	4,432
	<u> </u>	<u> </u>
Cash and cash equivalents - July 1	8,685	4,253
	<u> </u>	<u> </u>
Cash and cash equivalents - June 30	\$ 7,718	\$ 8,685
	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (967)	\$ 4,432
	<u> </u>	<u> </u>
	<u>\$ (967)</u>	<u>\$ 4,432</u>

FIDUCIARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		Agency Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2016	FY 2015
ASSETS						
Cash and cash equivalents	\$ 1,864	\$ 185,838	\$ 7,901	\$ 398	\$ 196,001	\$ 194,383
Total assets	<u>\$ 1,864</u>	<u>\$ 185,838</u>	<u>\$ 7,901</u>	<u>\$ 398</u>	<u>196,001</u>	<u>194,383</u>
LIABILITIES						
Due to student groups			\$ 7,901		7,901	8,674
Payroll deductions and withholdings				\$ 398	398	311
Total liabilities			<u>\$ 7,901</u>	<u>\$ 398</u>	<u>8,299</u>	<u>8,985</u>
NET POSITION						
Held in trust for:						
Unemployment claims		\$ 185,838			185,838	183,409
Scholarship awards	\$ 1,864				1,864	1,989
Total net position	<u>\$ 1,864</u>	<u>\$ 185,838</u>			<u>\$ 187,702</u>	<u>\$ 185,398</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	FY 2016	FY 2015
	<u>Trust</u>	<u>Trust</u>	<u>FY 2016</u>	<u>FY 2015</u>
ADDITIONS:				
Contributions:				
Plan members		\$ 3,794	\$ 3,794	\$ 3,472
Total contributions		<u>3,794</u>	<u>3,794</u>	<u>3,472</u>
Investment earnings:				
Interest		276	276	271
Total investment earnings		<u>276</u>	<u>276</u>	<u>271</u>
Total additions		<u>4,070</u>	<u>4,070</u>	<u>3,743</u>
DEDUCTIONS:				
Unemployment claims		1,641	1,641	458
Scholarships awarded	\$ 125		125	125
Total deductions	<u>125</u>	<u>1,641</u>	<u>1,766</u>	<u>583</u>
Change in net position	(125)	2,429	2,304	3,160
Net position July 1	1,989	183,409	185,398	182,238
Net position June 30	<u>\$ 1,864</u>	<u>\$ 185,838</u>	<u>\$ 187,702</u>	<u>\$ 185,398</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
ACTIVITIES:				
Elementary school	\$ 8,674	\$ 8,195	\$ 8,968	\$ 7,901

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 311	\$ 2,142,112	\$ 2,142,025	\$ 398
Total assets	\$ 311	\$ 2,142,112	\$ 2,142,025	\$ 398
LIABILITIES				
Employees' net pay		\$ 1,222,134	\$ 1,222,134	
Payroll deductions and withholdings	\$ 311	915,957	915,870	\$ 398
Interfund Payable		4,021	4,021	
Total liabilities	\$ 311	\$ 2,142,112	\$ 2,142,025	\$ 398

**STATISTICAL SECTION
(Unaudited)**

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	99-104
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	105-108
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	109-112
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	113-114
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	115-119

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Net Position By Component
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 595,814	\$ 741,886	\$ 676,263	\$ 610,486	\$ 601,201	\$ 1,093,296	\$ 1,034,496	\$ 1,903,866	\$ 1,794,674	\$ 1,872,333
Restricted	554,796	775,703	1,151,420	1,186,001	1,410,710	1,512,647	1,955,939	1,412,851	1,706,965	1,949,793
Unrestricted	230,264	123,172	51,764	69,805	96,704	141,661	142,631	149,802	(418,542)	(449,727)
Total governmental activities net position	\$ 1,380,874	\$ 1,640,761	\$ 1,879,447	\$ 1,866,292	\$ 2,108,615	\$ 2,747,604	\$ 3,133,066	\$ 3,466,519	\$ 3,083,097	\$ 3,372,399
Business-type activities:										
Invested in capital assets, net of related debt		\$ 15,493	\$ 13,398	\$ 11,303	\$ 9,207	\$ 7,112	\$ 5,401	\$ 6,551	\$ 10,578	\$ 9,708
Unrestricted	\$ 4,674	1,796	2,653	17,542	5,300	3,214	10,405	6,582	11,886	10,004
Total business-type activities net position	\$ 4,674	\$ 17,289	\$ 16,051	\$ 28,845	\$ 14,507	\$ 10,326	\$ 15,806	\$ 13,133	\$ 22,464	\$ 19,712
District-wide:										
Invested in capital assets, net of related debt	\$ 595,814	\$ 757,379	\$ 689,661	\$ 621,789	\$ 610,408	\$ 1,100,408	\$ 1,039,897	\$ 1,910,417	\$ 1,805,252	\$ 1,882,041
Restricted	554,796	775,703	1,151,420	1,186,001	1,410,710	1,512,647	1,955,939	1,412,851	1,706,965	1,949,793
Unrestricted	234,938	124,968	54,417	87,347	102,004	144,875	153,036	156,384	(406,656)	(439,723)
Total district-wide net position	\$ 1,385,548	\$ 1,658,050	\$ 1,895,498	\$ 1,895,137	\$ 2,123,122	\$ 2,757,930	\$ 3,148,872	\$ 3,479,652	\$ 3,105,561	\$ 3,392,111

