

LUMBERTON TOWNSHIP SCHOOL DISTRICT

Lumberton, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

LUMBERTON TOWNSHIP SCHOOL DISTRICT

LUMBERTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

**Lumberton Township School District
Finance Department**

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INTRODUCTORY SECTION

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Lumberton Township Board of Education
33 Municipal Drive
Lumberton, NJ 08048

Joseph Langowski
Superintendent

Thomas J. Fanuka
Business Administrator

Honorable President and
Members of the Board of Education
Lumberton Township School District
Burlington County, New Jersey
33 Municipal Drive
Lumberton, NJ 08048

Dear Board Members:

The comprehensive annual financial report of the Lumberton Township School District for the fiscal year ended June 30, 2016 is submitted herewith. The report was prepared by the District's Board Office. The responsibility for the financial and other data lies with the Superintendent and the Business Administrator. We believe all the data presented is accurate in all material respects. This information is presented in a manner that fairly represents the fiscal soundness of the Lumberton Township School District. All disclosures needed to maximize user comprehension of the contents have been included in this document.

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 principle officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related Uniform Guidance, and the State Treasury Circular 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments".

Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped children. The District completed the 2015-2016 fiscal year with an enrollment of students, which represents students below the previous year's enrollment. These numbers include only in-district students. Those students placed out-of-district are not included in these totals. The following details the changes in the student enrollment of the District over the last nine years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,407	(6.26%)
2014-15	1,501	(0.20%)
2013-14	1,504	(0.17%)
2012-13	1,530	(7.32%)
2011-12	1,642	(2.55%)
2010-11	1,685	(0.12%)
2009-10	1,687	(1.17%)
2008-09	1,707	(1.61%)
2007-08	1,735	(0.86%)

2) ECONOMIC CONDITION AND OUTLOOK: Even though Lumberton Township has experienced an end to the development and expansion of the township, there are still a few developments that may result in some additional housing. These parcels of undeveloped land are starting to be discussed with developer interest. There is one development that will result in approximately 20 single family homes. The other parcels of land have no definite plans at this time. There has been little to no new business development in Lumberton Township. Lumberton Township is continuing to attempt to attract additional businesses to its previously rural and residential town. In fact, Wal-Mart is continuing to seek an expansion to their current store to a Super Wal-Mart to include food sales. To attract the businesses in the town, the officials have agreed to abate taxes for a period. Several businesses have begun to pay their full amount of taxes to the town. The Township Officials are still working to attract businesses to move/develop within Lumberton Township.

3) MAJOR INITIATIVES: To meet the needs of a continuously growing community. In the fall of 2006, the District contracted The Design Collaborative architectural firm to update the Long-Range Facility Plan required by the state of New Jersey every five (5) years from the state adoption date. The State of New Jersey approved our Long-Range Facility Plan on July 11, 2008. Therefore, we needed to file an updated Long-Range Facility Plan by July 11, 2013. The Design Collaborative filed this updated plan and the State of New Jersey is still reviewing the updated plan.

The public supported a \$9,499,000 March 9, 2010 referendum by more than a 2.5 to 1 margin for the installation of solar panels on all four (4) of the district facilities. The expected completion date was originally scheduled for September 2010. However, A.R.R.A. funds have placed a large demand on solar panels and, as a result, our vendors had some difficulties acquiring the solar panels within the original timelines. The completion date for this project was during the summer of 2011 up through January 2012. The first attempt in December 2009 was defeated by the public, in part, as a response to the tough economic conditions just commencing. The project has actually come in so much lower than expected that the district only had to borrow \$7,000,000 in bonds.

The public supported the September 25, 2001 referendum overwhelmingly and a fourth school has been operating in its fifth year now. The completion date for the new Ashbrook Elementary School housing students in grades 2 and 3 was September 1, 2003. The Ashbrook Elementary School opened on time.

The district has been working on concluding various ROD Grants (Regular Operating District Grants) projects partially funded by the New Jersey Department of Education to address issues noted in the district's LRFP (Long Range Facilities Plan). These issues include HVAC, electrical, security and window replacement projects at our four schools. The State of New Jersey is reimbursing the district approximately 40% of the costs of these projects. These items should be finished during the 2016-2017 school year.

Curriculum has been a continued focus with an emphasis on meeting or exceeding state standards and incorporating research regarding best practices. This year, our science curriculum for grades 6-8 was revised to align to the NJ Student Learning standards for Science and, correspondingly, the IQWST program was adopted as our resource for Science instruction at Lumberton Middle School. The middle school teachers have participated in two full-day professional development workshops to support their implementation of the new standards and program. Revisions were also made to our Health and Physical Education curriculum, resulting in a greater focus on the connections between Cumulative Progress Indicators, assessment and instructional objectives. Cross-curricular connections were also highlighted and enhanced. The Music curriculum was revised as well, to again enhance assessment practices. A well-designed process was utilized to develop benchmarks that were clear and consistent across grades. The Social Studies curriculum received minor revisions in order to align to the 2014 NJ Student Learning Standards.

In the 2015-2016 school year, a major initiative to enhance communication with our students' families and to align achievement reporting with standards was expanded from grades K-4 to grade 5. The 5th grade report card is now standards-based, using a 4-level rubric to report on student growth toward grade level standards in each subject. On the subject of communication, one outcome of the district's strategic planning process is the revamping of the Lumberton Schools website. A tab specifically for curriculum was added and, with it, increased content related to instructional approaches and assessment, including information regarding state assessments, district benchmarks and standards-based report cards. A district Youtube channel further enhances communication between school and home.

Lumberton's strategic planning process also highlighted a goal of higher integration of digital learning. Currently, students in grade 7 have been assigned personal Chromebooks. In addition, eighth grade students are piloting a take-home model that, if successful, has the potential to expand our students' learning opportunities beyond the traditional school day. Our fifth grade classrooms each have a dedicated Chromebook cart, enabling all students in that grade to utilize this tool across their school day. The district recognizes that hardware and greater bandwidth are only part of the process of: teacher self-reflection on level of innovation using a technology infusion model; individualized goal-setting; and differentiated professional development based on those goals. Our efforts in this area have been earmarked by a great deal of collaboration among staff members, who share their effective technology-integration practices with one another.

The district maintained its commitment to optimizing the quality of instruction for Lumberton students by continuing to build teacher expertise. Elementary teachers enhanced their writing instruction through coaching provided by a staff developer from Teachers College Reading and Writing Project. A math coach worked with teachers from grades K to 8 to refine instruction and support implementation of the newly adopted Engage^{NY} math program in the elementary grades. The district was fortunate to be selected to participate in the Rider University SELECT grant, "Preparing for the NGSS in NJ", making us a partner in the consortium. During our second year as a participant, key teachers attended meetings, along with the Supervisor of Curriculum and Instruction, to design and implement lessons aligned to the

NJ Student Learning Standards for science. The outcomes of the lessons were then shared and analyzed by the entire group. Members of the district's Science Leadership Team took responsibility for assisting with the provision of professional development for their colleagues as we prepared for the implementation that began this September.

In June, 2016, the district completed its second year of Reading Recovery instruction for our most at-risk first grade students. Reading Recovery is the only intervention program that is recognized as successful in accelerating achievement with strong longitudinal results, and we were pleased to be able to add this offering within our Title I program. The teacher, who completed her training year in 2015, continued to attend sessions at the training center as well as participating in a literacy conference at Lesley University to further her expertise.

Student achievement is directly related to quality classroom instruction. The Lumberton School District recognizes this fact and focuses on continual improvement through curriculum design and a comprehensive, job-embedded approach to staff development. Our efforts are directed by carefully crafted short and long term goals, which are furthered through data analysis, reflective leadership, collaboration, and meaningful structures. Our goal is to continue to grow together as educators and learners so that our students benefit from the highest quality education possible.

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

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

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

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

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

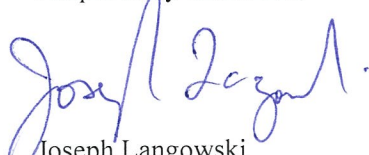
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 1. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.


8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is also part of a partially self-funded insurance program for all non-medical lines of coverage. The name of the fund is the Burlington County Insurance Pool Joint Insurance Fund. This pool is made up of over 25 local School Districts in an effort to maximize the insurance coverage at the best possible price. This JIF also provides many mandated training programs as part of the membership and without additional costs to the member districts.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board’s finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related Uniform Guidance and the State Treasury Circular 15-08-OMB. The auditor’s report on the basic 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.

10) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lumberton Township School Board for their concern in providing fiscal responsibility to the citizens and taxpayers of the School District and thereby contributing their full support to the developments 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,

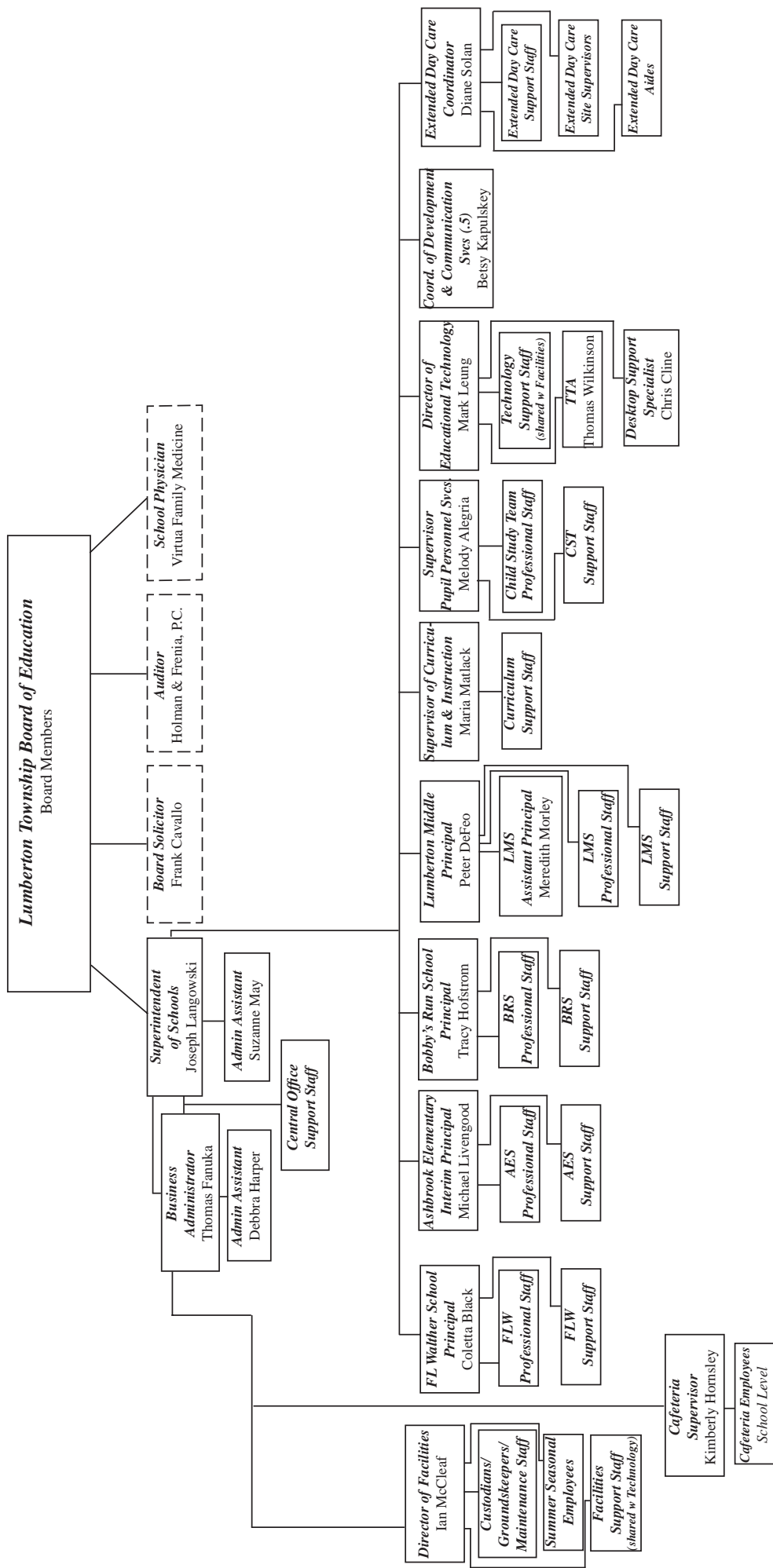

Joseph Langowski
School Superintendent


Thomas J. Fanuka
Board Secretary/Business Administrator

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Lumberton Township Board of Education

33 Municipal Drive
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LUMBERTON TOWNSHIP SCHOOL DISTRICT
Lumberton, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Rachel Paulin, President	2017
Margaret Bupp, Vice President	2016
Sheila Ellis	2016
Nate Wood	2016
Melissa Cirii	2017
Jill Clevenger	2017
Thomas Colling, III	2018
Jennifer DeJoseph	2018
Chris Stridiron	2018

OTHER OFFICIALS

Joseph Langowski, Superintendent

Thomas J. Fanuka, Business Administrator/Board Secretary

Frank P. Cavallo, Solicitor

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
Lumberton, New Jersey

CONSULTANTS AND ADVISORS

INSURANCE AGENT

Burlington County Insurance Pool
Marlton, New Jersey

AUDIT FIRM

Kevin Frenia
Holman Frenia Allison, P.C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Frank P. Cavallo, Jr.
Mount Laurel, New Jersey

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, New Jersey

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lumberton Township School District
County of Burlington
Lumberton, New Jersey 08048

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 Lumberton Township School District, County of Burlington, 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lumberton Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Public School Accountant, No. 1011

November 15, 2016
Medford, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2016

UNAUDITED

The discussion and analysis of Lumberton Township School District annual financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District’s financial performance as a whole; readers should also review the notes to the basic financial statements and financial statement to enhance their understanding of the School District’s financial performance.

The Management’s Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board’s (GASB) Statement No. 34 - Basic Financial Statements- and Management’s Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The General Fund balance (budgetary basis) increased \$285,906 from \$4,433,918 to \$4,719,824 in 2016. The balance at June 30, 2016 included an amount of \$1,194,171 in excess of the 2% allowable per state mandate.
- General revenues accounted for \$23,930,832 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$6,171,368 of total revenues of \$30,810,524.
- Total Net Position of governmental activities was \$9,936,826. Net Position increased by \$675,913 from July 1, 2015 to June 30, 2016.
- The General Fund fund balance at June 30, 2016 is \$3,941,438, an increase of \$319,355 when compared with the beginning balance at July 1, 2015 of \$3,622,083.

Using this Comprehensive Annual Financial Report (CAFR)

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

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Lumberton Township School District.