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 1,674,165	\$ 1,519,852	\$ 1,495,052	\$ 1,508,549	\$ 1,441,678	\$ 1,336,507	\$ 1,382,904	\$ 1,396,118	\$ 1,466,324	\$ 1,418,544
Special education	160,142	217,138	210,381	211,250	166,930	155,811	157,600	166,215	175,065	219,793
Other special education	58,516	61,548	81,762	138,608	4,110	51,000				
Other instruction		616	1,687	732	1,552	878	422	495	3,072	1,311
Support services:										
Tuition	669,381	565,401	595,614	488,660	761,204	795,473	456,836	578,708	593,506	672,701
Student & instruction and related services	150,295	212,305	267,415	300,073	251,425	278,268	274,120	315,367	307,449	252,937
General administration	72,696	128,399	124,318	130,919	112,810	118,218	127,322	136,260	133,373	115,076
School administrative services	144,123	56,511	57,719	59,241	59,241	60,808	59,422	58,715	57,820	48,341
Central services	72,677	75,560	84,447	89,152	86,226	90,799	94,316	101,450	110,245	92,298
Administrative information technology	1,080	1,204	1,797	2,156						2,860
Plant operations and maintenance	340,566	367,540	334,194	359,133	283,799	311,990	416,061	317,915	332,329	308,008
Pupil transportation	281,640	305,753	355,780	344,052	314,203	342,116	299,835	351,905	372,798	369,315
Unallocated benefits	990,173	975,747	758,890	779,860	889,829	835,848	823,840	759,237	800,641	881,792
Capital outlay		9,734		14,412	3,113	2,315	61,391	1,258	6,508	10,760
Unallocated depreciation		89,114	60,026	57,739	80,907	123,654	122,517	132,947	141,625	147,183
Total governmental activities expenses	4,615,454	4,586,422	4,429,082	4,484,536	4,457,027	4,503,685	4,276,586	4,316,590	4,500,755	4,540,919
Business-type activities:										
Food service	88,013	95,201	95,888	90,611	89,053	94,612	91,778	96,311	74,584	75,172
Child care				9,497	7,744	6,526	5,374	3,193	2,721	3,849
Total business-type activities expense	88,013	95,201	95,888	100,108	96,797	101,138	97,152	99,504	77,305	79,021
Total District expenses	\$ 4,703,467	\$ 4,681,623	\$ 4,524,970	\$ 4,584,644	\$ 4,553,824	\$ 4,604,823	\$ 4,373,738	\$ 4,416,094	\$ 4,578,060	\$ 4,619,940
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Instruction (tuition)						\$ 23,275	\$ 20,980	\$ 24,099	\$ 38,400	\$ 27,800
Pupil transportation	\$ 43,027									
Operating grants and contributions	505,810	\$ 118,281	\$ 108,198	\$ 152,197	\$ 132,441	108,584	96,444	95,246	103,837	217,681
Total governmental activities program revenues	548,837	118,281	108,198	152,197	132,441	131,859	117,424	119,345	142,237	245,481

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	41,729	45,653	48,642	53,140	51,945	50,152	49,573	42,263	42,206	37,599
Child care				9,040	8,593	6,637	5,806	4,275	3,099	5,116
Operating grants and contributions	19,860	19,575	21,008	25,722	21,921	24,168	22,253	29,693	32,081	28,554
Total business-type activities program revenues	61,589	65,228	69,650	87,902	82,459	80,957	77,632	76,231	77,386	71,269
Total District program revenue	\$ 610,426	\$ 183,509	\$ 177,848	\$ 240,099	\$ 214,900	\$ 212,816	\$ 195,056	\$ 195,576	\$ 219,623	\$ 316,750
Net (expense) revenue:										
Governmental activities:	\$ (4,066,617)	\$ (4,468,141)	\$ (4,320,884)	\$ (4,332,339)	\$ (4,324,586)	\$ (4,371,826)	\$ (4,159,162)	\$ (4,197,245)	\$ (4,358,518)	\$ (4,295,438)
Business-type activities	(26,424)	(29,973)	(26,238)	(12,206)	(14,338)	(20,181)	(19,520)	(23,273)	81	(7,752)
Total District-wide net expense	\$ (4,093,041)	\$ (4,498,114)	\$ (4,347,122)	\$ (4,344,545)	\$ (4,338,924)	\$ (4,392,007)	\$ (4,178,682)	\$ (4,220,518)	\$ (4,358,437)	\$ (4,303,190)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes levied for government purposes	\$ 3,000,000	\$ 3,120,000	\$ 3,170,000	\$ 3,230,000	\$ 3,359,200	\$ 3,359,200	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016
Unrestricted grants and contributions	1,005,720	1,424,366	1,322,368	933,733	1,178,253	1,354,182	1,232,736	1,213,118	1,230,631	1,273,425
Restricted grants and contributions				123,835						
Tuition charges	12,750	16,900	17,070	30,830	12,229	7,000	6,890	3,483		9,000
Transportation fees		26,897	55,150	13,200	575	250	62	600		617
Investment earnings	42,779	33,850	18,128	10,545	31,840	34,845	37,283	23,511	19,338	11,472
Gain on disposal of assets	1,142	(2,946)			(34,515)	(19,914)		(3,525)	(3,656)	(8,303)
Transfers out	(9,000)	(25,000)	(25,000)	(25,000)		(16,000)	(25,000)	(18,000)	(4,000)	(5,000)
Insurance recovery						286,754				
Miscellaneous income	1,273	2,099	1,854	2,041	19,327	4,498	637	19,495	1,210	11,513
Total governmental activities	4,054,664	4,596,166	4,559,570	4,319,184	4,566,909	5,010,815	4,544,624	4,530,698	4,535,539	4,584,740
Business-type activities:										
Transfers	9,000	25,000	25,000	25,000			25,000	18,000	4,000	5,000
Capital asset contributions								2,600	5,250	
Total business-type activities	9,000	25,000	25,000	25,000			25,000	20,600	9,250	5,000
Total District-wide	\$ 4,063,664	\$ 4,621,166	\$ 4,584,570	\$ 4,344,184	\$ 4,566,909	\$ 5,010,815	\$ 4,569,624	\$ 4,551,298	\$ 4,544,789	\$ 4,589,740
Change in net position										
Governmental activities	\$ (11,953)	\$ 128,025	\$ 238,686	\$ (13,155)	\$ 242,323	\$ 638,989	\$ 385,462	\$ 333,453	\$ 177,021	\$ 289,302
Business-type activities	(17,424)	(4,973)	(1,238)	12,794	(14,338)	(20,181)	5,480	(2,673)	9,331	(2,752)
Total District	\$ (29,377)	\$ 123,052	\$ 237,448	\$ (361)	\$ 227,985	\$ 618,808	\$ 390,942	\$ 330,780	\$ 186,352	\$ 286,550

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 650,457	\$ 775,703	\$ 1,099,868	\$ 1,186,001						
Unreserved	206,947	207,437	193,786	163,914						
Restricted					\$ 1,118,667	\$ 1,382,706	\$ 1,147,303	\$ 1,356,523	\$ 1,631,171	\$ 1,885,507
Assigned					292,043	129,941	68,614	49,320	68,786	57,278
Unassigned					179,539	211,187	208,139	224,354	205,568	182,495
Total general fund	\$ 857,404	\$ 983,140	\$ 1,293,654	\$ 1,349,915	\$ 1,590,249	\$ 1,723,834	\$ 1,424,056	\$ 1,630,197	\$ 1,905,525	\$ 2,125,280
All other governmental funds:										
Unreserved, reported in:										
Special revenue fund	\$ (351)	\$ (351)								
Capital projects fund							\$ 740,022	\$ 7,008	\$ 7,008	\$ 7,008
Total all other governmental funds	\$ (351)	\$ (351)	None	None	None	None	\$ 740,022	\$ 7,008	\$ 7,008	\$ 7,008