- ◆ The first two statements are district-wide financial statements that provide both short-term and long-term information about the Lumberton Township School District overall financial status.
- ◆ The remaining statements are fund financial statements that focus on individual parts of the Lumberton Township School District, reporting the Lumberton Township School District's operation 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 short term as well as what remains for future spending.
- ◆ Proprietary funds statements offer short-term and long-term financial information about the activities that the Lumberton Township School District operates like businesses.
- ◆ 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 to whom the resources belong.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Lumberton Township School District, the General Fund is by far the most significant fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Lumberton Township School District financial statements, including the portion of the District activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education, building maintenance and food service	Activities the district operates similar to private businesses: Food service fund
Required financial statements	Statement of Net Position	Balance sheet	Statement of Net Position
	Statement of activities	Statement of revenue, expenditures and changes in fund balance	Statement of revenue, expenses and changes in fund Net Position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual account and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets excepted to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015-2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, administration and community education. Aids from the State of New Jersey and from the Federal government along with local Property taxes finances most of these activities.
- ◆ Business-type activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major funds are the General fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. 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 use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund, all of which are considered to be major funds.

The general and special revenue funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary funds

The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The extended day care fund provides for the operation of a before and after school day care service for school-age children. The proprietary funds have been included within business-type activities in the district-wide financial statements.

The food services and extended day care fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for student activities and group, for payroll transactions and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements

Financial Analysis of the Lumberton Township School District

As noted earlier, Net Position may serve over time as a useful indicator of the District's financial position.

The District's largest net asset is the restricted portion of the Net Position shown above. Restricted assets represent resources that are subject to external restrictions on how they may be used.

The District's investment in capital assets within the Net Position above; less any related debt used to acquire those assets that is still outstanding, shows a balance of \$12,968,197.

The unrestricted Net Position may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted Net Position includes the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in total Net Position. The same situation held true for the prior fiscal year.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, debt service fund and permanent fund revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increases and (decreases) in relation to prior year revenues:

	2015-2016 Revenue	2014-2015 Revenue	Increase/ (Decrease)	% of Increase/ (Decrease)
Local Sources:				
Local Tax Levy	\$ 14,166,759	\$ 13,827,457	\$ 339,302	2.45%
Tuition	94,030	113,187	(19,157)	-16.93%
Miscellaneous	616,257	429,572	186,685	43.46%
State Sources	11,456,100	11,229,830	226,270	2.01%
Federal Sources	686,738	630,619	56,119	8.90%
Total Revenue	<u>\$ 27,019,884</u>	<u>\$ 26,230,665</u>	<u>\$ 789,219</u>	<u>3.01%</u>

The following schedule presents a summary of general fund, special revenue fund, debt service fund and permanent fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and (decreases) in relation to prior year amounts. The Capital Projects Fund has been excluded as amounts vary substantially from year to year.

	2015-2016 Expenditures	2014-2015 Expenditures	Increase/ (Decrease)	% of Increase/ (Decrease)
Current Expense:				
Instruction	\$ 9,866,502	\$ 9,807,714	\$ 58,788	0.60%
Undistributed Expenditures	14,657,652	13,740,688	916,964	6.67%
Capital Outlay	533,693	1,258,052	(724,359)	-57.58%
Debt Service	2,011,547	2,052,744	(41,197)	-2.01%
Total Expenditures	<u>\$ 27,069,394</u>	<u>\$ 26,859,198</u>	<u>\$ 210,196</u>	<u>0.78%</u>

Undistributed expenditures increased due to the increase in tuition paid and the increase in plant operation and maintenance. Capital Outlay costs increased due to the installation of BACnet upgrades and entering into a capital lease agreement for data cabling and switch equipment. The decrease in debt service was due to the District's repayment schedule.

General Fund Budgetary Highlights

There difference between the original budget and the final amended budget was \$12,289. This difference is comprised entirely of the June 30, 2015 year end encumbrances. The prior year's reserve for encumbrances rollover into the subsequent year budget (2015-16). Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2015-2016 budget.

Proprietary Funds

The District's proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

The Food Services Enterprise Fund's Change in Net Position increased by \$24,460 from \$125,445 in 2015 to \$151,905 in 2016. The unrestricted Net Position of the food service program was \$151,905 at June 30, 2016. The food services program continues to be self-sustaining, and does not require any appropriation of funds from the District's general fund budget.

The Extended Day Care Enterprise Fund's Change in Net Position decreased by \$5,746 from \$707,478 in 2015 to \$701,732 in 2016. The unrestricted Net Position of the extended day care program was \$701,732 at June 30, 2016. The extended day care program continues to be self-sustaining, and does not require any appropriation of funds from the District's general fund budget. In fact, they are able to donate goods/services to the district for overall student benefit on a regular basis.

Capital Assets

At June 30, 2016, the District Governmental Activities has capital assets of \$21,451,990 million, net of depreciation, which includes land, land improvements, building & improvements, and machinery and equipment.

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2016, the District's \$16,393,550 outstanding debt issues included \$8,420,000 of General Obligation bonds (1998 refunding bonds, 1999 bonds, 2002 refunding bonds, 2005 refunding bonds and 2010 bonds), Capital Leases of \$71,482 for the lease of various computer and technology equipment, Compensated Absences Liability of \$783,172, Unamortized Bond Premium of \$144,896 and Net Pension Liability of \$6,974,000.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Next Year's Budget

- The District anticipates that the approved 2015-2016 budget will be adequate to satisfy all 2015-2016 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

Requests for Information

This financial report is designed to provide a general overview of the Lumberton School District's finances for all those with an interest in the District's finances. Questions concerning and of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Lumberton Township School District, 33 Municipal Drive, Lumberton NJ 08048.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 3,297,968	\$ 718,180	\$ 4,016,148
Receivables, Net	744,495	13,961	758,456
Internal Balances	8,200	(8,200)	-
Inventory	-	6,378	6,378
Capital Assets, Net	21,451,990	123,556	21,575,546
Restricted Cash & Cash Equivalents	976,129	-	976,129
	<hr/>		
Total Assets	26,478,782	853,875	27,332,657
DEFERRED OUTFLOW OF RESOURCES			
Deferred Loss on Defeasance of Debt	29,029	-	29,029
Deferred Outflows Related to Pensions	1,021,376	-	1,021,376
	<hr/>		
Total Deferred Outflow of Resources	1,050,405	-	1,050,405
	<hr/>		
Total Assets and Deferred Outflow of Resources	27,529,187	853,875	28,383,062
LIABILITIES			
Accounts Payable	681,613	238	681,851
Accrued Interest	93,612	-	93,612
Noncurrent Liabilities (Note 6):			
Due Within One Year	1,320,334	-	1,320,334
Due Beyond One Year	15,073,216	-	15,073,216
	<hr/>		
Total Liabilities	17,168,775	238	17,169,013
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	423,586	-	423,586
	<hr/>		
Total Deferred Inflows of Resources	423,586	-	423,586
	<hr/>		
Total Liabilities and Deferred Inflows of Resources	17,592,361	238	17,592,599
NET POSITION			
Net Investment in Capital Assets	12,844,641	123,556	12,968,197
Restricted For:			
Debt Service	(43,065)	-	(43,065)
Other Purposes	2,492,310	-	2,492,310
Capital Projects	1,329,323	-	1,329,323
Unrestricted/(Deficit)	(6,686,383)	730,081	(5,956,302)
	<hr/>		
Total Net Position	\$ 9,936,826	\$ 853,637	\$ 10,790,463

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS			
Governmental Activities:						
Instruction:						
Regular	\$ 6,162,092	\$ -	\$ -	\$ (6,162,092)	\$ -	(6,162,092)
Special Education	3,157,159	-	502,775	(2,654,384)	-	(2,654,384)
Other Special Instruction	436,729	-	-	(436,729)	-	(436,729)
Other Instruction	110,522	-	-	(110,522)	-	(110,522)
Support Services & Undistributed Costs:						
Tuition	729,211	-	-	(729,211)	-	(729,211)
Health Services	249,208	-	-	(249,208)	-	(249,208)
Student & Instruction Related Services	1,810,057	-	-	(1,810,057)	-	(1,810,057)
Educational Media Services/School Library	239,574	-	-	(239,574)	-	(239,574)
School Administrative Services	898,050	-	107,897	(790,153)	-	(790,153)
Other Administrative Services	1,201,506	-	-	(1,201,506)	-	(1,201,506)
Plant Operations & Maintenance	2,147,694	-	-	(2,147,694)	-	(2,147,694)
Pupil Transportation	1,013,986	-	-	(1,013,986)	-	(1,013,986)
Unallocated Employee Benefits	9,455,693	-	5,352,073	(4,103,620)	-	(4,103,620)
Interest and Other Charges on Long Term Debt	285,699	-	-	(285,699)	-	(285,699)
Unallocated Depreciation	1,320,464	-	-	(1,320,464)	-	(1,320,464)
Total Governmental Activities	29,217,644	-	5,962,745	(23,254,899)	-	(23,254,899)
Business-Type Activities:						
Food Service	484,972	299,214	212,198	-	26,440	26,440
Extended Day Care	414,856	409,110	-	-	(5,746)	(5,746)
Total Business-Type Activities	899,828	708,324	212,198	-	20,694	20,694
Total Primary Government	\$ 30,117,472	\$ 708,324	\$ 6,174,943	(23,254,899)	20,694	(23,234,205)

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Including Debt Service				14,166,759	-	14,166,759
Federal & State Aid Not Restricted				8,353,801	-	8,353,801
Federal & State Aid Restricted				642,351	-	642,351
Tuition Received				94,030	-	94,030
Investment Earnings				-	20	20
Miscellaneous Income				616,257	-	616,257
Reduction in Compensated Absences				57,614	-	57,614
Total General Revenues, Special Items, Extraordinary Items & Transfers				23,930,812	20	23,930,832
Change In Net Position				675,913	20,714	696,627
Net Position - Beginning				9,260,913	832,923	10,093,836
Net Position - Ending				9,936,826	853,637	10,790,463

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B. Fund Financial Statements

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Governmental Funds

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Assets:					
Cash & Cash Equivalents	\$ 3,326,673	\$ 9,160	\$ -	\$ 75,924	\$ 3,411,757
Accounts Receivable:					
State Aid	82,122	-	466,983	-	549,105
Federal Aid	30,146	-	-	-	30,146
Other	156,573	3,671	-	-	160,244
Interfunds	38,577	14,760	-	-	53,337
Restricted Cash & Cash Equivalents	976,129	-	-	-	976,129
Total Assets	\$ 4,610,220	\$ 27,591	\$ 466,983	\$ 75,924	\$ 5,180,718
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ 113,789	\$ -	\$ 113,789
Accounts Payable	654,022	24,729	-	-	678,751
Intergovernmental Payable	-	2,862	-	-	2,862
Interfund Payables	14,760	-	-	25,377	40,137
Total Liabilities	668,782	27,591	113,789	25,377	835,539
Fund Balances:					
Restricted for:					
Capital Reserve Account	976,129	-	-	-	976,129
Excess Surplus	1,194,171	-	-	-	1,194,171
Excess Surplus Designated for Subsequent Year's Expenditures	1,298,139	-	-	-	1,298,139
Capital Projects Fund	-	-	353,194	-	353,194
Debt Service Fund	-	-	-	50,547	50,547
Assigned to:					
Designated for Subsequent Year's Expenditures	471,099	-	-	-	471,099
Other Purposes	1,900	-	-	-	1,900
Total Fund Balances	3,941,438	-	353,194	50,547	4,345,179
Total Liabilities & Fund Balances	\$ 4,610,220	\$ 27,591	\$ 466,983	\$ 75,924	

Amounts reported for governmental activities in the statement of Net Position (A-2) are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$40,793,207 and the accumulated depreciation is \$19,341,217.	21,451,990
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	597,790
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(93,612)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	29,029
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.	(16,393,550)
Net Position of Governmental Activities	\$ 9,936,826

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
FOR FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 12,856,287	\$ -	\$ -	\$ 1,310,472	\$ 14,166,759
Tuition	94,030	-	-	-	94,030
Miscellaneous	616,257	-	-	-	616,257
Total Local Sources	13,566,574	-	-	1,310,472	14,877,046
State Sources	10,813,749	-	76,722	565,629	11,456,100
Federal Sources	76,066	610,672	-	-	686,738
Total Revenues	24,456,389	610,672	76,722	1,876,101	27,019,884
Expenditures:					
Current Expense:					
Regular Instruction	6,162,092	-	-	-	6,162,092
Special Education Instruction	2,654,384	502,775	-	-	3,157,159
Other Special Instruction	436,729	-	-	-	436,729
Other Instruction	110,522	-	-	-	110,522
Support Services:					
Tuition	729,211	-	-	-	729,211
Health Services	249,208	-	-	-	249,208
Student & Instruction Related Services	1,810,057	-	-	-	1,810,057
Educational Media Services/ School Library	239,574	-	-	-	239,574
School Administrative Services	790,153	107,897	-	-	898,050
Other Administrative Services	1,201,506	-	-	-	1,201,506
Plant Operations & Maintenance	2,019,151	-	-	-	2,019,151
Pupil Transportation	1,013,986	-	-	-	1,013,986
Employee Benefits	6,496,909	-	-	-	6,496,909
Capital Outlay	223,552	-	310,141	-	533,693
Debt Service:					
Principal	-	-	-	1,745,000	1,745,000
Interest & Other Charges	-	-	-	266,547	266,547
Total Expenditures	24,137,034	610,672	310,141	2,011,547	27,069,394
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	319,355	-	(233,419)	(135,446)	(49,510)
Other Financing Sources/(Uses):					
Operating Transfers In/(Out)	-	-	(185,992)	185,992	-
Total Other Financing Sources/(Uses)	-	-	(185,992)	185,992	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	319,355	-	(419,411)	50,546	(49,510)
Fund Balance - July 1	3,622,083	-	772,605	1	4,394,689
Fund Balance - June 30	\$ 3,941,438	\$ -	\$ 353,194	\$ 50,547	\$ 4,345,179

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

**LUMBERTON 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 \$ (49,510)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(1,320,464)	
Capital Outlays	<u>273,962</u>	(1,046,502)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	267,096	
State Share of Unfunded TPAF Pension Expense	2,816,059	
Unfunded TPAF Pension Expense	(2,816,059)	
Pension Expense	<u>(409,821)</u>	(142,725)

Issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes financial resources of the governmental funds.

Repayment of Bond Principal	<u>1,745,000</u>	1,745,000
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Amortization of losses on early extinguishments of debt from refunded debt issuances are recorded when incurred in the governmental funds but are deferred and amortized over the life of the new bonds.

Amortization of Loss on Refunding		(17,578)
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Amortization of premiums from refunded debt issuances are recorded when incurred in the governmental funds but are amortized and expensed over the life of the bond in the statement of activities.

Amortization of Original Issue Premium		45,001
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In the statement of activities, the reduction for Capital Leases should not be an expenditure. Thus the change in Net Position will differ from the change in fund balance by the cost of the asset removed (-).

Retirement of Lease		85,399
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In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).