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Tax levy	\$ 3,000,000	\$ 3,120,000	\$ 3,170,000	\$ 3,230,000	\$ 3,359,200	\$ 3,359,200	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016
Tuition charges	12,750	16,900	17,070	30,830	12,229	7,000	6,890	3,483		9,000
Transportation fees	43,027	26,897	55,150	13,200	575	250	62	600		617
Interest earnings	42,779	33,850	18,128	10,545	31,840	34,845	37,283	23,511	19,338	11,472
Miscellaneous	4,273	2,099	1,854	5,959	24,634	8,597	3,938	19,495	5,028	13,664
State sources	1,394,452	1,434,389	1,323,719	934,733	1,178,253	1,315,617	1,232,736	1,213,118	1,230,631	1,365,835
Federal sources	114,078	108,258	106,847	271,114	127,134	143,050	93,143	95,246	100,019	123,120
Total revenue	4,611,359	4,742,393	4,692,768	4,496,381	4,733,865	4,868,559	4,666,068	4,647,469	4,647,032	4,815,724
EXPENDITURES:										
Instruction:										
Regular	1,548,948	1,511,187	1,489,200	1,504,926	1,447,868	1,328,293	1,368,160	1,371,383	1,446,096	1,398,986
Special	142,254	217,078	209,881	210,520	166,860	155,221	158,012	165,653	175,690	220,280
Other special instruction	58,516	62,432	83,308	139,050	3,935	51,045				
Other instruction					1,552	878	422	1,095	3,072	1,311
Undistributed:										
Instruction	643,759	565,401	595,614	488,660	761,204	795,473	456,836	578,708	593,506	672,701
Student & instruction related services	178,867	212,105	255,870	293,584	251,425	317,505	274,120	315,367	307,449	252,937
General administration	126,235	128,399	124,318	130,919	112,810	118,218	127,322	136,260	133,373	115,076
School administration	54,808	56,511	57,719	59,241	59,241	60,808	59,422	58,715	57,820	48,341
Central administration	72,677	75,560	80,138	85,984	86,226	90,799	94,316	101,450	110,245	92,298
Administration information technology	1,080	1,204	1,797	2,156						2,860
Plant operations & maintenance	340,566	362,906	340,704	356,620	289,128	314,600	415,121	355,293	332,329	308,008
Student transportation	281,640	307,123	339,182	331,056	314,203	342,116	299,835	347,725	376,048	368,515
Unallocated benefits	988,930	975,747	758,890	779,860	889,829	832,031	822,150	758,763	790,479	865,751
Capital outlay		116,004	20,282	32,544	109,250	311,987	125,108	969,722	41,597	243,905
Total expenditures	4,438,280	4,591,657	4,356,903	4,415,120	4,493,531	4,718,974	4,200,824	5,160,134	4,367,704	4,590,969
Excess (deficiency) of revenues over (under) expenditures	173,079	150,736	335,865	81,261	240,334	149,585	465,244	(512,665)	279,328	224,755
Other financing sources (uses)										
Transfer in - internal service fund								3,792		
Transfers out - food service	(9,000)	(25,000)	(25,000)	(25,000)		(16,000)	(25,000)	(18,000)	(4,000)	(5,000)
Total other financing sources (uses)	(9,000)	(25,000)	(25,000)	(25,000)		(16,000)	(25,000)	(14,208)	(4,000)	(5,000)
Net change in fund balance	\$ 164,079	\$ 125,736	\$ 310,865	\$ 56,261	\$ 240,334	\$ 133,585	\$ 440,244	\$ (526,873)	\$ 275,328	\$ 219,755

Debt service as a percentage of noncapital expenditures

Source: District records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Miscellaneous	Refund Prior Year	Annual Totals
2007	\$ 3,973	\$ 300	\$ 4,273
2008	1,129	970	2,099
2009	338	1,516	1,854
2010	1,192	849	2,041
2011	3,304	16,023	19,327
2012	2,576	1,922	4,498
2013	183	454	637
2014	4,215	15,280	19,495
2015	1,210		1,210
2016	3,356	8,157	11,513
	<u>\$ 21,476</u>	<u>\$ 45,471</u>	<u>\$ 66,947</u>

Source: District Records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2007	2,532,500	59,262,800	25,500,800	4,243,810	1,527,200	111,214,100	0	204,281,210	602,977	204,884,187	243,685,089	0.000
2008	2,469,000	59,410,500	25,789,100	4,205,910	1,527,200	111,214,100	0	204,615,810	544,459	205,160,269	246,124,871	0.000
2009	2,479,700	60,678,500	25,347,500	4,181,210	1,527,200	112,994,100	0	207,208,210	689,861	207,898,071	231,109,347	0.000
2010	2,445,400	61,197,000	25,783,200	4,311,000	1,527,100	113,154,200	0	208,417,900	507,414	208,925,314	314,570,493	0.000
2011	2,614,300	61,954,200	25,588,300	4,168,500	1,527,200	113,229,100	0	209,081,600	610,966	209,692,566	265,310,796	0.000
2012	3,198,600	64,264,700	23,401,100	3,907,300	1,527,200	113,498,600	0	209,797,500	423,390	210,220,890	296,419,755	0.000
2013	3,229,600	69,945,000	18,928,500	3,772,300	1,633,600	113,498,600	0	211,007,600	436,054	211,443,654	276,948,769	0.000
2014	3,226,000	70,567,100	18,679,100	3,757,200	1,633,600	113,498,600	0	211,361,600	409,427	211,771,027	264,640,143	0.000
2015	3,023,500	70,949,400	19,112,000	3,749,800	1,633,600	113,498,600	0	211,966,900	247,473	212,214,373	301,889,459	0.000
2016	3,014,700	70,823,500	19,449,800	3,773,600	1,633,600	113,498,600	0	212,193,800	249,916	212,443,716	305,958,977	0.000

Source: Municipal Tax Collector

n/a = Not available at time of completion of CAFR

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
				Township of LAC	Salem County	
2007	0.000	0.000	0.000	0.000	1.136	1.136
2008	0.000	0.000	0.000	0.000	1.072	1.072
2009	0.000	0.000	0.000	0.000	1.127	1.127
2010	0.000	0.000	0.000	0.000	1.033	1.033
2011	0.000	0.000	0.000	0.000	1.336	1.336
2012	0.000	0.000	0.000	0.000	1.116	1.116
2013	0.000	0.000	0.000	0.000	1.268	1.268
2014	0.000	0.000	0.000	0.000	1.207	1.207
2015	0.000	0.000	0.000	0.000	1.376	1.376
2016	0.000	0.000	0.000	0.000	1.441	1.441

Source: Municipal Tax Assessor

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
PSE&G	113,592,800	53.53%	111,214,100	54.28%
Verizon - New Jersey			657,863	0.32%
Taxpayer #1	856,300	0.40%		
Taxpayer #2	782,500	0.37%		
Wave Maker 4 LLC	644,900	0.30%	538,500	0.26%
Taxpayer #3	398,800	0.19%	398,800	0.19%
Hancock, Tice & Crane LLC	396,600	0.19%		
Taxpayer #4	368,100	0.17%	336,200	0.16%
Taxpayer #5	366,400	0.17%	288,900	0.14%
Taxpayer #6	362,500	0.17%	282,300	0.14%
Taxpayer #7	349,600	0.16%	279,600	0.14%
Taxpayer #8			273,600	0.13%
Taxpayer #9			261,600	0.13%
	<u>118,118,500</u>	<u>55.67%</u>	<u>114,531,463</u>	<u>55.90%</u>

Source: Municipal Tax Assessor

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year</u>		Collections in Subsequent Year
		<u>Amount</u>	<u>Percent of Levy</u>	
2007	\$ 3,000,000	\$ 3,000,000	100.00%	
2008	3,120,000	3,120,000	100.00%	
2009	3,170,000	3,170,000	100.00%	
2010	3,230,000	3,230,000	100.00%	
2011	3,359,200	3,359,200	100.00%	
2012	3,359,200	3,359,200	100.00%	
2013	3,292,016	3,292,016	100.00%	
2014	3,292,016	3,292,016	100.00%	
2015	3,292,016	3,292,016	100.00%	
2016	3,292,016	3,292,016	100.00%	

Source: District records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes			
2007	0	0	0	0	0	0	0.00%
2008	0	0	0	0	0	0	0.00%
2009	0	0	0	0	0	0	0.00%
2010	0	0	0	0	0	0	0.00%
2011	0	0	0	0	0	0	0.00%
2012	0	0	0	0	0	0	0.00%
2013	0	0	0	0	0	0	0.00%
2014	0	0	0	0	0	0	0.00%
2015	0	0	0	0	0	0	0.00%
2016	0	0	0	0	0	0	0.00%