Prior Year	92,826	
Current Year	<u>(93,612)</u>	(786)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-), when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Prior Year	840,786	
Current Year	<u>(783,172)</u>	57,614

Change in Net Position of Governmental Activities		<u>\$ 675,913</u>
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Proprietary Funds

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	EXTENDED DAY CARE	FOOD SERVICE	
Current Assets:			
Cash & Cash Equivalents	\$ 578,414	\$ 139,766	\$ 718,180
Accounts Receivable:			
State	-	373	373
Federal	-	13,588	13,588
Inventories	-	6,378	6,378
Total Current Assets	578,414	160,105	738,519
Capital Assets:			
Equipment	269,039	4,696	273,735
Less: Accumulated Depreciation	(145,483)	(4,696)	(150,179)
Total Capital Assets	123,556	-	123,556
Total Assets	701,970	160,105	862,075
LIABILITIES			
Interfund Payables	-	8,200	8,200
Accounts Payable	238	-	238
Total Liabilities	238	8,200	8,438
NET POSITION			
Net Investment in Capital Assets	123,556	-	123,556
Unrestricted	578,176	151,905	730,081
Total Net Position	\$ 701,732	\$ 151,905	\$ 853,637

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	EXTENDED	FOOD	
	DAY CARE	SERVICE	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:	\$ -	\$ 176,274	\$ 176,274
Daily Sales Nonreimbursable Programs	-	108,749	108,749
Special Functions	-	10,270	10,270
Enrollment Fees	409,110	-	409,110
Miscellaneous	-	3,921	3,921
	<hr/>		
Total Operating Revenue	409,110	299,214	708,324
	<hr/>		
Operating Expenses:			
Salaries	326,398	184,539	510,937
Payroll Taxes & Benefits	28,618	29,499	58,117
Supplies and Materials	-	28,002	28,002
Management Fee	-	50,910	50,910
Miscellaneous	49,800	991	50,791
Cost of Sales	-	191,031	191,031
Depreciation	10,040	-	10,040
	<hr/>		
Total Operating Expenses	414,856	484,972	899,828
	<hr/>		
Operating Income/(Loss)	(5,746)	(185,758)	(191,504)
	<hr/>		
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	4,741	4,741
Federal Sources:			
National School Lunch Program	-	144,325	144,325
National School Breakfast Program	-	20,261	20,261
Special Milk Program	-	365	365
Healthy Hungry Kids Act	-	6,164	6,164
Food Distribution Program	-	36,342	36,342
Interest Revenue	-	20	20
	<hr/>		
Total Nonoperating Revenues/(Expenses)	-	212,218	212,218
	<hr/>		
Change in Net Position	(5,746)	26,460	20,714
Total Net Position - Beginning	707,478	125,445	832,923
	<hr/>		
Total Net Position - Ending	\$ 701,732	\$ 151,905	\$ 853,637
	<hr/> <hr/>		

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	EXTENDED	FOOD	TOTAL
	DAY CARE	SERVICE	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 409,110	\$ 299,214	\$ 708,324
Payments to Employees	(326,398)	(184,539)	(510,937)
Payment to Employee Benefits	(28,618)	(29,499)	(58,117)
Payments to Suppliers	(49,562)	(233,864)	(283,426)
Net Cash Provided/(Used) by Operating Activities	4,532	(148,688)	(144,156)
Cash Flows From Noncapital Financing Activities:			
State Sources	-	4,789	4,789
Federal Sources	-	174,516	174,516
Net Cash Provided by Noncapital Financing Activities	-	179,305	179,305
Cash Flows From Investing Activities:			
Purchase of Capital Assets	(54,364)	-	(54,364)
Interest on Investments	-	20	20
Net Cash Provided by Investing Activities	(54,364)	20	(54,344)
Net Increase/(Decrease) in Cash & Cash Equivalents	(49,832)	30,637	(19,195)
Cash & Cash Equivalents, July 1	\$ 628,246	\$ 109,129	\$ 737,375
Cash & Cash Equivalents, June 30	\$ 578,414	\$ 139,766	\$ 718,180

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (5,746)	\$ (185,758)	\$ (191,504)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	10,040	-	10,040
Food Distribution Program	-	36,342	36,342
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	-	728	728
(Decrease)/Increase in Accounts Payable	238	-	238
Net Cash Provided/(Used) by Operating Activities	\$ 4,532	\$ (148,688)	\$ (144,156)

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

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Fiduciary Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	AGENCY		PRIVATE PURPOSE		TOTALS
	STUDENT ACTIVITY	PAYROLL	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	
Cash & Cash Equivalents	\$ 37,310	\$ 5,127	\$ 2,454	\$ 74,329	\$ 119,220
Total Assets	37,310	5,127	2,454	74,329	119,220
LIABILITIES					
Due to Student Groups	37,310	-	-	-	37,310
Claims Payable	-	127	-	5,577	5,704
Interfund Payable	-	5,000	-	-	5,000
Total Liabilities	37,310	5,127	-	5,577	48,014
NET POSITION					
Restricted for Unemployment Claims	-	-	-	68,752	68,752
Restricted for Scholarships	-	-	2,454	-	2,454
Total Net Position	\$ -	\$ -	\$ 2,454	\$ 68,752	\$ 71,206

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PUPOSE		TOTAL
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION	
Deductions from Employees' Salaries	\$ -	\$ 22,936	\$ 22,936
Interest on Investments	1	54	55
Total Additions	1	22,990	22,991
DEDUCTIONS			
Scholarships Awarded	140	-	140
Unemployment Claims	-	48,585	48,585
Total Deductions	140	48,585	48,725
Change in Net Position	(139)	(25,595)	(25,734)
Net Position - Beginning of the Year	2,593	94,347	96,940
Net Position - End of the Year	\$ 2,454	\$ 68,752	\$ 71,206

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Lumberton Township School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Lumberton Township School District (hereafter referred to as the “District”) is a Type II district located in the County of Burlington, 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. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through eighth at its three schools. The District has an approximate enrollment at June 30, 2016 of 1,377 students.

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

- ◆ 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.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the Extended Day Care program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

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).

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.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Extended Day Care Program – This fund accounts for the revenues and expenses pertaining to the District’s extended day care program.

Additionally, the District reports the following major fiduciary funds:

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

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

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

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

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

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

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 for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not significantly impact the District's financial statements.

The District implemented GASB 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*

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Provisions of GASB Statements 67 and 68. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued):

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 15, 2016 which is the date the financial statements were available to be issued.

Pensions Section

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

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District’s bank balance of \$5,474,875 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000.00
Collateralized by securities held by Pledging financial institution	5,032,432.00
Uninsured and uncollateralized	<u>192,443.00</u>
Total	<u><u>\$ 5,474,875.00</u></u>

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 2. Cash Deposits and Investments (continued):

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the 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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 3. Reserve Accounts (continued):

proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRF. P.

The activity of the capital reserve for the July 01, 2015June 30, 2016fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	525,433
Transfer per June Resolution		450,000
Interest Earnings		696
Withdrawals for Capital Expenditures		-
Ending Balance, June 30, 2016	\$	976,129

The June 30, 2016 LRF. P. balance of local support costs of uncompleted capital projects at June 30, 2016 is \$7,485,826. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District’s Long Rang Facilities Plan.

B. Maintenance Reserve Account

The District has not established a Maintenance Reserve Account as of June 30, 2016.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
Intergovernmental	\$ 112,268	\$ -	\$ 466,983	\$ 13,961	\$ 593,212
Other	156,573	3,671	-	-	160,244
Total	\$ 268,841	\$ 3,671	\$ 466,983	\$ 13,961	\$ 753,456

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 5. Capital Assets (continued):

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,236,485.00	\$ -	\$ -	\$ 1,236,485.00
Total capital assets not being depreciated	<u>1,236,485.00</u>	<u>-</u>	<u>-</u>	<u>1,236,485.00</u>
Capital Assets being depreciated:				
Land Improvements	6,336,687.00	-	-	6,336,687.00
Buildings	30,559,664.00	173,184.00	-	30,732,848.00
Machinery & Equipment	2,386,409.00	100,778.00	-	2,487,187.00
Total capital assets being depreciated	<u>39,282,760.00</u>	<u>273,962.00</u>	<u>-</u>	<u>39,556,722.00</u>
Less: accumulated depreciation:				
Buildings	(18,020,753.00)	(1,320,464.00)	-	(19,341,217.00)
Machinery & Equipment	-	-	-	-
Total accumulated depreciation	<u>(18,020,753.00)</u>	<u>(1,320,464.00)</u>	<u>-</u>	<u>(19,341,217.00)</u>
Total capital assets being depreciated, net	<u>21,262,007.00</u>	<u>(1,046,502.00)</u>	<u>-</u>	<u>20,215,505.00</u>
Total Governmental Activities capital assets, net	<u>\$ 22,498,492.00</u>	<u>\$ (1,046,502.00)</u>	<u>\$ -</u>	<u>\$ 21,451,990.00</u>

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 214,675	\$ 54,364	\$ -	\$ 269,039
Machinery & Equipment	4,696	-	-	4,696
Total capital assets being depreciated	<u>219,371</u>	<u>54,364</u>	<u>-</u>	<u>273,735</u>
Less: accumulated depreciation:				
Machinery & Equipment	(140,139)	(10,040)	-	(150,179)
Total accumulated depreciation	<u>(140,139)</u>	<u>(10,040)</u>	<u>-</u>	<u>(150,179)</u>
Total capital assets being depreciated, net	<u>79,232</u>	<u>44,324</u>	<u>-</u>	<u>123,556</u>
Total Business-type activities capital assets, net	<u>\$ 79,232</u>	<u>\$ 44,324</u>	<u>\$ -</u>	<u>\$ 123,556</u>

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 5. Capital Assets (continued):

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	\$ <u>1,320,464</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>1,320,464</u></u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 38,577	\$ 14,760
Special Revenue Fund	14,760	-
Debt Service Fund	-	25,377
Food Service Fund	-	8,200
Fiduciary Funds	<u>-</u>	<u>5,000</u>
	\$ <u><u>53,337</u></u>	\$ <u><u>53,337</u></u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

As noted below, there were no interfund transfers during the year:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
Debt Service Fund	-	-
Food Service Fund	-	-
Fiduciary Funds	<u>-</u>	<u>-</u>
	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Long-Term Obligations

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 840,786	\$ -	\$ (57,614)	\$ 783,172	\$ -
Capital Leases	156,881	-	(85,399)	71,482	35,363
General Obligation Bonds	10,165,000	-	(1,745,000)	8,420,000	1,245,000
Net Pension Liability	5,691,661	1,282,339	-	6,974,000	-
Unamortized Bond Premiums	189,897	-	(45,001)	144,896	39,971
Total	\$ 17,044,225	\$ 1,282,339	\$ (1,933,014)	\$ 16,393,550	\$ 1,320,334

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2016, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Serial Bonds	2.250% - 3.375%	2/15/2026	\$ 7,000,000	\$ 5,025,000
Refunding Bonds	2.000% - 3.000%	2/15/2020	4,205,000	<u>3,395,000</u>
Total				<u>\$ 8,420,000</u>

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2017	\$ 1,245,000	\$ 249,631	\$ 1,494,631
2018	1,285,000	214,456	1,499,456
2019	1,320,000	178,156	1,498,156
2020	1,365,000	140,856	1,505,856
2021	490,000	101,094	591,094
2022-2026	<u>2,715,000</u>	<u>270,819</u>	<u>2,985,819</u>
Total	<u>\$ 8,420,000</u>	<u>\$ 1,155,013</u>	<u>\$ 9,575,013</u>

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 7. Long-Term Obligations (continued):

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases

The school district is leasing computer and technology equipment totaling purchase prices of \$249,988 and \$175,000 with lease terms of 5 years each at 2.79% and 2.14% annual rates, respectively. The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2016 are:

Year-ending June 30,	Amount
2017	\$ 36,892
2018	<u>36,892</u>
Minimum Lease Payments	73,785
Less: Interest	<u>(2,303)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 71,482</u></u>

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

Three-Year Trend Information for PERS

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 267,096	100%	\$ 6,974,000
6/30/2015	250,611	100%	5,691,611
6/30/2014	246,866	100%	6,261,749

Components of Pension Liability - At June 30, 2016, the District reported a liability of \$6,974,000 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.003107% percent, which was a decrease of 0.00067% from its proportion measured as of June 30, 2014.

Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	1,021,376	178,976
Defferred Inflows of Resources	423,586	720,800
Net Pension Liability	6,974,000	5,691,661
District's portion of the Plan's total net pension Liability	0.03107%	0.03040%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$409,821. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	748,952	
Net difference between projected and actual earnings or pension plan investments	166,375	112,129
Changes in proportion and differences between District contributions and proportionate share of contributions	106,049	311,457
Total	\$ 1,021,376	\$ 423,586

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 June 30:	
2017	\$ 107,015
2018	107,015
2019	107,015
2020	191,813
Thereafter	84,932

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

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

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Decrease</u> (3.90%)	<u>Discount</u> (4.90%)	<u>Increase</u> (5.90%)
District's proportionate share of the net pension liability	\$ 8,667,829	\$ 6,974,000	\$ 5,553,907

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2016	\$ 1,794,815	100%	-
6/30/2015	1,317,755	100%	-
6/30/2014	1,096,606	100%	-

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016

Note 8. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 8. Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

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

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

Defined Contribution Retirement Plan (DCRP) – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 8. Pension Obligations (continued):

Defined Contribution Retirement Plan (DCRP) (continued):

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$51,946 and the District recognized pension expense of \$33,612.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 9. Post-Retirement 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.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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.

Note 10. 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2016**

Note 10. Risk Management (continued):

former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 22,936	\$ 54	\$ 48,585	\$ 68,752
2014-2015	22,833	68	19,906	94,347
2013-2014	23,288	107	18,267	91,352

Joint Insurance Pool – The Lumberton Township School District participates in the Burlington County Insurance Pool Joint Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage’s:

Property – Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers’ Compensation
School Board Legal Liability	Crime Coverage

Note 11. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 12. Economic Dependency

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 13. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits 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:

The Vanguard Group
AXA Equitable
Lincoln Investment Planning

Note 14. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$783,172.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.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 \$1,194,171.

Note 16. Fund Balance

General Fund – Of the \$3,941,438 General Fund fund balance at June 30, 2016, \$976,129 has been reserved in the Capital Reserve Account; \$1,298,139 is restricted for excess surplus designated for

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2016

Note 16. Fund Balance (continued):

subsequent years expenditures; \$1,194,171 is restricted for current year excess surplus; \$471,099 is assigned and designated for subsequent year's expenditures; and \$1,900 is assigned to other purposes.

Capital Projects Fund – Of the \$353,194 Capital Projects Fund fund balance at June 30, 2016, \$353,194 is restricted for current capital projects approved by the District and the Department of Education.

Debt Service Fund – Of the \$50,547 Debt Service Fund fund balance at June 30, 2016, \$50,547 is reserved in accordance with N.J.S.A. 7F-41c(2).

Note 17. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$43,065 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$6,686,383 at June 30, 2016. The deficit is due to the final June state aid payment not recognized under GAAP and by the implementation of GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) at June 30, 2016. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 12,856,287	\$ -	\$ 12,856,287	\$ 12,856,287	\$ -
Tuition - Other LEA's Within State	10-1300-000-000	-	-	-	94,030	94,030
Miscellaneous	10-1000-000-000	145,000	-	145,000	616,257	471,257
Total Local Sources		13,001,287	-	13,001,287	13,566,574	565,287
State Sources:						
Categorical Transportation Aid	10-3121-000-000	208,437	-	208,437	208,437	-
Categorical Special Education Aid	10-3132-000-000	903,723	-	903,723	903,723	-
Equalization Aid	10-3176-000-000	6,879,838	-	6,879,838	6,879,838	-
Categorical Security Aid	10-3177-000-000	141,349	-	141,349	141,349	-
Adjustment Aid	10-3178-000-000	31,980	-	31,980	31,980	-
PARCC Readiness Aid	10-3190-000-000	14,840	-	14,840	14,840	-
Per Pupil Growth Aid	10-3190-000-000	14,840	-	14,840	14,840	-
Other State Aid						
Nonpublic School Transportation	10-3000-000-000	-	-	-	8,178	8,178
Extraordinary Aid	10-3131-000-000	-	-	-	34,488	34,488
Homeless Tuition Aid	10-3xxx	-	-	-	6,613	6,613
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	975,536	975,536
Normal Pension Contributions		-	-	-	819,279	819,279
Reimbursed TPAF Social Security		-	-	-	741,199	741,199
Total State Sources		8,195,007	-	8,195,007	10,780,300	2,585,293
Federal Sources:						
Medicaid Reimbursement	10-4200-000-000	32,572	-	32,572	63,714	31,142
Medicaid Reimbursement - Cost Settlement	10-4200-000-000	-	-	-	12,352	12,352
Total Federal Sources		32,572	-	32,572	76,066	43,494
Total Revenues		21,228,866	-	21,228,866	24,422,940	3,194,074

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	445,100	(44,000)	401,100	400,926	174
Grades 1 - 5	11-120-100-101	3,059,127	21,000	3,080,127	3,033,350	46,777
Grades 6 - 8	11-130-100-101	2,125,812	49,000	2,174,812	2,166,954	7,858
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	20,250	-	20,250	15,574	4,676
Purchased Professional - Educational Services	11-150-100-320	5,000	-	5,000	1,873	3,127
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	216,646	(26,000)	190,646	187,185	3,461
Purchased Professional - Educational Services	11-190-100-320	45,000	-	45,000	42,316	2,684
Purchased Technical Services	11-190-100-340	3,550	-	3,550	3,529	21
General Supplies	11-190-100-610	357,330	(6,380)	350,950	304,262	46,688
Textbooks	11-190-100-640	10,725	(2,385)	8,340	5,751	2,589
Other Objects	11-190-100-890	1,200	-	1,200	372	828
Total Regular Programs		6,289,740	(8,765)	6,280,975	6,162,092	118,883
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	476,152	(51,303)	424,849	400,693	24,156
Other Salaries for Instruction	11-204-100-106	184,440	82,161	266,601	250,701	15,900
General Supplies	11-204-100-610	8,800	-	8,800	7,230	1,570
Textbooks	11-204-100-640	500	-	500	-	500
Total Learning &/or Language Disabilities		669,892	30,858	700,750	658,624	42,126
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	27,200	2,300	29,500	29,483	17
Other Salaries for Instruction	11-212-100-106	51,725	-	51,725	39,690	12,035
General Supplies	11-212-100-610	1,300	(400)	900	235	665
Total Multiple Disabilities		80,225	1,900	82,125	69,408	12,717
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,526,137	-	1,526,137	1,505,590	20,547
Other Salaries for Instruction	11-213-100-106	324,447	1,000	325,447	304,240	21,207
General Supplies	11-213-100-610	15,662	-	15,662	12,210	3,452
Textbooks	11-213-100-640	500	-	500	-	500
Total Resource Room/Resource Center		1,866,746	1,000	1,867,746	1,822,040	45,706

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	169,776	(66,961)	102,815	76,800	26,015
Other Salaries for Instruction	11-215-100-106	58,834	-	58,834	27,039	31,795
General Supplies	11-215-100-610	1,100	-	1,100	473	627
Total Preschool Disabilities - Part-Time		229,710	(66,961)	162,749	104,312	58,437
Total Special Education		2,846,573	(33,203)	2,813,370	2,654,384	158,986
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	159,050	32,803	191,853	191,852	1
Other Salaries for Instruction	11-230-100-106	155,958	-	155,958	144,033	11,925
General Supplies	11-230-100-610	11,574	(1,300)	10,274	8,218	2,056
Total Basic Skills/Remedial - Instruction		326,582	31,503	358,085	344,103	13,982
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	90,776	-	90,776	90,776	-
General Supplies	11-240-100-610	1,900	-	1,900	1,680	220
Textbooks	11-240-100-640	700	-	700	170	530
Total Bilingual Education - Instruction		93,376	-	93,376	92,626	750
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	67,377	3,393	70,770	70,603	167
Supplies and Materials	11-401-100-600	6,677	(3,193)	3,484	3,483	1
Total School Sponsored Cocurricular - Activities		74,054	200	74,254	74,086	168
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	30,144	-	30,144	30,144	-
Supplies and Materials	11-402-100-600	2,170	(200)	1,970	1,925	45
Other Objects	11-402-100-800	4,600	-	4,600	4,367	233
Total School Sponsored Athletics - Instruction		36,914	(200)	36,714	36,436	278
Total - Instruction		9,667,239	(10,465)	9,656,774	9,363,727	293,047

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures						
Instruction:						
Tuition to Other LEAs Within State Special	11-000-100-562	261,000	50,000	311,000	306,872	4,128
Tuition to CSSD & Regional Day School	11-000-100-565	129,000	79,000	208,000	207,715	285
Tuition to Private Schools for Disabled Within the State	11-000-100-566	657,500	(129,000)	528,500	214,624	313,876
Tuition Other	11-000-100-569	1,800	-	1,800	-	1,800
Total Undistributed Expenditures - Instruction		1,049,300	-	1,049,300	729,211	320,089
Attendance and Social Work Services:						
Salaries	11-000-211-100	-	3,850	3,850	3,850	-
Total Attendance and Social Work Services		-	3,850	3,850	3,850	-
Health Services:						
Salaries	11-000-213-100	239,550	(6,650)	232,900	223,923	8,977
Purchased Professional & Technical Services	11-000-213-300	18,000	5,800	23,800	18,906	4,894
Supplies and Materials	11-000-213-600	6,573	256	6,829	6,379	450
Total Health Services		264,123	(594)	263,529	249,208	14,321
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	445,900	-	445,900	426,576	19,324
Purchased Professional - Educational Services	11-000-216-320	156,000	(3,000)	153,000	96,054	56,946
Supplies and Materials	11-000-216-600	5,706	-	5,706	3,709	1,997
Total Other Support Services - Students - Related Services		607,606	(3,000)	604,606	526,339	78,267
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	365,243	(125)	365,118	329,922	35,196
Salaries of Secretarial & Clerical Assistants	11-000-218-105	25,076	125	25,201	25,197	4
Total Other Support Services - Students - Regular		390,319	-	390,319	355,119	35,200

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	651,691	-	651,691	626,257	25,434
Salaries of Secretarial & Clerical Assistants	11-000-219-105	55,560	-	55,560	51,618	3,942
Purchased Professional - Educational Services	11-000-219-320	14,000	-	14,000	4,275	9,725
Supplies and Materials	11-000-219-600	9,000	-	9,000	7,047	1,953
Other Objects	11-000-219-800	1,120	-	1,120	1,050	70
Total Other Support Services - Students - Special Services		731,371	-	731,371	690,247	41,124
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	107,741	210	107,951	107,949	2
Total Improvement of Instruction Services		107,741	210	107,951	107,949	2
Educational Media Services/School Library:						
Salaries	11-000-222-100	172,527	-	172,527	172,526	1
Purchased Professional & Technical Services	11-000-222-300	24,040	-	24,040	17,660	6,380
Supplies and Materials	11-000-222-600	77,458	(8,076)	69,382	49,388	19,994
Total Educational Media Services/School Library		274,025	(8,076)	265,949	239,574	26,375
Instructional Staff Training Services:						
Salaries of Supervisors of Instruction	11-000-223-102	24,397	123	24,520	24,444	76
Salaries of Other Professional Staff	11-000-223-104	11,000	-	11,000	10,400	600
Salaries of Secretarial & Clerical Assistants	11-000-223-105	46,404	3,240	49,644	49,644	-
Purchased Professional - Educational Services	11-000-223-320	27,000	-	27,000	20,106	6,894
Other Purchased Professional & Technical Services	11-000-223-390	7,100	-	7,100	5,268	1,832
Other Purchased Services	11-000-223-500	24,000	(3,573)	20,427	14,755	5,672
Supplies and Materials	11-000-223-600	500	-	500	217	283
Other Objects	11-000-223-800	2,000	-	2,000	1,719	281
Total Instructional Staff Training Services		142,401	(210)	142,191	126,553	15,638

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services General Administration:						
Salaries	11-000-230-100	213,675	260	213,935	213,935	-
Legal Services	11-000-230-331	65,000	(415)	64,585	34,216	30,369
Audit Services	11-000-230-332	24,000	415	24,415	24,415	-
Other Purchased Professional Services						
	11-000-230-339	5,500	-	5,500	4,118	1,382
Purchased Technical Services	11-000-230-340	11,000	-	11,000	10,499	501
Communications/Telephone	11-000-230-530	70,240	126	70,366	49,236	21,130
BOE Other Purchased Services	11-000-230-585	21,500	(11,000)	10,500	8,672	1,828
Other Purchased Services (400-500Series)	11-000-230-590	-	11,000	11,000	3,086	7,914
General Supplies	11-000-230-610	23,000	1,500	24,500	23,322	1,178
Miscellaneous Expenditures	11-000-230-890	2,650	(50)	2,600	2,507	93
BOE Membership Dues & Fees	11-000-230-895	17,000	1,850	18,850	18,832	18
Total Support Services General Administration		453,565	3,686	457,251	392,838	64,413
Support Services School Administration:						
Salaries of Principals & Assistant Principals						
	11-000-240-103	517,537	(1,726)	515,811	482,817	32,994
Salaries of Secretarial & Clerical Assistants						
	11-000-240-105	298,420	-	298,420	285,484	12,936
Other Salaries	11-000-240-110	8,130	66	8,196	8,196	-
Supplies and Materials	11-000-240-600	11,701	-	11,701	8,275	3,426
Other Objects	11-000-240-800	6,150	-	6,150	5,381	769
Total Support Services School Administration		841,938	(1,660)	840,278	790,153	50,125
Central Services:						
Salaries	11-000-251-100	435,273	(2,057)	433,216	424,207	9,009
Unused Vacation Payment to Term/Ret. Staff	11-000-251-199	-	1,058	1,058	1,057	1
Purchased Professional Services	11-000-251-330	20,700	1,046	21,746	20,246	1,500
Other Purchased Services	11-000-251-592	5,200	-	5,200	2,396	2,804
Supplies and Materials	11-000-251-600	4,540	-	4,540	2,120	2,420
Interest for Lease Purchase Agreement						
	11-000-251-832	4,688	(76)	4,612	3,687	925
Miscellaneous Expenditures	11-000-251-890	2,000	129	2,129	2,105	24
Total Central Services		472,401	100	472,501	455,818	16,683

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Administration Information Technology:						
Salaries	11-000-252-100	148,591	3,000	151,591	150,350	1,241
Purchased Technical Services	11-000-252-340	70,000	(3,000)	67,000	60,182	6,818
Supplies and Materials	11-000-252-600	146,500	-	146,500	141,498	5,002
Miscellaneous Expenditures	11-000-252-800	1,100	-	1,100	820	280
Total Administration Information Technology		366,191	-	366,191	352,850	13,341
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	5,000	-	5,000	3,480	1,520
Cleaning, Repair & Maintenance Services	11-000-261-420	128,025	6,000	134,025	133,388	637
General Supplies	11-000-261-610	56,350	(7,000)	49,350	47,898	1,452
Other Objects	11-000-261-800	11,250	-	11,250	3,930	7,320
Total Allowable Maintenance for School Facilities		200,625	(1,000)	199,625	188,696	10,929
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	809,905	(23,401)	786,504	756,928	29,576
Purchased Professional & Technical Services	11-000-262-300	7,500	7,000	14,500	13,082	1,418
Cleaning, Repair & Maintenance Services	11-000-262-420	211,583	1,901	213,484	208,819	4,665
Rental of Land & Building	11-000-262-441	2,000	(1,900)	100	-	100
Other Purchased Property Services	11-000-262-490	120,000	8,989	128,989	128,989	-
Insurance	11-000-262-520	71,950	(7,000)	64,950	64,810	140
General Supplies	11-000-262-610	80,500	7,000	87,500	87,014	486
Energy (Natural Gas)	11-000-262-621	125,000	(31,000)	94,000	73,260	20,740
Energy (Electricity)	11-000-262-622	365,000	91,000	456,000	419,138	36,862
Energy (Gasoline)	11-000-262-626	6,500	-	6,500	5,768	732
Other Objects	11-000-262-800	2,500	-	2,500	1,095	1,405
Total Other Operation & Maintenance of Plant		1,802,438	52,589	1,855,027	1,758,903	96,124
Care & Upkeep of Grounds:						
Other Purchased Professional Salaries	11-000-263-100	63,618	(17,000)	46,618	45,785	833
Technical Services	11-000-263-300	6,500	-	6,500	6,243	257
General Supplies	11-000-263-610	20,000	-	20,000	19,524	476
Total Care & Upkeep of Grounds		90,118	(17,000)	73,118	71,552	1,566

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Contracted Services (Aid in Lieu of Payments)	11-000-270-503	60,000	(10,000)	50,000	43,146	6,854
Contracted Services (Between Home & School) - Vendors	11-000-270-511	463,750	(20,000)	443,750	434,500	9,250
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	9,345	4,585	13,930	12,768	1,162
Contracted Services (Between Home & School) - Joint	11-000-270-513	10,000	(10,000)	-	-	-
Contracted Services (Special Education Students) - Vendors	11-000-270-514	78,500	-	78,500	69,696	8,804
Contracted Services (Special Education Students) - Joint	11-000-270-515	30,000	(8,000)	22,000	18,107	3,893
Contracted Services (Regular Students) - ESC's	11-000-270-517	95,000	-	95,000	84,306	10,694
Contracted Services (Special Education Students) - ESC's	11-000-270-518	310,000	48,000	358,000	351,463	6,537
Total Student Transportation Services		1,056,595	4,585	1,061,180	1,013,986	47,194
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	315,000	995	315,995	249,212	66,783
Other Retirement Contributions - Regular	11-000-291-241	338,400	-	338,400	303,829	34,571
Unemployment Compensation	11-000-291-250	31,844	-	31,844	579	31,265
Workmen's Compensation	11-000-291-260	82,019	-	82,019	78,558	3,461
Health Benefits	11-000-291-270	3,708,200	(51,000)	3,657,200	3,256,922	400,278
Tuition Reimbursements	11-000-291-280	30,000	-	30,000	2,350	27,650
Other Employee Benefits	11-000-291-290	75,000	(71,850)	3,150	2,975	175
Unused Vacation Payment to Term/Ret. Staff	11-000-291-299	-	92,850	92,850	66,470	26,380
Total Unallocated Benefits		4,580,463	(29,005)	4,551,458	3,960,895	590,563
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	975,536	(975,536)
Normal Pension Contributions		-	-	-	819,279	(819,279)
Reimbursed TPAF Social Security		-	-	-	741,199	(741,199)
Total Undistributed Expenditures		13,431,220	4,475	13,435,695	14,549,755	(1,114,060)
Total Expenditures - Current Expense		23,098,459	(5,990)	23,092,469	23,913,482	(821,013)