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	0	0	0	0.00%	0
2008	0	0	0	0.00%	0
2009	0	0	0	0.00%	0
2010	0	0	0	0.00%	0
2011	0	0	0	0.00%	0
2012	0	0	0	0.00%	0
2013	0	0	0	0.00%	0
2014	0	0	0	0.00%	0
2015	0	0	0	0.00%	0
2016	0	0	0	0.00%	0

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 as of December 31, 2015
 Unaudited

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Lower Alloways Creek	0	100%	0
Salem County General Obligation Debt	\$ 40,394,432	5.81%	<u>\$ 2,347,185</u>
Subtotal, overlapping debt			2,347,185
Lower Alloways Creek School District			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 2,347,185</u></u>

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Equalized Valuation Basis	
Year		
2015	\$	301,240,488
2014		303,851,634
2013		299,251,876
	\$	<u>904,343,998</u>
Average equalized valuation of taxable property	\$	301,447,999
Debt limit (3% of average equalized value)		9,043,440
Total net debt applicable to limit		0
Legal debt margin	\$	<u>9,043,440</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 7,236,955	\$ 6,896,657	\$ 7,803,869	\$ 7,988,957	\$ 8,676,642	\$ 8,302,877	\$ 8,303,129	\$ 8,347,514	\$ 8,653,225	\$ 9,043,440
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 7,236,955</u>	<u>\$ 6,896,657</u>	<u>\$ 7,803,869</u>	<u>\$ 7,988,957</u>	<u>\$ 8,676,642</u>	<u>\$ 8,302,877</u>	<u>\$ 8,303,129</u>	<u>\$ 8,347,514</u>	<u>\$ 8,653,225</u>	<u>\$ 9,043,440</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	1,894	\$ 66,132,798	\$ 34,917	2.60%
2008	1,881	68,863,410	36,610	3.30%
2009	1,885	73,311,420	38,892	5.80%
2010	1,892	73,437,980	38,815	6.20%
2011	1,769	69,804,740	39,460	5.90%
2012	1,760	71,839,680	40,818	7.90%
2013	1,748	71,348,116	40,817	8.20%
2014	1,736	71,630,832	41,262	7.80%
2015	1,725	73,916,250	42,850	6.20%
2016	1,713	n/a	n/a	n/a

Source: Data regarding school district population and per capita personal income was provided by the Department of Education.

n/a - Not available at the time of CAFR completion.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Principal Employers
 Current and Nine Years Ago
 Unaudited

Employer	2016		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Public Service Electric & Gas	\$ 1,300	160.30% *		
LAC Township	52	6.41%		
LAC Board of Education	47	5.80%		
	<u>\$ 1,399</u>	<u>172.50%</u>	<u>N/A</u>	<u>0.00%</u>

Source: County of Salem Department of Economic Development.

* Labor force consists of a significant number of employees for PSE&G from other municipalities, therefore, the percentage of employees to the labor force is greater than 100%.

N/A - Not available

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	24.4	23.7	24.1	23.5	21.70	19.21	20.76	21.24	22.16	21.24
Special education	2.8	4.1	5.1	5.4	3.52	3.84	3.45	3.37	3.37	4.14
Support services:										
Student & instruction related services	1.2	1.2	1.2	1.2	1.20	1.00	1.10	1.00	1.00	1.00
General administration	1.0	1.0	1.0	1.0	1.00	1.00	1.00	1.00	1.00	1.00
School administration	1.0	1.0	1.0	1.0	1.00	1.00	1.00	1.00	1.00	1.00
Business administrative services	1.0	1.0	0.9	0.8	0.10	0.00	0.00	0.00	0.00	0.00
Plants operations and maintenance	3.7	3.7	3.7	3.7		0.50	0.50	0.50	0.50	0.50
Pupil transportation	5.9	6.3	6.9	4.7	5.10	4.36	5.26	3.56	4.05	4.03
Custodial services									2.52	2.52
Food service	0.0	0.0	0.0	2.3	2.30	2.30	2.30	2.29	1.58	1.53
Child care	0.0	0.0	0.0	0.9	0.30	0.50	0.36	0.29	0.29	0.36
Total	<u>41</u>	<u>42</u>	<u>44</u>	<u>44</u>	<u>36</u>	<u>34</u>	<u>35.7</u>	<u>34.3</u>	<u>37.5</u>	<u>37.32</u>

Source: District personnel records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2007	229	\$ 4,438,280	\$ 19,381	14.80%	26.8	1:9	225.5	221.4	-3.26%	98.18%
2008	238	4,475,653	18,805	-2.97%	26.8	1:9	232.5	222.9	3.10%	95.87%
2009	230	4,336,621	18,855	0.26%	27.0	1:8	221.7	209.7	-4.65%	94.59%
2010	230	4,382,576	19,055	1.06%	27.0	1:8	219.3	203.1	-1.08%	92.61%
2011	223	4,384,281	19,660	3.18%	24.7	1:8	199.6	186.2	-8.98%	93.29%
2012	215	4,406,987	20,498	4.26%	22.3	1:9	198.5	189.0	-0.55%	95.21%
2013	202	4,075,716	20,177	-1.57%	22.3	1:9	200.2	191.3	0.86%	95.55%
2014	201	4,190,412	20,848	3.33%	22.3	1:9	193.9	186.1	-3.17%	95.99%
2015	191	4,326,107	22,650	12.26%	22.4	1:8	177.4	167.8	-8.50%	94.61%
2016	162	4,347,064	26,834	28.71%	23.1	1:7	161.9	154.9	-8.72%	95.68%

Sources: District records, ASSA

Note: Enrollment based on annual October District count.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
Lower Alloways Creek:										
Square feet	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	230	234	237	220	200	197	201	194	173	162

Number of schools at June 30, 2016

Elementary = 1

Source: District office

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2016
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

* School Facilities	Gross Square Footage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Lower Alloways Creek	54,110	<u>\$ 31,019</u>	<u>\$ 46,129</u>	<u>\$ 42,033</u>	<u>\$ 41,754</u>	<u>\$ 47,539</u>	<u>\$ 74,341</u>	<u>\$ 159,012</u>	<u>\$ 73,806</u>	<u>\$ 84,498</u>	<u>\$ 75,698</u>	<u>\$ 675,829</u>

* School facilities as defined under EFCA
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Educational Risk and Insurance Consortium - South		
Property - blanket buildings & contents	\$ 14,277,104	\$ 5,000
School board legal liability	5,000,000	
Automobile liability	10,000,000	None
Workmen's compensation - NJ School Boards Association		
Insurance group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Pollution liability	25,000,000	10,000
Student accident - Berkley Health and Life	1,000,000	None
Public employees' faithful performance bonds -		
Liberty Mutual Insurance Company		
Employee bond - Shannon N. DuBois-Brody, Business		
Administrator/Board Secretary	185,000	None
Employee bond - Rebecca S. Joyce, Alternate		
Board Secretary	10,000	None

Source: District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Alloways Creek Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lower Alloways Creek Township School District's basic financial statements, and have issued our report thereon dated September 15, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lower Alloways Creek Township School 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 15, 2016

PETRONI & ASSOCIATES LLC

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,*
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08**

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Report on Compliance for Each Major State Program

We have audited the Lower Alloways Creek Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Lower Alloways Creek Township School District's major state programs for the year ended June 30, 2016. The Lower Alloways Creek Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lower Alloways Creek Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), *New Jersey State Aid/Grant*

Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid. Those standards and the Uniform Guidance and New Jersey OMB's 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 Lower Alloways Creek Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Lower Alloways Creek Township School District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08.

We have audited the financial statements Lower Alloways Creek Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated September 15, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 15, 2016

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010A	S010A150030	NCLB280016	\$ 45,883	07/1/15	06/30/16			\$ 25,599	\$ (45,883)				\$ (20,284)		\$ 45,883
Title I - Part A	84.010A	S010A150030	NCLB280015	23,048	07/1/14	06/30/15	\$ (12,679)		12,679							15,329
Title II-A - Teacher & Principal Training	84.367	S367A150029	NCLB280016	4,319	07/1/15	06/30/16			339	(2,518)				(2,179)		2,518
Title II-A - Teacher & Principal Training	84.367	S367A150029	NCLB280015	4,143	07/1/14	06/30/15	(1,579)		1,579							2,722
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA280016	51,775	07/1/15	06/30/16			51,775	(51,775)						51,775
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA280015	51,036	07/1/14	06/30/15	(9,532)		9,532							51,036
IDEA Part B, Preschool	84.173	H173A150114	IDEA280016	750	07/1/15	06/30/16			750	(750)						750
Rural Education Achievement Program	84.358	S358B150030	S358A151769	22,194	07/1/15	09/30/16			22,194	(22,194)						22,194
Total Special Revenue Fund							(23,790)		124,447	(123,120)				(22,463)		192,207
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	n/a	n/a	4,014	07/1/15	06/30/16			4,014	(3,468)				\$ 546		4,014
Food Distribution Program	10.550	n/a	n/a	7,308	07/1/14	06/30/15	1,106			(1,106)						7,308
National School Lunch Program	10.555	NJN161613041099	n/a	22,599	07/1/15	06/30/16			18,391	(22,599)				(4,208)		22,599
National School Lunch Program	10.555	NJN161613041099	n/a	23,928	07/1/14	06/30/15	(1,611)		1,611							23,928
National School Breakfast Program	10.553	NJN161613041099	n/a	1,221	07/1/15	06/30/16			954	(1,221)				(267)		1,221
Total Enterprise Fund							(505)		24,970	(28,394)				(4,475)	546	57,849
Total Federal Financial Awards							\$ (24,295)		\$ 149,417	\$ (151,514)				\$ (26,938)	\$ 546	\$ 250,056

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2016			Memo	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	16-495-034-5120-014	\$ 120,883	07/1/15	06/30/16			\$ 120,883	\$ (120,883)					\$ 10,977	\$ 120,883	
State Aid Public:															
Equalization Aid	16-495-034-5120-078	421,194	07/1/15	06/30/16			421,194	(421,194)					38,248	421,194	
Special Education Aid	16-495-034-5120-089	124,366	07/1/15	06/30/16			124,366	(124,366)					11,293	124,366	
Security Aid	16-495-034-5120-084	19,864	07/1/15	06/30/16			19,864	(19,864)					1,804	19,864	
Adjustment Aid	16-495-034-5120-085	196,496	07/1/15	06/30/16			196,496	(196,496)					17,843	196,496	
PARCC Readiness Aid	16-495-034-5120-098	1,840	07/1/15	06/30/16			1,840	(1,840)					167	1,840	
Per Pupil Growth Aid	16-495-034-5120-097	1,840	07/1/15	06/30/16			1,840	(1,840)					167	1,840	
Extraordinary Aid	16-100-034-5120-044	11,602	07/1/15	06/30/16				(11,602)		\$ (11,602)				11,602	
Extraordinary Aid	15-100-034-5120-044	42,242	07/1/14	06/30/15	\$ (42,242)		42,242							42,242	
Nonpublic Transportation Costs	n/a	1,392	07/1/15	06/30/16				(1,392)			(1,392)			1,392	
Nonpublic Transportation Costs	n/a	1,218	07/1/14	06/30/15	(1,218)		1,218							1,218	
Reimbursed TPAF Social Security Contributions	16-100-034-5094-003	104,863	07/1/15	06/30/16			99,511	(104,863)			(5,352)			104,863	
Reimbursed TPAF Social Security Contributions	15-100-034-5094-003	104,221	07/1/14	06/30/15	(5,136)		5,136							104,221	
On-behalf TPAF Post Retirement Contribution	15-100-034-5094-001	141,892	07/1/15	06/30/16			141,892	(141,892)						141,892	
On-behalf TPAF Pension Contribution	15-100-034-5094-002	119,165	07/1/15	06/30/16			119,165	(119,165)						119,165	
Total General Fund					(48,596)		1,295,647	(1,265,397)			(18,346)		80,499	1,292,195	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	720	07/1/15	06/30/16			587	(720)			(133)			720	
National School Lunch Program (State Share)	15-100-010-3350-023	845	07/1/14	06/30/15	(81)		81							845	
Total Enterprise Fund					(81)		668	(720)			(133)			1,565	
Total State Financial Assistance					\$ (48,677)		\$ 1,296,315	\$ (1,266,117)			\$ (18,479)		\$ 80,499	\$ 1,293,760	
Less: On-Behalf TPAF Pension System Contributions								\$ (261,057)							
Total for State Financial Assistance - Major Program Determination								<u>\$ (1,005,060)</u>							

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include Federal and State activity of the Board of Education, Lower Alloways Creek Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal and State awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other Government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,028) for the General Fund and \$0 for the Special Revenue Fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund		\$ 1,273,425	\$ 1,273,425
Special revenue fund	\$ 123,120		123,120
Food service fund	27,834	720	28,554
Total financial assistance	<u>\$ 150,954</u>	<u>\$ 1,274,145</u>	<u>\$ 1,425,099</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related Federal and State financial reports.

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2016, Lower Alloways Creek Township School District has food commodities totaling \$546 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None

Noncompliance material to basic financial statements noted? Yes X No

Federal awards

N/A

State awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X No

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-085	Adjustment Aid
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid

Section II – Financial Statement Findings

None

**Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

N/A

STATE AWARDS

None

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

No matters were reported.