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Regular Programs - Instruction:						
Grades 1 - 5	12-120-100-730	9,200	13,700	22,900	22,856	44
Grades 6 - 8	12-130-100-730	18,300	-	18,300	18,300	-
Administrative Info Technology	12-000-252-730	23,000	-	23,000	22,016	984
Custodial Services	12-000-262-730	17,500	-	17,500	16,513	987
Care and Upkeep of Grounds	12-000-263-730	5,100	-	5,100	2,102	2,998
Security	12-000-266-730	5,000	-	5,000	4,331	669
Non-Instructional Services	12-000-300-730	7,200	-	7,200	6,246	954
Total Equipment		85,300	13,700	99,000	92,364	6,636
Facilities Acquisition & Construction Services:						
Lease Purchase Agreement	12-000-400-721	85,400	-	85,400	85,399	1
Assessment for Debt Service	12-000-400-896	45,789	4,579	50,368	45,789	4,579
Total Facilities Acquisition & Construction Services		131,189	4,579	135,768	131,188	4,580
Total Capital Outlay		216,489	18,279	234,768	223,552	11,216
Total Expenditures		23,314,948	12,289	23,327,237	24,137,034	(809,797)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures Before Other Financing Sources/(Uses)		(2,086,082)	(12,289)	(2,098,371)	285,906	2,384,277

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Financing Sources/(Uses):						
Operating Transfers In/(Out):						
Transfer to Charter Schools		(28,896)	-	(28,896)	-	28,896
		<hr/>				
Total Other Financing Uses		(28,896)	-	(28,896)	-	28,896
		<hr/>				
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures After Other Financing Sources/(Uses)		(2,114,978)	(12,289)	(2,127,267)	285,906	2,413,173
Fund Balances, July 1		4,433,918	-	4,433,918	4,433,918	-
		<hr/>				
Fund Balances, June 30		\$ 2,318,940	\$ (12,289)	\$ 2,306,651	\$ 4,719,824	\$ 2,413,173
		<hr/> <hr/>				

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances		\$ 12,289
		<hr/>
Total		<u>\$ 12,289</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Reserved Excess Surplus Designated of Subsequent Year's Expenditures		\$ 1,298,139
Capital Reserve		976,129
Excess Surplus		1,194,171
Assigned Fund Balance:		
Year-End Encumbrances		1,900
Designated for Subsequent Year's Expenditures		751,202
Designated for Subsequent Year's Expenditures - ARRA		23,597
Unassigned Fund Balance		<u>474,686</u>
Subtotal		4,719,824
Reconciliation to Governmental Fund Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis		<u>(778,386)</u>
Total Fund Balance per Governmental Funds (GAAP)		<u>\$ 3,941,438</u>

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Federal Sources	\$ 588,731	\$ -	\$ 588,731	\$ 588,731	\$ -
Total Revenues	588,731	-	588,731	588,731	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	106,247	-	106,247	106,247	-
Tuition	382,365	31	382,396	382,396	-
General Supplies	13,110	1,023	14,133	14,132	1
Total Instruction	501,722	1,054	502,776	502,775	1
Support Services:					
Salaries	30,480	(5,253)	25,227	25,227	-
Personal Services - Employee Benefits	27,569	(402)	27,167	27,167	-
Purchased Professional Services	23,216	1,680	24,896	24,897	(1)
Other Purchased Services	5,344	2,208	7,552	7,552	-
Supplies & Materials	400	713	1,113	1,113	-
Total Support Services	87,009	(1,054)	85,955	85,956	(1)
Total Expenditures	588,731	-	588,731	588,731	-
Total Outflows	588,731	-	588,731	588,731	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 24,422,940	\$ 588,731
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	21,941
Current Year	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	811,835	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(778,386)	-
	<u>\$ 24,456,389</u>	<u>\$ 610,672</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	24,137,034	588,731
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	21,941
	<u>\$ 24,137,034</u>	<u>\$ 610,672</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)		

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.03107%	0.03040%	0.033%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset)	\$ 6,974,000	\$ 5,691,661	\$ 6,261,749	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 2,149,630	\$ 2,192,147	\$ 2,144,986	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.43%	259.64%	291.92%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Plan fiduciary net position as a percentage of the total pension liability	38.21%	52.08%	48.72%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LUMBERTOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 290,873	\$ 267,096	\$ 250,611	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	290,873	267,096	250,611	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 2,149,630	\$ 2,192,147	\$ 2,144,986	\$ 2,074,797	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions as a percentage of covered-employee payroll	13.53%	12.18%	11.68%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LUMBERTOWN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.094200%	0.098203%	0.099420%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 59,538,110	\$ 52,486,407	\$ 50,245,999	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 10,278,649	\$ 10,492,779	\$ 10,173,303	\$9,457,611	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	\$ 0	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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LUMBERTONLUMBERTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

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

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND		I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL	TOTAL
	TITLE I	TITLE II - PART A			
Revenues:					
Federal Source	\$ 159,165	\$ 31,191	\$ 369,291	\$ 29,084	\$ 588,731
Total Revenues	<u>\$ 159,165</u>	<u>\$ 31,191</u>	<u>\$ 369,291</u>	<u>\$ 29,084</u>	<u>\$ 588,731</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 93,247	\$ -	\$ 13,000	\$ -	\$ 106,247
Tuition	-	-	353,312	29,084	382,396
Supplies	14,132	-	-	-	14,132
Total Instruction	<u>107,379</u>	<u>-</u>	<u>366,312</u>	<u>29,084</u>	<u>502,775</u>
Support Services:					
Salaries	21,180	4,047	-	-	25,227
Employee Benefits	25,864	309	994	-	27,167
Other Purchased Professional Services	-	22,912	1,985	-	24,897
Other Purchased Services	3,958	3,594	-	-	7,552
Supplies	784	329	-	-	1,113
Total Support Services	<u>51,786</u>	<u>31,191</u>	<u>2,979</u>	<u>-</u>	<u>85,956</u>
Total Expenditures	<u>\$ 159,165</u>	<u>\$ 31,191</u>	<u>\$ 369,291</u>	<u>\$ 29,084</u>	<u>\$ 588,731</u>

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F. Capital Projects Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		TRANSFER TO DEBT SERVICE FUND	UNEXPENDED BALANCE JUNE 30, 2016
			PRIOR YEARS	CURRENT YEAR		
To undertake the acquisition & installation of solar energy panels at the Ashbrook Elementary School, Florence L. Walther Elementary School, Lumberton Middle School and Bobby's Run Elementary School as well as related work for acquisition and installation of the panels.	8/4/2011	\$ 7,000,000	\$ 6,019,161	\$ 118,337	\$ 593,942	\$ 268,560
Various Capital Improvements - AES	3/26/2014	223,870	150,348	14,732	-	58,790
Various Capital Improvements - BRE	3/26/2014	202,640	107,919	63,978	-	30,743
Various Capital Improvements - FLW	3/26/2014	485,921	425,225	39,691	-	21,005
Various Capital Improvements - LMS	3/26/2014	396,082	292,161	73,403	-	30,518
Total		\$ 8,308,513	\$ 6,994,814	\$ 310,141	\$ 593,942	\$ 409,616
Less: Unearned SDA Revenue						(56,422)
Fund Balance Per B-1						\$ 353,194

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	\$ 6,117
Construction Services	304,024
Transfer to Debt Service	<u>185,992</u>
 Total Expenditures & Other Financing Uses	 <u>496,133</u>
 Excess/(Deficiency) of Revenues & Other Financing Sources	
Over/(Under) Expenditures & Other Financing Uses	(496,133)
Fund Balances, July 1	<u>905,749</u>
 Fund Balances, June 30	 <u><u>\$ 409,616</u></u>

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LUMBERTON - SOLAR PROJECT
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Bond Proceeds & Transfers	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,000,000
Total Revenues	7,000,000	-	7,000,000	7,000,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	508,146	-	508,146	508,146
Construction Services	5,506,598	118,337	5,624,935	6,079,487
Other Objects	4,417	-	4,417	4,417
Total Expenditures	6,019,161	118,337	6,137,498	6,592,050
Transfer to Debt Service Fund	407,950	185,992	593,942	407,950
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 572,889	\$ (304,329)	\$ 268,560	\$ -

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ASHBROOK ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 89,548	\$ -	\$ 89,548	\$ 89,548
Transfer from Capital Reserve	134,322	-	134,322	134,322
Total Revenues	223,870	-	223,870	223,870
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	11,610	732	12,342	18,000
Construction Services	138,738	14,000	152,738	205,870
Total Expenditures	150,348	14,732	165,080	223,870
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 73,522	\$ (14,732)	\$ 58,790	\$ -
Additional Project Information:				
DOE Project Number				2850-010-14-1001
SDA Project Number				2850-010-14-G1JJ
Grant Number				G5-4989
Grant Date				3/26/2014
Bond Authorization Date				N/A
Bonds Authorization				N/A
Bonds Issued				N/A
Original Authorized Cost				223,870
Additional Authorized Cost				-
Revised Authorized Cost				223,870
Percentage Increase Over Original Authorized Cost				-
Percentage Completion				74%
Original Target Completion Date				N/A
Revised Target Completion Date				N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BOBBY'S RUN ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 81,056	\$ -	\$ 81,056	\$ 81,056
Transfer from Capital Reserve	121,584	-	121,584	121,584
Total Revenues	202,640	-	202,640	202,640
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	3,866	79	3,945	14,000
Construction Services	104,053	63,899	167,952	188,640
Total Expenditures	107,919	63,978	171,897	202,640
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 94,721	\$ (63,978)	\$ 30,743	\$ -

Additional Project Information:

DOE Project Number	2850-020-14-1003
SDA Project Number	2850-020-14-G1JK
Grant Number	G5-4990
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	202,640
Additional Authorized Cost	-
Revised Authorized Cost	202,640
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	85%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FLORENCE L. WALTHER ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 194,368	\$ -	\$ 194,368	\$ 194,368
Transfer from Capital Reserve	291,553	-	291,553	291,553
Total Revenues	485,921	-	485,921	485,921
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	16,614	2,148	18,762	35,250
Construction Services	408,611	37,543	446,154	450,671
Total Expenditures	425,225	39,691	464,916	485,921
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 60,696	\$ (39,691)	\$ 21,005	\$ -

Additional Project Information:

DOE Project Number	2850-050-14-1005
SDA Project Number	2850-020-14-G1JL
Grant Number	G5-4991
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	485,921
Additional Authorized Cost	-
Revised Authorized Cost	485,921
Percentage Increase Over Original Authorized Cost	-
Percentage Completion	96%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LUMBERTON MIDDLE SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 158,433	\$ -	\$ 158,433	\$ 158,433
Transfer from Capital Reserve	237,649	-	237,649	237,649
Total Revenues	396,082	-	396,082	396,082
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	16,460	3,158	19,618	28,000
Construction Services	275,701	70,245	345,946	368,082
Total Expenditures	292,161	73,403	365,564	396,082
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 103,921	\$ (73,403)	\$ 30,518	\$ -
Additional Project Information:				
DOE Project Number				2850-060-14-1007
SDA Project Number				2850-060-14-G1JM
Grant Number				G5-4992
Grant Date				3/26/2014
Bond Authorization Date				N/A
Bonds Authorization				N/A
Bonds Issued				N/A
Original Authorized Cost				396,082
Additional Authorized Cost				-
Revised Authorized Cost				396,082
Percentage Increase Over Original Authorized Cost				-
Percentage Completion				92%
Original Target Completion Date				N/A
Revised Target Completion Date				N/A

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G. Proprietary Funds

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Enterprise Funds

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016**

ASSETS	EXTENDED DAY CARE	FOOD SERVICE FUND	TOTAL
Current Assets:			
Cash & Cash Equivalents	\$ 578,414	\$ 139,766	\$ 718,180
Accounts Receivable:			
State	-	373	373
Federal	-	13,588	13,588
Inventories	-	6,378	6,378
	<hr/>		
Total Current Assets	578,414	160,105	738,519
Capital Assets:			
Equipment	269,039	4,696	273,735
Accumulated Depreciation	(145,483)	(4,696)	(150,179)
	<hr/>		
Total Capital Assets	123,556	-	123,556
	<hr/>		
Total Assets	701,970	160,105	862,075
<hr/>			
LIABILITIES			
Current Liabilities:			
Interfund Payable	-	8,200	8,200
Accounts Payable	238	-	238
	<hr/>		
Total Current Liabilities	238	8,200	8,438
<hr/>			
NET POSITION			
Net Investment in Capital Assets	123,556	-	123,556
Unrestricted	578,176	151,905	730,081
	<hr/>		
Total Net Position	\$ 701,732	\$ 151,905	\$ 853,637
	<hr/> <hr/>		

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2016**

	EXTENDED DAY CARE	FOOD SERVICE FUND	TOTAL
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ -	\$ 176,274	\$ 176,274
Daily Sales Nonreimbursable Programs	-	108,749	108,749
Special Functions	-	10,270	10,270
Enrollment Fees	409,110	-	409,110
Miscellaneous	-	3,921	3,921
	<hr/>		
Total Operating Revenue	409,110	299,214	708,324
<hr/>			
Operating Expenses:			
Salaries	326,398	184,539	510,937
Payroll Taxes & Benefits	28,618	29,499	58,117
Supplies and Materials	-	28,002	28,002
Management Fee	-	50,910	50,910
Depreciation	10,040	-	10,040
Miscellaneous	49,800	991	50,791
Cost of Sales	-	191,031	191,031
	<hr/>		
Total Operating Expenses	414,856	484,972	899,828
<hr/>			
Operating Income/(Loss)	(5,746)	(185,758)	(191,504)
<hr/>			
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	4,741	4,741
Federal Sources:			
National School Lunch Program	-	144,325	144,325
National School Breakfast Program	-	20,261	20,261
Special Milk Program	-	365	365
Healthy Hungry Kids Act	-	6,164	6,164
Food Distribution Program	-	36,342	36,342
Interest Revenue		20	20
	<hr/>		
Total Nonoperating Revenues/ (Expenses)	-	212,218	212,218
<hr/>			
Change in Net Position	(5,746)	26,460	20,714
Total Net Position - Beginning	707,478	125,445	832,923
	<hr/>		
Total Net Position - Ending	\$ 701,732	\$ 151,905	\$ 853,637
	<hr/>		

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016**

	EXTENDED DAY CARE	FOOD SERVICE FUND	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 409,110	\$ 299,214	\$ 708,324
Payments to Employees	(326,398)	(184,539)	(510,937)
Payment to Employee Benefits	(28,618)	(29,499)	(58,117)
Payments to Suppliers	(49,562)	(233,864)	(283,426)
Net Cash Provided/(Used) by Operating Activities	4,532	(148,688)	(144,156)
Cash Flows From Noncapital Financing			
State Sources	-	4,789	4,789
Federal Sources	-	174,516	174,516
Net Cash Provided by Noncapital Financing Activities	-	179,305	179,305
Cash Flows From Investing Activities:			
Purchase of Capital Assets	(54,364)	-	(54,364)
Interest on Investments	-	20	20
Net Cash Provided by Investing Activities	(54,364)	20	(54,344)
Net Increase/(Decrease) in Cash & Cash Equivalents	(49,832)	30,637	(19,195)
Cash and Cash Equivalents, July 1	628,246	109,129	737,375
Cash and Cash Equivalents, June 30	\$ 578,414	\$ 139,766	\$ 718,180

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (5,746)	\$ (185,758)	\$ (191,504)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	10,040	-	10,040
Food Distribution Program	-	36,342	36,342
(Increase)/Decrease in Inventory	-	728	728
(Decrease)/Increase in Interfund	-	-	-
(Decrease)/Increase in Accounts Payable	238	-	238
Net Cash Provided/(Used) by Operating Activities	\$ 4,532	\$ (148,688)	\$ (144,156)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	AGENCY		PRIVATE PURPOSE		TOTAL
	STUDENT ACTIVITY	PAYROLL	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	
Cash & Cash Equivalents	\$ 37,310	\$ 5,127	\$ 2,454	\$ 74,329	\$ 119,220
Total Assets	37,310	5,127	2,454	74,329	119,220
LIABILITIES					
Due to Student Groups	37,310	-	-	-	37,310
Claims Payable	-	127	-	5,577	5,704
Interfund Payable	-	5,000	-	-	5,000
Total Liabilities	37,310	5,127	-	5,577	48,014
Net Position					
Restricted for Unemployment Claims	-	-	-	68,752	68,752
Restricted for Scholarships	-	-	2,454	-	2,454
Total Net Position	\$ -	\$ -	\$ 2,454	\$ 68,752	\$ 71,206

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMPARATIVE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUNDS	UNEMPLOYMENT COMPENSATION	
Operating Revenues:			
Local Sources:			
Deductions from Employees' Salaries	\$ -	\$ 22,936	\$ 22,936
Interest on Investments	1	54	55
Total Operating Revenues	1	22,990	22,991
Operating Expenditures:			
Scholarships Awarded	140	-	140
Unemployment Claims	-	48,585	48,585
Total Operating Expenses	140	48,585	48,725
Excess/(Deficit) of Revenues Over Expenditures	(139)	(25,595)	(25,734)
Fund Balances, July 1	2,593	94,347	96,940
Fund Balances, June 30	\$ 2,454	\$ 68,752	\$ 71,206

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 49,003	\$ 68,995	\$ 80,688	\$ 37,310
Accounts Receivable	807	-	807	-
Total Assets	\$ 49,810	\$ 68,995	\$ 81,495	\$ 37,310
LIABILITIES				
Due to Student Groups	\$ 49,810	\$ 68,995	\$ 81,495	\$ 37,310
Total Liabilities	\$ 49,810	\$ 68,995	\$ 81,495	\$ 37,310

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 5,127	\$ 23,595,197	\$ 23,595,197	\$ 5,127
Total Assets	\$ 5,127	\$ 23,595,197	\$ 23,595,197	\$ 5,127
LIABILITIES				
Interfund Payable	\$ 5,000	\$ -	\$ -	\$ 5,000
Payroll Deductions & Withholdings	-	15,311,795	15,311,795	-
Flexible Spending	127	22,155	22,155	127
Net Payroll	-	8,261,247	8,261,247	-
Total Liabilities	\$ 5,127	\$ 23,595,197	\$ 23,595,197	\$ 5,127

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I. Long-Term Debt

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2015	ISSUED	RETIRED	BALANCE JUNE 30, 2016
			DATE	AMOUNT					
Refunding of 1999 & 2001 Bonds	2-17-2010	\$ 3,535,000	N/A	\$ -	N/A	\$ 505,000	\$ -	\$ 505,000	\$ -
2010 School Bonds	8-4-2010	7,000,000	2-15-17	435,000	2.500%	5,455,000	-	430,000	5,025,000
			2-15-18	450,000	2.500%				
			2-15-19	460,000	2.500%				
			2-15-20	475,000	2.750%				
			2-15-21	490,000	3.000%				
			2-15-22	505,000	3.000%				
			2-15-23	525,000	3.000%				
2-15-24	540,000	3.250%							
2015 Refunding School Bonds	4-1-2015	4,205,000	2-15-25	560,000	3.250%	4,205,000		810,000	3,395,000
			2-15-26	585,000	3.375%				
			2-15-17	810,000	3.000%				
			2-15-18	835,000	3.000%				
			2-15-19	860,000	3.000%				
			2-15-20	890,000	3.000%				
Total						\$ 10,165,000	\$ -	\$ 1,745,000	\$ 8,420,000

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016**

SERIES	INTEREST RATE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		INTEREST RATE PAYABLE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2016
			PRINCIPAL	INTEREST					
Computer Equipment	2.79%	5 Years	\$ 249,988	\$ 13,788	2.790%	\$ 50,777	\$ -	\$ 50,777	\$ -
Technology Equipment	2.14%	5 Years	175,000	7,569	2.140%	106,104	-	34,622	71,482
Total						\$ 156,881	\$ -	\$ 85,399	\$ 71,482

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,310,472	\$ -	\$ 1,310,472	\$ 1,310,472	\$ -
State Sources:					
Debt Service Aid Type II	565,629	-	565,629	565,629	-
Total Revenues	1,876,101	-	1,876,101	1,876,101	-
Expenditures					
Regular Debt Service:					
Interest	337,094	(20,000)	317,094	266,547	50,547
Redemption of Principal	1,725,000	20,000	1,745,000	1,745,000	-
Total Expenditures	2,062,094	-	2,062,094	2,011,547	50,547
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources(Uses)	(185,993)	-	(185,993)	(135,446)	50,547
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):	-	185,992	185,992	185,992	-
Total Other Financing Uses	-	185,992	185,992	185,992	-
Excess/(Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources/(Uses)	(185,993)	185,992	(1)	50,546	50,547
Fund Balance, July 1	1	-	1	1	-
Fund Balance, June 30	\$ (185,992)	\$ 185,992	\$ -	\$ 50,547	\$ 50,547

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STATISTICAL SECTION (Unaudited)

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment										
in Capital Assets	\$ 12,844,641	\$ 12,176,611	\$ 12,792,421	\$ 11,723,958	\$ 9,319,583	\$ 6,908,701	\$ 7,564,837	\$ 6,039,226	\$ 4,361,242	\$ 3,077,610
Restricted	3,778,568	3,931,337	5,150,127	5,824,338	5,248,039	3,028,173	2,915,301	3,753,402	3,024,755	3,062,170
Unrestricted	(6,686,383)	(6,847,035)	(452,093)	(1,270,091)	(547,061)	1,077,225	(878,515)	(1,291,399)	(719,918)	(829,513)
Total Governmental Activities	\$ 9,936,826	\$ 9,260,913	\$ 17,490,455	\$ 16,278,205	\$ 14,020,561	\$ 11,014,099	\$ 9,601,623	\$ 8,501,229	\$ 6,666,079	\$ 5,310,267
Business-Type Activities:										
Net Investment										
in Capital Assets	\$ 123,556	\$ 79,232	\$ 195,414	\$ 202,891	\$ -	\$ 4,000	\$ 8,723	\$ 13,601	\$ 19,538	\$ 8,763
Unrestricted	730,081	753,691	656,660	547,231	665,217	619,486	591,816	581,739	600,846	507,606
Total Business-Type Activities	\$ 853,637	\$ 832,923	\$ 852,074	\$ 750,122	\$ 665,217	\$ 623,486	\$ 600,539	\$ 595,340	\$ 620,384	\$ 516,369
District-Wide:										
Net Investment										
in Capital Assets	\$ 12,968,197	\$ 12,255,843	\$ 12,987,835	\$ 12,987,835	\$ 11,926,849	\$ 9,319,583	\$ 6,912,701	\$ 7,573,560	\$ 6,052,827	\$ 4,380,780
Restricted	3,778,568	3,931,337	5,150,127	5,150,127	5,824,338	5,248,039	3,028,173	2,915,301	3,753,402	3,024,755
Unrestricted	(5,956,302)	(6,093,344)	204,567	204,567	(722,860)	118,156	1,696,711	(286,699)	(709,660)	(119,072)
Total District Net Position	\$ 10,790,463	\$ 10,093,836	\$ 18,342,529	\$ 18,342,529	\$ 17,028,327	\$ 14,685,778	\$ 11,637,585	\$ 10,202,162	\$ 9,096,569	\$ 7,286,463

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	6,162,092	\$ 6,051,836	\$ 6,056,478	\$ 5,858,548	\$ 5,337,156	\$ 5,511,184	\$ 5,856,255	\$ 5,785,756	\$ 5,650,403	\$ 5,643,556
Special Education	3,157,159	3,221,113	3,142,819	3,101,092	2,925,821	2,970,403	3,030,581	2,848,107	2,645,347	2,615,714
Other Special Instruction	436,729	430,509	417,255	415,989	365,872	333,295	404,705	399,033	362,752	338,959
Other Instruction	110,522	104,256	104,264	89,957	87,157	74,268	121,527	114,943	101,736	100,094
Support Services & Undistributed C	-	-	-	-	-	-	-	-	-	-
Tuition	729,211	541,483	667,811	469,536	551,302	498,833	550,545	852,065	815,738	835,688
Health Services	249,208	247,986	252,321	237,883	226,704	189,020	249,763	239,601	241,727	228,614
Student & Instruction Related Services	1,810,057	1,851,245	1,737,838	1,693,204	1,548,778	1,473,423	1,631,718	1,430,890	1,471,481	1,383,614
Educational Media Services/School Library	898,050	967,348	227,599	228,077	197,283	203,554	263,063	254,759	243,400	256,486
School Administrative Services	1,201,506	1,140,016	975,756	912,921	926,003	888,345	897,360	955,857	941,835	923,291
Other Administrative Services	2,147,694	1,896,008	1,232,478	1,143,910	1,077,637	995,151	1,230,613	1,159,844	1,157,774	1,119,740
Plant Operations & Maintenance	1,013,986	1,020,021	1,806,854	1,617,858	1,843,832	2,067,268	2,121,507	2,114,781	2,060,916	1,840,068
Pupil Transportation	9,455,693	8,082,560	891,983	894,954	874,561	813,623	881,514	986,017	886,463	1,090,043
Employee Benefits	-	36,314	472,209	5,608,421	5,069,778	4,782,545	4,625,828	4,348,266	4,849,653	5,051,477
Transfers to Charter Schools	285,699	73,990	36,200	25,116	8,304	-	-	-	-	-
Interest on Long-Term Debt	-	-	472,077	545,156	623,908	706,341	587,058	712,661	778,495	836,558
Reduction of Capital Leases	-	-	-	-	-	-	-	-	(48,312)	(46,732)
Amortization of Debt Costs	-	2,905,087	13,348	34,567	34,567	34,567	20,834	12,594	12,595	12,595
Increase in Compensated Absences	-	-	-	-	-	-	-	-	-	-
Unallocated	-	-	37,091	162,915	-	190,779	(291,299)	209,942	(64,704)	63,805
Reduction in Fixed Assets	-	-	-	-	-	-	-	-	-	-
Unallocated	-	-	167,641	(41,788)	-	(332,956)	-	(291,385)	(10,117)	2,090,720
Unallocated Depreciation	1,320,464.17	1,317,145	1,020,858	1,007,469	1,000,626	1,859,382	766,064	752,805	763,681	802,479
Total Governmental Activities Expenses	29,217,644	30,639,867	24,824,740	24,005,785	22,699,289	23,259,025	22,947,636	22,886,536	22,860,863	25,186,749
Business-Type Activities:										
Food Service	484,972	502,815	477,165	489,951	564,696	551,004	544,820	588,419	583,602	583,894
Extended Day Care	414,856	425,550	406,180	441,588	413,671	442,940	495,785	555,646	434,681	416,805
Total Business-Type Activities Expense	899,828	928,365	883,345	931,539	978,367	993,944	1,040,605	1,144,065	1,018,283	1,000,699
Total District Expenses	\$ 30,117,472	\$ 31,568,232	\$ 25,708,085	\$ 24,937,324	\$ 23,677,656	\$ 24,252,969	\$ 23,988,241	\$ 24,030,601	\$ 23,879,146	\$ 26,187,448

LUMBERTON TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 5,962,745	\$ 4,948,577	\$ 626,525	\$ 583,190	\$ 600,087	\$ 734,567	\$ 650,800	\$ 537,505	\$ 556,080	\$ 589,920
Total Governmental Activities Program Revenues	\$ 5,962,745	\$ 4,948,577	\$ 626,525	\$ 583,190	\$ 600,087	\$ 734,567	\$ 650,800	\$ 537,505	\$ 556,080	\$ 589,920
Business-Type Activities:										
Charges for Services:										
Food Service	299,214	305,520	326,640	332,655	399,890	412,885	417,580	421,107	408,904	393,379
Extended Day Care	409,110	479,302	478,293	477,286	451,586	440,920	479,676	556,238	566,794	515,932
Operating Grants & Contributions	212,198	231,296	180,041	170,902	166,185	159,133	146,738	138,404	134,239	140,503
Adjustment to Fixed Assets	-	(107,501)	-	35,093	-	-	-	-	-	-
Total Business Type Activities Program Revenues	\$ 920,522	\$ 908,617	\$ 984,974	\$ 984,974	\$ 980,843	\$ 1,017,661	\$ 1,012,938	\$ 1,043,994	\$ 1,115,749	\$ 1,109,937
Total District Program Revenues	\$ 6,883,267	\$ 5,857,194	\$ 1,611,499	\$ 1,568,164	\$ 1,580,930	\$ 1,752,228	\$ 1,663,738	\$ 1,581,499	\$ 1,671,829	\$ 1,699,857
Net/(Expense)/Revenue:										
Governmental Activities	\$ (23,254,899)	\$ (25,691,290)	\$ (24,198,215)	\$ (23,422,595)	\$ (22,099,202)	\$ (22,524,458)	\$ (22,296,836)	\$ (22,349,031)	\$ (22,304,783)	\$ (24,596,829)
Business-Type Activities	20,694	(19,748)	101,629	53,435	2,476	23,717	(27,667)	(100,071)	97,466	109,238
Total District-Wide Net Expense	\$ (23,234,205)	\$ (25,711,038)	\$ (24,096,586)	\$ (23,369,160)	\$ (22,096,726)	\$ (22,500,741)	\$ (22,324,503)	\$ (22,449,102)	\$ (22,207,317)	\$ (24,487,591)

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General										
General Purposes, Net	\$ 12,856,287	\$ 12,338,726	\$ 12,096,791	\$ 11,926,593	\$ 11,692,738	\$ 11,692,738	\$ 11,663,728	\$ 11,640,334	\$ 11,742,567	\$ 11,730,134
Taxes Levied for Debt Service	1,310,472	1,488,731	2,043,080	2,018,353	2,018,353	2,018,353	1,839,260	1,800,667	1,841,871	1,724,154
Unrestricted/Restricted Grants &										
Contributions	8,996,152	9,226,856	10,986,413	11,613,041	11,220,435	10,125,014	9,817,447	10,687,221	9,905,597	9,923,983
Tuition Received	94,030	113,187	80,659	27,045	27,449	10,408	7,039	7,891	10,024	3,347
Investment Earnings	-	-	-	-	27,328	60,793	29,984	36,052	138,141	235,938
Miscellaneous Income	616,257	429,572	289,231	95,207	111,760	29,628	39,772	12,016	22,395	3,092
Unallocated Amortization	-	45,243	-	-	-	-	-	-	-	-
Reduction in Compensated	-	-	-	-	-	-	-	-	-	-
Absences	57,614	81,182	-	-	7,601	-	-	-	-	-
Total Governmental Activities	23,930,812	23,723,497	25,496,174	25,680,239	25,105,664	23,936,934	23,397,230	24,184,181	23,660,595	23,620,648
Business-Type Activities:										
Investment Earnings	20	597	323	508	2,437	3,953	1,810	3,272	12,361	21,016
Total Business-Type Activities	20	597	323	508	2,437	3,953	1,810	3,272	12,361	21,016
Total District-Wide	\$ 23,930,832	\$ 23,724,094	\$ 25,496,497	\$ 25,680,747	\$ 25,108,101	\$ 23,940,887	\$ 23,399,040	\$ 24,187,453	\$ 23,672,956	\$ 23,641,664
Change in Net Position:										
Governmental Activities	\$ 675,913	\$ (1,967,793)	\$ 1,297,959	\$ 2,257,644	\$ 3,006,462	\$ 1,412,476	\$ 1,100,394	\$ 1,835,150	\$ 1,355,812	\$ (976,181)
Business-Type Activities	20,714	(19,151)	101,952	53,943	4,913	27,670	(25,857)	(96,799)	109,827	130,254
Total District	\$ 696,627	\$ (1,986,944)	\$ 1,399,911	\$ 2,311,587	\$ 3,011,375	\$ 1,440,146	\$ 1,074,537	\$ 1,738,351	\$ 1,465,639	\$ (845,927)

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ 3,468,439	\$ 3,251,557	\$ 4,689,059	\$ 4,941,044	\$ 3,890,627	\$ 1,933,662	\$ 2,355,443	\$ 3,525,013	\$ 2,982,259	\$ 2,888,519
Committed			-	49,999	-	-	-	-	-	-
Assigned	472,999	370,526	-	-	-	-	-	-	-	-
Unassigned			(225,561)	(362,047)	418,021	1,378,353	108,301	(136,782)	97,567	237,229
Total General Fund	\$ 3,941,438	\$ 3,622,083	\$ 4,463,498	\$ 3,312,014	\$ 2,463,744	\$ 3,388,231	\$ 3,079,826	\$ 3,125,748	\$ 3,426,720	\$ 3,238,996
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	390,786	383,237	-	-	-	-	-	-
Restricted, Reported in:										
Special Revenue Fund	353,194	772,605	-	-	-	-	-	-	(1,995)	(1,995)
Capital Projects Fund	-	-	210,888	450,057	1,133,906	1,580,950	-	-	-	28,384
Debt Service Fund	50,547	1	2	1	-	52,825	52,827	28,389	28,387	838
Total All Other Governmental Funds	\$ 403,741	\$ 772,606	\$ 601,676	\$ 833,295	\$ 1,133,906	\$ 1,633,775	\$ 52,827	\$ 28,389	\$ 26,392	\$ 27,227

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local Tax Levy	\$ 14,166,759	\$ 13,827,457	\$ 14,139,871	\$ 13,944,946	\$ 13,711,091	\$ 13,711,091	\$ 13,502,988	\$ 13,441,001	\$ 13,584,438	\$ 13,454,288
Tuition	94,030	113,187	80,659	27,045	27,449	10,408	7,039	7,891	10,024	3,347
Interest	-	-	-	-	26,443	56,634	28,332	36,033	138,119	235,905
Interest on Capital Reserve	-	-	-	-	885	4,159	1,652	19	22	33
Miscellaneous	616,257	429,572	289,231	95,207	111,760	29,628	39,772	12,016	22,395	3,092
State Sources	11,456,100	11,229,830	10,966,009	11,591,240	10,882,973	10,097,373	8,510,467	10,692,036	9,948,457	9,969,905
Federal Sources	686,738	630,619	646,929	604,991	937,549	762,208	1,957,780	532,690	513,220	543,998
Total Revenue	27,019,884	26,230,665	26,122,699	26,263,429	25,698,150	24,671,501	24,048,030	24,721,686	24,216,675	24,210,568
Expenditures:										
Instruction	9,866,502	9,807,714	9,720,816	9,465,586	8,716,006	8,889,150	9,413,068	9,147,839	8,760,238	8,743,722
Undistributed Instruction	14,657,652	13,740,688	13,356,709	12,806,764	12,315,878	11,911,762	12,451,911	12,342,080	12,668,987	11,325,089
Capital Outlay	533,693	1,258,052	621,910	375,845	860,597	5,491,925	183,308	89,349	17,196	268,071
Debt Service:	2,011,547	2,052,744	2,959,181	3,570,381	3,550,588	2,949,446	2,899,792	2,832,016	2,817,011	2,894,767
Total Expenditures	27,069,394	26,859,198	26,658,616	26,218,576	25,443,069	29,242,283	24,948,079	24,411,284	24,263,432	23,231,649
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(49,510)	(628,533)	(535,917)	44,853	255,081	(4,570,782)	(900,049)	310,402	(46,757)	978,919
Other Financing Sources/(Uses):										
Proceeds from Borrowing	-	-	-	-	-	7,000,000	-	-	-	-
Cancellation of Grant Receivable	-	(5,638)	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	175,000	-	249,988	-	-	-	-	250,000
Transfers to Charter Schools	-	(36,314)	(36,200)	(25,116)	(8,304)	-	-	-	-	-
Transfers in	185,992	-	-	407,950	349,750	-	-	-	28,384	-
Transfers Out	(185,992)	-	-	(407,950)	(349,750)	-	-	-	(28,384)	-
Total Other Financing Sources/ (Uses)	-	(41,952)	138,800	(25,116)	241,684	7,000,000	-	-	-	250,000
Net Change in Fund Balances	\$ (49,510)	\$ (670,485)	\$ (397,117)	\$ 19,737	\$ 496,765	\$ 2,429,218	\$ (900,049)	\$ 310,402	\$ (46,757)	\$ 1,228,919
Debt Service as a Percentage of Noncapital Expenditures	7.4%	7.6%	11.1%	13.6%	14.0%	10.1%	11.6%	11.6%	11.6%	12.5%

Source: District records
Note: Noncapital expenditures are total expenditures less capital outlay

LUMBERTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST ON INVESTMENTS	MISCELLANEOUS	TUITION	TOTAL
2016	\$ 4,701	\$ 611,556	\$ 94,030	\$ 710,287
2015	6,421	423,151	113,187	542,759
2014	7,907	268,305	80,659	356,871
2013	7,907	73,648	27,045	108,600
2012	27,328	111,760	27,449	166,537
2015	60,793	29,628	10,408	100,829
2010	29,984	39,772	7,039	76,795
2009	36,052	12,016	7,891	55,959
2008	138,141	22,395	10,024	170,560
2007	235,938	3,092	3,347	242,377

Source: District Records

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

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2016	\$13,099,100	\$ 1,126,496,400	\$ 19,155,300	\$ 1,898,170	\$ 132,408,200	\$ 66,027,623	\$ 29,091,200	\$ 1,388,175,993	\$1,903,008	\$1,390,079,001	1.023	\$ 1,325,005,976
2015	9,972,300	1,130,249,300	19,771,000	1,983,400	132,675,900	65,632,623	29,091,200	1,389,375,723	1,997,273	1,391,372,996	1.019	1,396,504,323
2014	10,798,700	1,153,722,800	20,915,900	1,948,180	134,718,400	64,115,823	29,352,400	1,389,375,723	1,945,138	1,387,430,585	1.389	1,420,703,445
2013	10,631,900	1,168,180,400	20,715,800	2,446,300	134,628,400	63,115,823	29,352,400	1,415,572,203	1,838,276	1,413,733,927	1.364	1,539,364,038
2012	11,087,100	1,180,483,600	20,403,100	2,002,800	132,617,800	63,115,823	28,954,400	1,429,071,023	2,001,088	1,427,069,935	1.309	1,445,922,334
2015	11,698,400	1,187,781,700	20,484,200	1,902,800	131,564,300	64,304,600	28,954,400	1,438,664,623	2,285,933	1,436,378,690	1.301	1,523,480,241
2010	11,597,000	1,190,946,000	20,915,300	1,923,700	127,543,600	64,941,400	28,954,400	1,446,690,400	2,245,784	1,444,444,616	1.251	1,566,514,606
2009	11,963,500	1,191,093,800	20,850,000	1,997,980	143,617,300	57,756,100	28,954,400	1,446,821,400	2,213,653	1,444,607,747	1.255	1,433,155,780
2008	12,793,600	1,194,523,300	19,555,800	1,980,100	115,446,100	57,422,000	30,929,800	1,456,233,080	2,115,070	1,454,118,010	1.269	1,301,375,968
2007	5,357,300	601,863,900	10,190,000	1,112,600	71,115,200	29,051,100	21,610,300	1,432,650,700	1,197,965	1,431,452,735	2.384	1,272,162,007

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		LUMBERTON TOWNSHIP	MUNICIPAL OPEN SPACE	BURLINGTON COUNTY	
2015	1.023	0.419	1.442	0.421	0.010	0.387	2.260
2014	1.019	0.398	1.417	0.416	0.010	0.400	2.243
2013	0.997	0.392	1.389	0.365	0.010	0.378	2.142
2012	0.974	0.390	1.364	0.348	0.010	0.406	2.128
2011	0.951	0.358	1.309	0.331	0.010	0.381	2.031
2014	0.947	0.354	1.301	0.314	0.009	0.400	2.024
2009	0.932	0.319	1.251	0.298	0.009	0.411	1.969
2008	0.937	0.318	1.255	0.258	0.010	0.408	1.931
2007	0.948	0.321	1.269	0.400	0.010	0.383	2.062
2006	1.815	0.569	2.384	0.406	0.010	0.757	3.557

Source: Municipal Tax Collector

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2016		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
CVS New York	\$ 31,950,000	1	2.30%
Whitehall Apartments Association	12,900,000	2	0.93%
BF Saul Holdings LTD Partnership	12,000,000	3	0.86%
541 Associates	11,321,200	4	0.82%
Newman Development Group of Hainesport	10,354,400	5	0.75%
Wal-Mart	10,116,600	6	0.73%
East Coast Lumberton Apartments, LLC	8,400,000	7	0.61%
Burlington Geriatric Centers, Inc.	8,180,000	8	0.59%
Evergreen I Associates, LLC	7,000,000	9	0.50%
CCL Label, Inc.	5,520,000	10	0.40%
Total	<u>\$117,742,200</u>		<u>8.48%</u>

	2007		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE

INFORMATION CURRENTLY UNAVAILABLE

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2016	\$ 14,166,759	\$ 14,166,759	100.00%
2015	13,827,457	13,827,457	100.00%
2014	14,139,871	14,139,871	100.00%
2013	13,944,946	13,944,946	100.00%
2012	13,711,091	13,711,091	100.00%
2015	13,711,091	13,711,091	100.00%
2010	13,502,988	13,502,988	100.00%
2009	13,441,001	13,441,001	100.00%
2008	13,584,438	13,584,438	100.00%
2007	13,454,288	13,454,288	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES			
2016	\$ 8,420,000	-	\$ 71,482	\$ 8,491,482	N/A	
2015	10,165,000	-	156,881	10,321,881	830.53	
2014	11,905,000	-	240,176	12,145,176	973.48	
2013	14,415,000	-	148,234	14,563,234	1,165.62	
2012	17,455,000	-	194,988	17,649,988	1,406.82	
2011	20,295,000	-	-	20,295,000	1,616.36	
2010	15,725,000	-	-	15,725,000	1,251.09	
2009	17,885,000	-	51,633	17,936,633	1,500.09	
2008	19,985,000	-	101,578	20,086,578	1,675.42	
2007	22,005,000	-	149,890	22,154,890	1,835.53	
2006	23,935,000	-	196,622	24,131,622	1,999.31	

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

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		
2016	\$ 8,420,000	\$ -	\$ 8,420,000	0.61%	N/A
2015	10,165,000	-	10,165,000	0.71%	817.91
2014	11,905,000	-	11,905,000	0.83%	954.23
2013	14,415,000	-	14,415,000	1.00%	1,153.75
2012	17,455,000	-	17,455,000	1.20%	1,391.28
2015	20,295,000	-	20,295,000	1.40%	1,616.36
2010	15,725,000	-	15,725,000	1.09%	1,251.09
2009	17,885,000	-	17,885,000	1.23%	1,495.78
2008	19,985,000	-	19,985,000	1.37%	1,666.94
2007	22,005,000	-	22,005,000	1.53%	1,823.12

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lumberton Township	\$ 3,795,069	100.000%	\$ 3,795,069
Burlington County	282,131,755	2.851%	8,044,179.95
Rancocas Valley Regional High School	17,943,683	32.216%	5,780,680.39
Subtotal, Overlapping Debt			17,619,929.27
Lumberton Township Board of Education			8,420,000.00
Total Direct & Overlapping Debt			<u>\$ 26,039,929</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 40,292,510	\$ 42,134,075	\$ 43,246,946	\$ 43,190,454	\$ 44,084,444	\$ 45,071,339	\$ 45,678,901	\$ 44,348,648	\$ 41,078,998	\$ 36,302,100
Total Net Debt Applicable to Limit	8,420,000	8,425,000	11,905,000	14,415,000	17,455,000	20,295,000	15,725,000	17,885,000	19,985,000	22,005,000
Legal Debt Margin	<u>\$ 31,872,510</u>	<u>\$ 33,709,075</u>	<u>\$ 31,341,946</u>	<u>\$ 28,775,454</u>	<u>\$ 26,629,444</u>	<u>\$ 24,776,339</u>	<u>\$ 29,953,901</u>	<u>\$ 26,463,648</u>	<u>\$ 21,093,998</u>	<u>\$ 14,297,100</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.90%	20.00%	27.53%	33.38%	39.59%	45.03%	34.43%	40.33%	48.65%	60.62%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis	
2015	\$ 1,320,322,839
2014	1,347,670,168
2013	1,361,258,008
	<u>\$ 4,029,251,015</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,343,083,672</u>
Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt	\$ 40,292,510 8,420,000
Legal Debt Margin	<u>\$ 31,872,510</u>

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	BURLINGTON	UNEMPLOYMENT
		COUNTY PER CAPITA INCOME	
2016	N/A	N/A	N/A
2015	12,428	N/A	5.00%
2014	12,476	53,747	6.50%
2013	12,494	51,785	8.00%
2012	12,546	51,390	8.80%
2010	12,556	49,955	8.50%
2010	12,569	48,047	9.20%
2009	11,957	47,649	8.50%
2008	11,989	47,816	4.70%
2007	12,070	46,188	3.50%

Source: NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2016	2007
	EMPLOYEES	EMPLOYEES
CVS Corporation	1,240	N/A
Radwell	600	N/A
Lumberton Township School District	249	N/A
Total	2,089	N/A

Source: Burlington County Economic Development

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
INFORMATION CURRENTLY UNAVAILABLE**

LUMBERTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2016	1,374	\$ 24,524,154	\$ 17,849	13.77%	122	11.26/1	1,377	1,317	-6.83%	95.64%
2015	1,501	23,548,402	15,688	1.50%	127	11.82/1	1,478	1,418	-1.27%	95.94%
2014	1,493	23,077,525	15,457	6.18%	132	11.31/1	1,497	1,440	-2.22%	96.19%
2013	1,530	22,272,350	14,557	13.58%	122	12.54/1	1,531	1,471	-6.70%	96.08%
2012	1,641	21,031,912	12,817	2.65%	142	11.55/1	1,641	1,588	-1.44%	96.77%
2011	1,666	20,800,912	12,486	-3.67%	131	12.72/1	1,665	1,596	-1.36%	95.86%
2010	1,687	21,864,979	12,961	2.95%	155	10.88/1	1,688	1,617	-1.06%	95.79%
2009	1,707	21,489,919	12,589	0.69%	163	10.47/1	1,706	1,642	-0.70%	96.25%
2008	1,714	21,429,225	12,502	2.05%	163	10.52/1	1,718	1,653	-1.83%	96.22%
2007	1,749	21,427,324	12,251	5.67%	163	10.73/1	1,750	1,680	0.11%	96.00%

Sources: District records

Note: Enrollment based on annual October district count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay
- b. Teaching staff includes only full-time equivalents of certificated staff
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

LUMBERTON TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools:										
Bobby's Run School:										
Square Feet	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110
Capacity (Students)	415	415	415	415	415	415	415	415	415	415
Enrollment	333	336	337	329	361	386	358	387	388	379
Florence L. Walther School:										
Square Feet	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945
Capacity (Students)	471	471	471	471	471	471	471	471	471	471
Enrollment	256	302	293	316	359	350	380	370	370	395
Ashbrook School:										
Square Feet	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300
Capacity (Students)	402	402	402	402	402	402	402	402	402	402
Enrollment	271	297	326	324	349	350	364	372	385	393
Middle School:										
Lumberton Middle School:										
Square Feet	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106
Capacity (Students)	634	634	634	634	634	634	634	634	634	634
Enrollment	514	566	537	561	572	580	585	578	571	582

Number of Schools at June 30, 2016:

Elementary = 3

Middle School = 1

Source: District Facilities Office

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

SCHOOL FACILITIES	PROJECT #	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bobby's Run School	Required Maintenance	\$ 49,562	\$ 54,304	\$ 39,750	\$ 45,329	\$ 52,417	\$ 26,053	\$ 34,324	\$ 45,114	\$ 39,747	\$ 36,122
Lumberton Middle School	Required Maintenance	72,331	88,710	67,935	63,790	64,410	40,847	48,016	63,687	56,969	50,501
Florence L. Walther School	Required Maintenance	38,752	41,350	23,984	44,590	38,786	35,267	32,828	44,014	38,104	28,341
Ashbrook School	Required Maintenance	29,334	25,696	27,045	34,936	37,024	23,366	27,619	36,022	29,951	28,765
District-Wide Items	Required Maintenance	-	2,792	3,356	3,606	6,963	-	-	-	-	-
Total		\$189,979	\$ 212,852	\$ 162,070	\$ 192,251	\$ 199,600	\$ 125,533	\$ 142,787	\$ 188,837	\$ 164,771	\$ 143,729

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

Source: District records

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Inland Marine /		
Automobile Physical Damages (per occurrence)	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Educators Legal Liability	250,000	
Workers Compensation	250,000	
Crime	250,000	500
Boiler and Machinery	None	
Pollution Liability	None	
Cyber Liability	None	
School Pool For Excess Liability Limits		
Property / Inland Marine /		
Automobile Physical Damages (per occurrence)	150,000,000	
Crime	500,000	
Workers Compensation	Stutory	
Employers Liability	10,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Boiler and Machinery	125,000,000	1,000
Pollution Liability	3,000,000	25,000
Cyber Liability	1,000,000	25,000
Violent Malicious Acts	1,000,000	15,000
Selective Insurance Compnay of America		
Surety - Board Secretary	300,000	

Source: District Records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Lumberton Township School District
County of Burlington
Lumberton, New Jersey 08048

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 and business-type activities, each major fund and the aggregate remaining fund information of the Lumberton Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lumberton Township School District’s basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 15, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Lumberton Township School District
County of Burlington
Lumberton, New Jersey 08048

Report on Compliance for Each Major Federal and State Program

We have audited Lumberton 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 District’s major federal and state programs for the year ended June 30, 2016. Lumberton Township School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

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 Lumberton Township School District’s major federal and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements 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, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about Lumberton 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 federal and state program. However, our audit does not provide a legal determination of Lumberton Township School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of Lumberton 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 Lumberton Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 federal or state program and to test and report on internal control over compliance in accordance with the 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 Lumberton 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 15, 2016

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JANUARY 0, 1900

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30,	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	JANUARY 0, 1900	
								(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE
GRANTOR AT JUNE 30,									
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:									
Enterprise Fund:									
Non-Cash Assistance:									
Food Distribution Program	10.550	\$ 36,342	7/1/14-6/30/15	\$ -	\$ 36,342	\$ (36,342)	\$ -	\$ -	\$ -
Cash Assistance:									
National School Lunch Program	10.555	144,325	7/1/15-6/30/16	-	133,140	(144,325)	-	(11,185)	-
National School Lunch Program	10.555	145,459	7/1/14-6/30/15	(12,649)	12,649	-	-	-	-
Subtotal				(12,649)	145,789	(144,325)	-	(11,185)	-
National School Breakfast Program	10.555	20,261	7/1/15-6/30/16	(3,751)	18,378	(20,261)	-	(1,883)	-
National School Breakfast Program	10.555	41,843	7/1/14-6/30/15	(3,751)	3,751	(20,261)	-	-	-
Subtotal				(7,502)	22,129	(20,261)	-	(1,883)	-
Healthy Hungry Kids Act	10.551	6,164	7/1/15-6/30/16	-	5,677	(6,164)	-	(487)	-
Healthy Hungry Kids Act	10.551	6,251	7/1/14-6/30/15	(546)	546	-	-	-	-
Subtotal				(546)	6,223	(6,164)	-	(487)	-
Special Milk Program	10.556	365	7/1/15-6/30/16	-	332	(365)	-	(33)	-
Special Milk Program	10.556	228	7/1/14-6/30/15	(43)	43	-	-	-	-
Subtotal				(43)	375	(365)	-	(33)	-
Total Enterprise Fund Assistance				(16,989)	210,858	(207,457)	-	(13,588)	-
Total U.S. Department of Agriculture				(16,989)	210,858	(207,457)	-	(13,588)	-
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:									
General Fund:									
Medical Assistance Program (SEMI)	93.778	63,714	7/1/15-6/30-16	-	45,920	(63,714)	-	(17,794)	-
Medical Assistance Program (SEMI) - Cost Settlement	93.778	12,352	7/1/13-6/30/14	-	-	(12,352)	-	(12,352)	-
Medical Assistance Program (SEMI) - ARRA	93.778	60,873	9/1/14-8/31/15	(26,877)	26,877	-	-	-	-
Total General Fund Assistance				(26,877)	72,797	(76,066)	-	(30,146)	-
Special Revenue Fund:									
Special Education Cluster:									
I.D.E.A. Basic	84.027	369,291	7/1/15-6/30-16	-	369,291	(369,291)	-	-	-
I.D.E.A. Preschool	84.173	29,084	7/1/15-6/30-16	-	29,084	(29,084)	-	-	-
Total Special Education Cluster				-	398,375	(398,375)	-	-	-
Title I	84.010A	159,165	7/1/15-6/30-16	-	159,165	(159,165)	-	-	-
Title I	84.010A	160,531	9/1/14-8/31/15	(13,653)	16,515	-	-	-	2,862
Subtotal				(13,653)	175,680	(159,165)	-	-	2,862
Title IIA	84.367	31,191	7/1/15-6/30-16	-	31,191	(31,191)	-	-	-
Total Special Revenue Fund Assistance				(13,653)	605,246	(588,731)	-	-	2,862
Total U.S. Department of Education				(40,530)	678,043	(664,797)	-	(30,146)	2,862
Total Federal Financial Assistance				(57,519)	888,901	(872,254)	-	(43,734)	2,862

LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	JUNE 30, 2016		MEMO CUMULATIVE	
				JUNE 30, 2015	2015				(ACCOUNTS RECEIVABLE)	RECEIVABLE	BUDGETARY RECEIVABLE	TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
State Aid Cluster:												
Equalization Aid	495-034-5120-078	\$ 6,879,838	7/1/15-6/30/16	-	-	\$ 6,879,838	\$ (6,879,838)	-	-	\$ -	\$ 653,467	\$ 6,879,838
Special Education Categorical Aid	495-034-5120-089	903,723	7/1/15-6/30/16	-	-	903,723	(903,723)	-	-	-	85,838	903,723
Security Aid	495-034-5120-084	141,349	7/1/15-6/30/16	-	-	141,349	(141,349)	-	-	-	13,426	141,349
Adjustment Aid	495-034-5120-085	31,980	7/1/15-6/30/16	-	-	31,980	(31,980)	-	-	-	3,037	31,980
PARCC Readiness Aid	495-034-5120-098	14,840	7/1/15-6/30/16	-	-	14,840	(14,840)	-	-	-	1,410	14,840
Per Pupil Growth Aid	495-034-5120-097	14,840	7/1/15-6/30/16	-	-	14,840	(14,840)	-	-	-	1,410	14,840
Total State Aid Cluster				-	-	7,986,570	(7,986,570)	-	-	-	758,588	7,986,570
Transportation Aid	495-034-5120-014	208,437	7/1/15-6/30/16	-	-	208,437	(208,437)	-	-	-	19,798	208,437
Non Public Transportation Aid	495-034-5120-014	8,178	7/1/15-6/30/16	-	-	-	(8,178)	-	-	(8,178)	-	8,178
Non Public Transportation Aid	495-034-5120-014	15,268	7/1/14-6/30/15	-	-	15,268	-	-	-	-	-	-
Extraordinary Aid	100-034-5120-473	34,488	7/1/15-6/30/16	-	-	-	(34,488)	-	-	(34,488)	-	34,488
Extraordinary Aid	100-034-5120-473	17,222	7/1/14-6/30/15	-	-	17,222	-	-	-	-	-	-
Homeless Tuition Aid	N/A	6,613	7/1/15-6/30/16	-	-	-	(6,613)	-	-	(6,613)	-	6,613
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	100-034-5095-001	975,536	7/1/15-6/30/16	-	-	975,536	(975,536)	-	-	-	-	975,536
On-Behalf TPAF Pension Contributions (Nonbudgeted)	100-034-5095-001	819,279	7/1/15-6/30/16	-	-	819,279	(819,279)	-	-	-	-	819,279
Reimbursed TPAF Social Security Contributions	100-034-5094-003	741,199	7/1/15-6/30/16	-	-	708,356	(741,199)	-	-	(32,843)	-	741,199
Reimbursed TPAF Social Security Contributions	100-034-5094-003	757,337	7/1/14-6/30/15	-	-	33,350	-	-	-	-	-	-
Total General Fund Assistance				(65,840)	10,764,018	(10,780,300)	(82,122)	778,386	-	(82,122)	778,386	10,780,300
Debt Service Fund:												
Debt Service Aid Type II	495-034-5120-075	565,629	7/1/15-6/30/16	-	-	565,629	(565,629)	-	-	-	-	565,629
Total Debt Service Fund Assistance				-	565,629	(565,629)	-	-	-	-	-	565,629
Total State Department of Education				(65,840)	11,329,647	(11,345,929)	(82,122)	778,386	-	(82,122)	778,386	11,345,929
NJ School Development Authority:												
Capital Projects Fund:												
ROD Grant (Project #2850-010-14-1001)	GS-4989	89,548	3/26/14-completion	(60,139)	-	-	(5,893)	-	-	(66,032)	-	5,893
ROD Grant (Project #2850-020-14-1003)	GS-4990	121,584	3/26/14-completion	(43,168)	-	-	(25,591)	-	-	(68,759)	-	25,591
ROD Grant (Project #2850-050-14-1005)	GS-4991	194,368	3/26/14-completion	(170,090)	-	-	(15,877)	-	-	(185,967)	-	15,877
ROD Grant (Project #2850-060-14-1007)	GS-4992	158,433	3/26/14-completion	(116,864)	-	-	(29,361)	-	-	(146,225)	-	29,361
Total Capital Projects Fund Assistance				(390,261)	-	-	(76,722)	-	-	(466,983)	-	76,722
Total NJ School Development Authority				(390,261)	-	-	(76,722)	-	-	(466,983)	-	76,722
State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program (State Share)	100-010-3350-023	4,741	7/1/15-6/30/16	-	-	4,368	(4,741)	-	-	(373)	-	4,741
National School Lunch Program (State Share)	100-010-3350-023	4,829	7/1/14-6/30/15	(421)	-	421	-	-	-	-	-	-
Total Enterprise Fund				(421)	4,789	(4,741)	(373)	-	-	(373)	-	4,741
Total State Department of Agriculture				(421)	4,789	(4,741)	(373)	-	-	(373)	-	4,741
Total State Financial Assistance				\$ (456,522)	\$ 11,334,436	(11,427,392)	\$ (549,478)	\$ 778,386	-	\$ (549,478)	\$ 778,386	\$ 11,427,392
Less: Grants Not Subject to Major Program Determination:												
On-Behalf TPAF Pension and Medical Contributions	100-034-5095-001	1,794,815	7/1/15-6/30/16	-	-	-	-	-	-	-	1,794,815	-
Total State Financial Assistance Subject to Major Program Determination				-	-	-	-	-	-	-	(9,632,577)	-

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Lumberton Township School District. The School District 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 schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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 basis 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, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Lumberton Township School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Lumberton Township School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

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 the one or more deferred June state aid payments in the current

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2016**

Note 3. Relationship to Basic Financial Statements (continued):

budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$33,449 for the general fund and \$21,941 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

	State	Federal	Total
General Fund	\$10,813,749	\$ 76,066	\$10,889,815
Special Revenue Fund	-	610,672	610,672
Capital Projects Fund	76,722	-	76,722
Debt Service Fund	565,629	-	565,629
Food Service Fund	4,741	207,457	212,198
Total Financial Assistance	<u>\$11,460,841</u>	<u>\$ 894,195</u>	<u>\$12,355,036</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. Other

Revenues and Expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security 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.

Note 6. Federal and State Loans Outstanding

The Lumberton Township School District had no loan balances outstanding at June 30, 2016.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	No

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Uniform Guidance	No

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027	H027A150100	I.D.E.A. Part B - Basic Regular
84.173	H173A150114	I.D.E.A. Part B - Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditor’s Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 15-08	No

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
	State Aid Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and NJOMB Circular 15-08, as applicable.

No Current Year Findings

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings