

**LAFAYETTE TOWNSHIP  
SCHOOL DISTRICT**

**Lafayette Township Board of Education  
Lafayette, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**LAFAYETTE TOWNSHIP SCHOOL DISTRICT**

**Lafayette, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**Lafayette Township Board of Education  
Finance Department**

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors.....	7

FINANCIAL SECTION ..... 8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information.....	12
Management's Discussion and Analysis (Unaudited).....	13

Basic Financial Statements (Sections A. and B.).....	22
--	----

A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position .....	24
A-2 Statement of Activities .....	25

B. Fund Financial Statements .....	27
B-1 Balance Sheet – Governmental Funds.....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	32
B-4 Statement of Net Position– Proprietary Funds .....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position– Proprietary Funds.....	35
B-6 Statement of Cash Flows – Proprietary Funds.....	36
B-7 Statement of Fiduciary Net Position– Fiduciary Funds.....	37
B-8 Statement of Changes in Fiduciary Net Position– Fiduciary Funds.....	38

Notes to the Basic Financial Statements.....	39
--	----

Required Supplementary Information (Unaudited) ..... 71

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited) .....	72
L-1 Schedule of District's Proportionate Share of the Net Liability – Public Employees Retirement System .....	72
L-2 Schedule of District's Contributions – Public Employees Retirement System .....	73
L-3 Schedule of State's Proportionate Share of the Net Liability Attributable to the District – Teachers' Pension and Annuity Fund .....	74
L-4 Schedule of State's Contributions – Teachers' Pension and Annuity Fund .....	75
Notes to Required Supplementary Information .....	76

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) .....	78
C-1 Budgetary Comparison Schedule – General Fund.....	79
C-2 Budgetary Comparison Schedule - Special Revenue Fund .....	89
C-3 Budgetary Comparison Schedule – Note to RSI .....	90

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017  
 (Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....	91
E. Special Revenue Fund .....	92
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis .....	93
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable) .....	
F. Capital Projects Fund (Not Applicable) .....	95
G. Proprietary Funds .....	96
G-1 Statement of Net Position Food Service Enterprise Fund .....	97
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position Food Service Enterprise Fund .....	98
G-3 Statement of Cash Flows Food Service Enterprise Fund .....	99
H. Fiduciary Funds .....	100
H-1 Combining Statement of Net Position .....	101
H-2 Statement of Changes in Net Position .....	102
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	103
H-4 Student Activity Agency Fund Statement of Activity .....	104
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements .....	105
I. Long-Term Debt.....	106
I-1 Schedule of Serial Bonds.....	107
I-2 Schedule of Obligations Under Capital Leases (Not Applicable) .....	108
I-3 Debt Service Fund Budgetary Comparison Schedule.....	109
J. STATISTICAL SECTION (Unaudited) .....	110
J-1 Net Position by Component.....	111
J-2 Changes in Net Position.....	112
J-3 Fund Balances - Governmental Funds.....	115
J-4 Changes in Fund Balances - Governmental Funds .....	116
J-5 General Fund Other Local Revenue by Source .....	118
J-6 Assessed Value and Actual Value of Taxable Property .....	119
J-7 Direct and Overlapping Property Tax Rates.....	120
J-8 Principal Property Taxpayers, Current and Nine Years Ago.....	121
J-9 Property Tax Levies and Collections.....	122
J-10 Ratios of Net Outstanding Debt by Type.....	123
J-11 Ratios of Net General Bonded Debt Outstanding.....	124
J-12 Ratios of Overlapping Governmental Activities Debt.....	125
J-13 Legal Debt Margin Information.....	126
J-14 Demographic and Economic Statistics .....	127
J-15 Principal Employers, Current and Nine Years Ago.....	128
J-16 Full-time Equivalent District Employees by Function/Program .....	129



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

J. STATISTICAL SECTION (Cont'd)

J-17	Operating Statistics.....	130
J-18	School Building Information .....	131
J-19	Schedule of Allowable Maintenance Expenditures by School Facility.....	132
J-20	Insurance Schedule .....	133

K. SINGLE AUDIT SECTION..... 134

K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	135
K-2	Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance .....	137
K-3	Schedule of Expenditures of Federal Awards.....	139
K-4	Schedule of Expenditures of State Awards.....	140
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	141
K-6	Schedule of Findings and Questioned Costs.....	143
K-7	Summary Schedule of Prior Audit Findings.....	145

INTRODUCTORY SECTION



# Lafayette Township School District

178 BEAVER RUN ROAD • LAFAYETTE, NJ 07848  
973-875-3344 • FAX: 973-875-3066

JENNIFER CENATIEMPO  
Superintendent/Principal  
973-875-3344, ext. 13

GERARD FAZZIO  
Assistant Principal  
973-875-3344, ext. 14

ERIN SIIPOLA  
Business Administrator/Board Secretary  
973-875-2359  
Fax: 973-875-2663

October 27, 2017

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
County of Sussex, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Lafayette Township School District (the “District”) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the Independent Auditors’ Report, the management’s discussion and analysis, the basic financial statements and notes providing an overview of the District’s financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors’ reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

## 1) **REPORTING ENTITY AND ITS SERVICES:**

The Lafayette Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Lafayette Township Board of Education and its school constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 232 students, which is down 11 students from the previous year’s ending enrollment.

2) **ECONOMIC CONDITION AND OUTLOOK:**

The Lafayette area is experiencing minimal development and expansion. The ratable base underwent a reassessment in 2012 which was effective for 2013. The ratable base for 2016 totaled \$329,143,015. For 2017, the base increased by over \$285,000 to \$329,428,355.

3) **MAJOR INITIATIVES:**

**Foster increased attendance of students.**

Foster increased attendance of our students to promote achievement and support consistent instructional experiences for all learners. SMART GOAL: 95% of all students will attend 95% of the school year during the 17/18 school year.

**Promote wellness for students and staff.**

Analyze the wellness initiatives currently in place in the school to support the needs of all students and staff. Determine practices that individual classrooms are participating in to support wellness of all students. Create opportunities for additional physical education, recess, health, and character education instruction. SMART Goal: 100% of students and staff will be provided with additional opportunities to develop physical fitness, health awareness, and wellness concepts during the 17/18 school year as evidenced by schedules, activities, and input from stakeholders.

**Utilize student growth objectives to monitor student growth and increase rigor.**

Student achievement should be driven by frequent assessment that monitors student growth and promotes increased rigor in the classroom. The assessments should be timely and provide feedback to the students and their parents on the level of performance their child is attaining within the school day. SMART Goal: 100% of teachers will develop, implement, and monitor rigorous SGOs aligned to the curriculum that provide feedback to parents on student growth as evidenced via PLC meetings, district training opportunities, SGO submissions, report card submissions, assessments, and parent feedback.

**Analyze mathematics instruction and align practice K-8 to promote increased mathematics achievement.**

Student achievement on standardized mathematics assessments such as the PARCC have demonstrated weakness in the area of mathematics. SMART GOAL: 100% of mathematics curriculum will be reviewed and revised to promote a 25% increase in mathematics achievement in all tested grade levels.

4) **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

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

**5) BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.

**6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

**7) CASH MANAGEMENT:**

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

**8) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

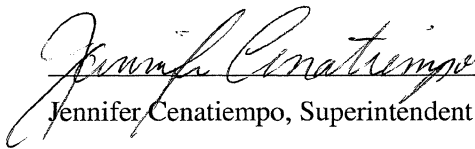
The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
Page 4  
October 27, 2017

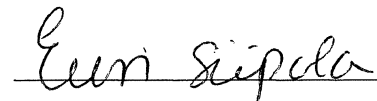
9) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors’ Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors’ Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

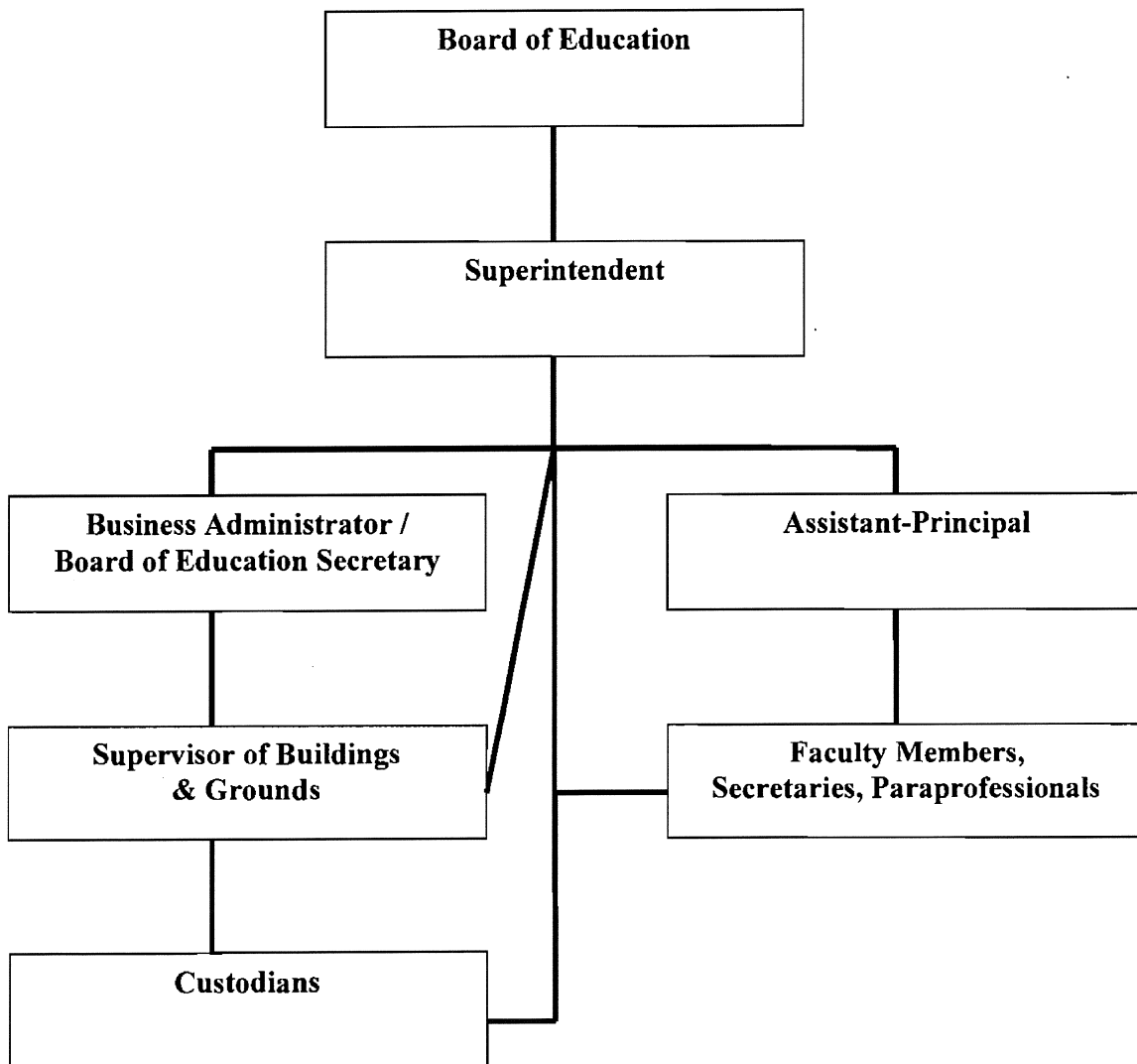
We would like to express our appreciation to the members of the School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The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

  
Jennifer Cenatiempo, Superintendent

  
Erin Siipola, Business Administrator/Board Secretary

# Lafayette Board of Education

## *Organizational Chart Unit Control*



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION  
 ROSTER OF OFFICIALS  
 JUNE 30, 2017**

Members of the Board of Education

Term  
Expires

Linda Peoples	President	2018
Lisa Carlson	Vice President	2018
Joshua Aikens	Member	2017
Todd Deming – from 1/5/17	Member	2019
Mary Flaherty - to 12/31/16	Member	2016
Stacey McGill - from 1/5/17	Member	2019
Karen Mitchell - to 12/31/16	Member	2016
Thomas Numann	Member	2017
Peggy Pak	Member	2017
Arin Gunn-Russell	Member	2018
Kathleen Zagula	Member	2019

Thomas Butler, Interim Superintendent – to 7/31/16

Jennifer Cenatiempo – Superintendent – from 8/1/16

Erin Siipola, Board Secretary/School Business Administrator

Gail Magura, Treasurer

Matthew Giacobbe and Bruce Padula, Board Attorneys

Schenck, Price, Smith & King, LLP, Special Council



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION**  
**Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorneys**

Cleary, Giacobbe, Alfieri, & Jacobs  
955 State Route 34  
Suite 200  
Matawan, NJ 07747

Schenck, Price, Smith & King, LLP  
200 Park Avenue  
Florham Park, NJ 07932

**Official Depositories**

Lakeland Bank  
First Hope Bank

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
County of Sussex, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District in the County of Sussex, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
Page 3


The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 27, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis (Unaudited)

This section of Lafayette Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- The District's financial status is strong.
- Overall revenue was \$6.99 million.
- Actual revenue was more than expected, primarily in tuition, extraordinary aid, and miscellaneous revenue.
- Enrollment in the District has been overall decreasing for the last several years and cost per pupil has been increasing.
- The District reduced its outstanding long-term bonded debt by 19.94 percent.

### Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

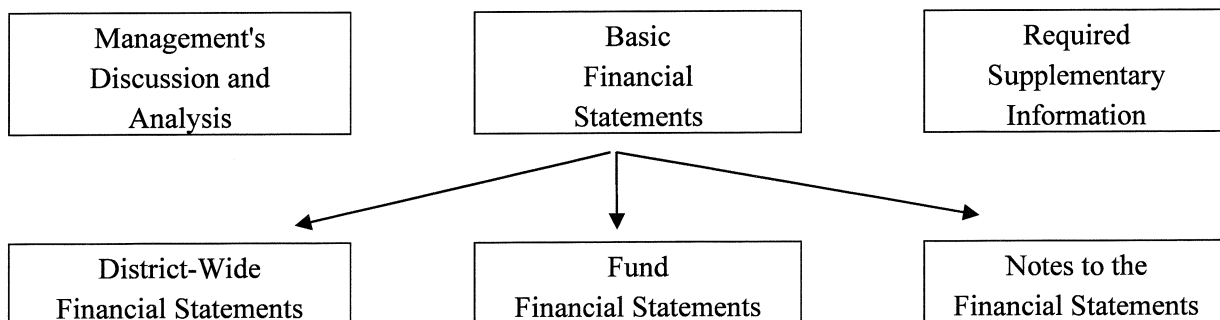


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Figure A-2**

***Major Features of the District-Wide and Fund Financial Statements***

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



## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

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

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

*Net Position.* The District's combined net position increased by \$366,059. Net position from governmental activities increased by \$353,323 while net position from business-type activities increased by \$12,736.

**Figure A-3**  
**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Current and Other Assets	\$ 1,591,377	\$ 1,575,766	\$ 47,497	\$ 40,941	\$ 1,638,874	\$ 1,616,707	1.37%
Capital Assets, Net	3,584,711	3,652,564	16,929	8,501	3,601,640	3,661,065	-1.62%
Total Assets	<u>5,176,088</u>	<u>5,228,330</u>	<u>64,426</u>	<u>49,442</u>	<u>5,240,514</u>	<u>5,277,772</u>	-0.71%
Deferred Outflows of Resources	<u>504,322</u>	<u>272,621</u>			<u>504,322</u>	<u>272,621</u>	84.99%
Other Liabilities	96,420	228,349	11,487	9,239	107,907	237,588	-54.58%
Long-Term Liabilities	2,938,978	2,984,897			2,938,978	2,984,897	-1.54%
Total Liabilities	<u>3,035,398</u>	<u>3,213,246</u>	<u>11,487</u>	<u>9,239</u>	<u>3,046,885</u>	<u>3,222,485</u>	-5.45%
Deferred Inflows of Resources	<u>98,200</u>	<u>94,216</u>			<u>98,200</u>	<u>94,216</u>	4.23%
Net Position:							
Net Investment in Capital Assets	2,273,215	2,014,445	16,929	8,501	2,290,144	2,022,946	13.21%
Restricted	1,135,753	979,354			1,135,753	979,354	15.97%
Unrestricted/(Deficit)	<u>(862,156)</u>	<u>(800,310)</u>	<u>36,010</u>	<u>31,702</u>	<u>(826,146)</u>	<u>(768,608)</u>	-7.49%
Total Net Position	<u>\$2,546,812</u>	<u>\$2,193,489</u>	<u>\$ 52,939</u>	<u>\$ 40,203</u>	<u>\$2,599,751</u>	<u>\$2,233,692</u>	16.39%

*Changes in Net Position.* The District's combined net position was \$2,599,751 on June 30, 2017, or \$366,059 more than the year before. The increase in net investment in capital assets of \$267,198 is due to the retirement of \$345,000 of serial bonds payable and capital asset additions net of deletions of \$166,931 offset by a decrease of the deferred amount of refunding of \$18,377 and \$226,356 of depreciation expense. The increase in restricted position of \$156,399 is due to the current year budgeted withdrawal in capital reserve of \$120,000, a board approved withdrawal of \$44,500 as well as \$35,087 of prior year excess surplus utilized in the current year budget offset by the year end transfer into the capital reserve of \$337,177, interest earnings in the capital reserve of \$2,577 and unexpended capital reserve funds of \$14,718, and interest earnings in the emergency reserve of \$834 and the maintenance reserve of \$680. The decrease in unrestricted net position is due primarily to the increase in net pension liability and the related deferred inflows and outflows and fund balance utilized in the current year budget offset by an excess in tuition revenue, extraordinary aid, and miscellaneous revenue and unexpended budget appropriations as well as by the change in the accrued interest payable and the amortization of the bond premium. (See Figure A-3).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Revenue:							
Program Revenue:							
Charges for Services	\$ 42,742	\$ 53,538	\$ 122,674	\$ 125,972	\$ 165,416	\$ 179,510	-7.85%
Operating Grants & Contributions	1,875,802	1,532,418	26,531	35,065	1,902,333	1,567,483	21.36%
General Revenue:							
Property Taxes	4,188,500	4,203,875			4,188,500	4,203,875	-0.37%
Unrestricted Federal and State Aid	600,982	598,292			600,982	598,292	0.45%
Other	70,693	5,914	104	76	70,797	5,990	1081.92%
Total Revenue	<u>6,778,719</u>	<u>6,394,037</u>	<u>149,309</u>	<u>161,113</u>	<u>6,928,028</u>	<u>6,555,150</u>	5.69%
Expenses:							
Instruction	3,816,324	3,454,801			3,816,324	3,454,801	10.46%
Pupil and Instruction Services	989,321	968,668			989,321	968,668	2.13%
Administrative and Business	677,783	650,995			677,783	650,995	4.11%
Maintenance and Operations	502,410	419,028			502,410	419,028	19.90%
Transportation	279,325	335,722			279,325	335,722	-16.80%
Other	160,233	236,497	136,573	151,799	296,806	388,296	-23.56%
Total Expenses	<u>6,425,396</u>	<u>6,065,711</u>	<u>136,573</u>	<u>151,799</u>	<u>6,561,969</u>	<u>6,217,510</u>	5.54%
Increase in Net Position	<u>\$ 353,323</u>	<u>\$ 328,326</u>	<u>\$ 12,736</u>	<u>\$ 9,314</u>	<u>\$ 366,059</u>	<u>\$ 337,640</u>	8.42%

*Revenue Sources.* The District's total revenue for the 2016/2017 school year was \$6,928,028, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$4,188,500 of the total, or 60.46 percent. (See Figure A-5). Approximately 36.13 percent came from state and federal aid and the remainder from miscellaneous sources.

**Figure A-5**  
**Sources of School District Revenue - Fiscal Year 2017**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 846,579	12.22%
Property Taxes	4,188,500	60.46%
Federal and State Categorical Grants	1,656,736	23.91%
Charges for Services	165,416	2.39%
Other	70,797	1.02%
	<u>\$ 6,928,028</u>	<u>100.00%</u>

The total cost of all programs and services was \$6,561,969. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.50 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 17.98 percent of total costs. It is important to remember that \$226,356 in depreciation is included in expenses for the year.

**Figure A-6**  
**Sources of School District Expenses - Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 3,816,324	58.16%
Pupil and Instruction Services	989,321	15.08%
Administrative and Business	677,783	10.33%
Maintenance and Operations	502,410	7.65%
Transportation	279,325	4.26%
Other	296,806	4.52%
	<u>\$ 6,561,969</u>	<u>100.00%</u>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District is strong. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils continues to place great demands on the District's resources.

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

- Participation in an insurance pool operated by Public Entity Group Administrative Services resulting in low cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements.
- Participation in joint purchasing agreements.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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

**Figure A-7**  
**Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2016/2017	2015/2016	2016/2017	2015/2016
Instruction	\$ 3,816,324	\$ 3,454,801	\$ 2,376,039	\$ 2,260,444
Pupil and Instruction Services	989,321	968,668	820,124	842,420
Administrative and Business	677,783	650,995	540,329	534,823
Maintenance and Operations	502,410	419,028	445,994	383,483
Transportation	279,325	335,722	164,133	222,088
Other	160,233	236,497	160,233	236,497
	<u>\$ 6,425,396</u>	<u>\$ 6,065,711</u>	<u>\$ 4,506,852</u>	<u>\$ 4,479,755</u>

- The cost of all governmental activities this year was \$6.43 million.
- The federal and state governments subsidized certain programs with grants and contributions consisting of \$2.48 million.
- Approximately \$4.189 million of the District’s costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, miscellaneous revenue and investment earnings.

**Business-Type Activities**

The net position of the District’s business-type activity increased by \$12,736 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$12,736 due primarily to a decrease in expenses which exceeded the decrease in student participation due to a decrease in student meals served.

**Financial Analysis of the District’s Funds**

The District’s financial position remained strong despite significant changes in the student clientele and difficult economic times. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

## Capital Assets and Long-Term Liabilities Administration

**Figure A-8**

### Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	
Construction in Progress	\$ 39,600	\$ 172,254			\$ 39,600	\$ 172,254	-77.01%
Land	80,000	80,000			80,000	80,000	0.00%
Site Improvements	143,822	53,179			143,822	53,179	170.45%
Building & Building Improvements	3,256,778	3,243,356			3,256,778	3,243,356	0.41%
Machinery and Equipment	64,511	103,775	\$ 16,929	\$ 8,501	81,440	112,276	-27.46%
<b>Total</b>	<b>\$ 3,584,711</b>	<b>\$ 3,652,564</b>	<b>\$ 16,929</b>	<b>\$ 8,501</b>	<b>\$ 3,601,640</b>	<b>\$ 3,661,065</b>	<b>-1.62%</b>

### Long-term Liabilities

At year-end, the District had \$1,385,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

**Figure A-9**

### Long-Term Liabilities

	Total School District		Percentage Change
	2016/2017	2015/2016	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,385,000	\$ 1,730,000	-19.94%
Net Pension Liability	1,406,170	1,119,721	25.58%
Compensated Absences Payable	83,859	55,240	51.81%
Unamortized Bond Premium	63,949	79,936	-20.00%
	<b>\$ 2,938,978</b>	<b>\$ 2,984,897</b>	<b>-1.54%</b>

- The District continued to pay down its debt, retiring \$345,000 of outstanding bonds.
- Compensated absences payable increased by a net amount of \$28,619 due primarily to a new employee and regular accruals of \$36,119 offset by a retiree payment of \$7,500.
- The net pension liability increased \$286,449 from the prior year.

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could continue to significantly affect its financial health in the future:

- A5 – known as School District Accountability. This law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Erin Siipola, Board Secretary/ Business Administrator at the Board of Education Office at 178 Beaver Run Road, Lafayette, NJ 07848.

**BASIC FINANCIAL STATEMENTS**



DISTRICT-WIDE FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 379,319	\$ 16,649	\$ 395,968
Receivable from State Government	49,879	128	50,007
Receivable from Federal Government	21,416	3,394	24,810
Receivables from Other Governments	2,979	21,917	24,896
Other Receivables	2,031		2,031
Inventories		5,409	5,409
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	797,792		797,792
Maintenance Reserve- Cash and Cash Equivalents	151,802		151,802
Emergency Reserve - Cash and Cash Equivalents	186,159		186,159
Capital Assets:			
Sites (Land) and Construction in Progress	119,600		119,600
Depreciable Buildings and Building Improvements and Machinery and Equipment	3,465,111	16,929	3,482,040
Total Assets	<u>5,176,088</u>	<u>64,426</u>	<u>5,240,514</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in Assumptions - Pensions	291,283		291,283
Changes in Proportion - Pensions	26,620		26,620
Difference between Expected and Actual Experience - Pensions	26,150		26,150
Difference between Projected and Actual Earnings on Investments - Pensions	53,619		53,619
District Contribution Subsequent to the Measurement Date - Pensions	33,146		33,146
Deferred Amount on Refunding	73,504		73,504
Total Deferred Outflows of Resources	<u>504,322</u>		<u>504,322</u>
<b>LIABILITIES</b>			
Accounts Payable	75,499	8,977	84,476
Accrued Interest Payable	20,367		20,367
Interfund Payable - Agency Fund	554		554
Unearned Revenue		2,510	2,510
Noncurrent Liabilities:			
Due Within One Year	370,987		370,987
Due Beyond One Year	2,567,991		2,567,991
Total Liabilities	<u>3,035,398</u>	<u>11,487</u>	<u>3,046,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes in Proportions - Pensions	98,200		98,200
Total Deferred Inflows of Resources	<u>98,200</u>		<u>98,200</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,273,215	16,929	2,290,144
Restricted for:			
Capital Projects	797,792		797,792
Emergency	186,159		186,159
Maintenance	151,802		151,802
Unrestricted/(Deficit)	(862,156)	36,010	(826,146)
Total Net Position	<u>\$ 2,546,812</u>	<u>\$ 52,939</u>	<u>\$ 2,599,751</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 3,141,261	\$ 38,615	\$ 966,152	\$ (2,136,494)	\$	\$ (2,136,494)
Special Education	560,359	4,127	396,275	(159,957)		(159,957)
Other Special Instruction	35,144		12,530	(22,614)		(22,614)
School-Sponsored/Other Instruction	79,560		22,586	(56,974)		(56,974)
<b>Support Services:</b>						
Tuition	212,079			(212,079)		(212,079)
Student & Instruction Related Services	777,242		169,197	(608,045)		(608,045)
General Administrative Services	150,077		19,286	(130,791)		(130,791)
School Administrative Services	372,118		107,016	(265,102)		(265,102)
Central Services	155,588		11,152	(144,436)		(144,436)
Plant Operations and Maintenance	502,410		56,416	(445,994)		(445,994)
Pupil Transportation	279,325		115,192	(164,133)		(164,133)
Interest on Long-Term Debt	71,756			(71,756)		(71,756)
Charter School	88,477			(88,477)		(88,477)
<b>Total Governmental Activities</b>	<b>6,425,396</b>	<b>42,742</b>	<b>1,875,802</b>	<b>(4,506,852)</b>		<b>(4,506,852)</b>
<b>Business-Type Activities:</b>						
Food Service	136,573	122,674	26,531		\$ 12,632	12,632
<b>Total Business-Type Activities</b>	<b>136,573</b>	<b>122,674</b>	<b>26,531</b>		<b>12,632</b>	<b>12,632</b>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 6,561,969	\$ 165,416	\$ 1,902,333	\$ (4,506,852)	\$ 12,632	\$ (4,494,220)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				3,770,000		3,770,000
Taxes Levied for Debt Service				418,500		418,500
Federal and State Aid not Restricted				600,982		600,982
Interest				4,091	104	4,195
Miscellaneous Income				66,602		66,602
Total General Revenue				4,860,175	104	4,860,279
Change in Net Position				353,323	12,736	366,059
Net Position - Beginning				2,193,489	40,203	2,233,692
Net Position - Ending				\$ 2,546,812	\$ 52,939	\$ 2,599,751

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

FUND FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 379,319		\$ 379,319
Interfund Receivable - Special Revenue Fund	12,927		12,927
Receivables From Federal Government		\$ 21,416	21,416
Receivables From State Government	49,879		49,879
Receivables From Other Governments	2,979		2,979
Other Accounts Receivable	2,031		2,031
Restricted Cash and Cash Equivalents	1,135,753		1,135,753
<b>Total Assets</b>	<b>\$ 1,582,888</b>	<b>\$ 21,416</b>	<b>\$ 1,604,304</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts Payable - Vendors	\$ 33,864	\$ 8,489	\$ 42,353
Interfund Payable - Agency Fund	554		554
Interfund Payable - General Fund		12,927	12,927
<b>Total Liabilities</b>	<b>34,418</b>	<b>21,416</b>	<b>55,834</b>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Emergency Reserve	186,159		186,159
Maintenance Reserve	151,802		151,802
Capital Reserve	797,792		797,792
<b>Assigned:</b>			
Year-End Encumbrances	156,400		156,400
Designated for Subsequent Year's Expenditures	46,162		46,162
Unassigned	210,154		210,154
<b>Total Fund Balances</b>	<b>1,548,469</b>		<b>1,548,469</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,582,888</b>	<b>\$ 21,416</b>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$8,710,893 and the accumulated depreciation is \$5,126,182.	3,584,711
Interest on long term debt is not accrued as expenditures in the Governmental Funds but rather is recognized as an expenditure when due.	(20,367)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,406,170)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	291,283
Difference between Expected and Actual Experience - Pension	26,150
Difference between Projected and Actual Earnings on Investments - Pension	53,619
Changes in Proportions - Pensions - 2016 and 2014	(98,200)
Changes in Proportions - Pensions - 2015	26,620

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because: (Cont'd)

Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$191,845 and the Amortization is \$127,897.	\$ (63,948)
The deferred amount on refunding is not reported as an expense in the governmental funds in the year of the expense. The deferred amount on refunding is \$220,513 and the accumulated amortization is \$147,009.	73,504
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.	<u>(1,468,859)</u>
Net Position of Governmental Activities	<u><u>\$ 2,546,812</u></u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 3,770,000		\$ 418,500	\$ 4,188,500
Tuition from Individuals	38,615			38,615
Tuition from Other LEA's	4,127			4,127
Interest Earned on Restricted Funds	4,091			4,091
Unrestricted Miscellaneous	66,602			66,602
Total - Local Sources	3,883,435		418,500	4,301,935
State Sources	1,438,917			1,438,917
Federal Sources		\$ 106,996		106,996
Total Revenue	5,322,352	106,996	418,500	5,847,848
EXPENDITURES				
Current:				
Regular Instruction	1,611,786	39,911		1,651,697
Special Education Instruction	245,495	67,085		312,580
Other Special Instruction	20,803			20,803
School Sponsored/Other Instruction	46,806			46,806
Support Services and Undistributed Costs:				
Tuition	212,079			212,079
Student & Instruction Related Services	468,767			468,767
General Administrative Services	115,677			115,677
School Administrative Services	198,899			198,899
Central Services	135,695			135,695



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>				
Support Services and Undistributed Costs:				
Plant Operations and Maintenance	\$ 373,076			\$ 373,076
Pupil Transportation	269,723			269,723
Unallocated Benefits	1,205,533			1,205,533
Debt Service:				
Principal			\$ 345,000	345,000
Interest and Other Charges			73,500	73,500
Capital Outlay	152,984			152,984
Transfer of Funds to Charter Schools	88,477			88,477
<b>Total Expenditures</b>	<u>5,145,800</u>	<u>\$ 106,996</u>	<u>418,500</u>	<u>5,671,296</u>
Excess of Revenue over Expenditures	176,552			176,552
Fund Balance—July 1	<u>1,371,917</u>			<u>1,371,917</u>
Fund Balance—June 30	<u>\$ 1,548,469</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,548,469</u>

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

LAYAYETTE TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 176,552

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 depreciation and capital assets deletions differ from capital outlay in the period.

	Depreciation Expense	\$ (225,247)	
	Capital Outlays	159,069	
	Capital Assets Deletions, Net of Accumulated Depreciation	(1,675)	(67,853)

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 (+)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)

Also, the governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued whereas the amount is deferred and amortized in the statement of activities. (-)

Finally, the governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)

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

Change in Net Pension Liability			
Deferred Outflows:			
Changes in Assumptions			171,034
Changes in Proportions			(93)
Difference between Expected and Actual Experience			(7,628)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments			71,622
Deferred Inflows:			
Changes in Proportion			(21,987)

LAYAYETTE TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Changes in Net Position for Governmental Activities

\$	<u>4,133</u>
\$	<u><u>353,323</u></u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	<u>Business-type Activities - Enterprise Funds Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 16,649
Intergovernmental Accounts Receivable:	
Federal	3,394
State	128
Other	21,917
Inventories	<u>5,409</u>
 Total Current Assets	 <u>47,497</u>
 Non-Current Assets:	
Capital Assets:	91,562
Less: Accumulated Depreciation	<u>(74,633)</u>
 Total Non-Current Assets	 <u>16,929</u>
 Total Assets	 <u>64,426</u>
 <b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	8,977
Unearned Revenue	<u>2,510</u>
 Total Liabilities	 <u>11,487</u>
 <b>NET POSITION:</b>	
Investment in Capital Assets	16,929
Unrestricted	<u>36,010</u>
 Total Net Position	 <u>\$ 52,939</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 31,038
Nonreimbursable Programs	12,521
Other Sales	79,115
Total Operating Revenue	122,674
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	19,804
Nonreimbursable Programs	40,116
Salaries, Benefits & Payroll Taxes	46,065
Supplies, Insurance & Other Costs	9,629
Management Fee	9,131
Miscellaneous/Other	10,719
Depreciation Expense	1,109
Total Operating Expenses	136,573
Operating Loss	(13,899)
Non-Operating Income:	
Local Sources:	
Interest Income	104
State Sources:	
State School Lunch Program	661
Federal Sources:	
National School Lunch Program	17,972
Food Distribution Program	7,898
Total Non-Operating Income	26,635
Change in Net Position	12,736
Net Position - Beginning of Year	40,203
Net Position - End of Year	\$ 52,939

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 111,097
Payments to Food Service Vendor	(112,672)
Payments to Suppliers and Other Expenses	(11,328)
Net Cash Used for Operating Activities	<u>(12,903)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	104
Net Cash Provided by Investing Activities	<u>104</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(9,537)
Net Cash Used for Investing Activities	<u>(9,537)</u>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	15,878
Net Cash Provided by Noncapital Financing Activities	<u>15,878</u>
Net Decrease in Cash and Cash Equivalents	(6,458)
Cash and Cash Equivalents, July 1	<u>23,107</u>
Cash and Cash Equivalents, June 30	<u>\$ 16,649</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (13,899)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation Expense	1,109
Food Distribution Program	7,898
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Intergovernmental - Other	(10,643)
(Decrease) in Unearned Revenue	(1,318)
Increase in Accounts Payable	3,566
Decrease in Inventory	384
Net Cash Used for Operating Activities	<u>\$ (12,903)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$6,580 and utilized commodities from the Federal Food Distribution Program valued at \$7,898 for the fiscal year ended June 30, 2017.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 47,712	\$ 100,628
Interfund Receivable - General Fund	554	
Interfund Receivable - Payroll Agency Fund		6,984
	<hr/>	<hr/>
Total Assets	48,266	107,612
	<hr/>	<hr/>
<b>LIABILITIES:</b>		
Interfund Payable - Unemployment Compensation Trust Fund	6,984	
Due to Student Groups	36,956	
Payroll Deductions and Withholdings	4,326	
	<hr/>	<hr/>
Total Liabilities	48,266	
	<hr/>	<hr/>
<b>NET POSITION:</b>		
Held in Trust for Unemployment Claims		107,612
	<hr/>	<hr/>
Total Net Position	\$ -0-	\$ 107,612
	<hr/> <hr/>	<hr/> <hr/>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Plan Members	\$ 6,984
Total Contributions	<u>6,984</u>
Investment Earnings:	
Interest	<u>627</u>
Change in Net Position	7,611
Net Position - Beginning of the Year	<u>100,001</u>
Net Position - End of the Year	<u><u>\$ 107,612</u></u>

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



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects. The District has no active capital projects accounted for in the Capital Projects Fund currently.

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,322,588	\$ 106,996
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	82,440	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(82,676)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 5,322,352	\$ 106,996

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,145,800	\$ 106,996
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,145,800	\$ 106,996

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten- month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2017.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,548,469 General Fund fund balance at June 30, 2017, \$156,400 is assigned for year-end encumbrances, \$46,162 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018, \$797,792 is restricted in the capital reserve account, \$186,159 is restricted in the emergency reserve account, \$151,802 is restricted in the maintenance reserve account; and there is \$210,154 in unassigned fund balance which is \$82,676 less on a GAAP basis due to the final two state payments not being recognized on a GAAP basis until the fiscal year ended June 30, 2018.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2017.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$82,676 as of June 30, 2017 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$862,156 in governmental activities, which is primarily due to compensated absences payable, and net pension liability and related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the deferred amount on refunding, the changes in assumptions and proportions in pensions, the net difference between projected and actual investment earnings on pensions, the difference between expected and actual experience in pensions and the district contribution subsequent to the measurement date related to pensions.

The District had a deferred inflow of resources at June 30, 2017 for the changes in proportion in pension.

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

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, an emergency reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Maintenance and Emergency Reserve Accounts</u>	<u>Total</u>
Checking Accounts	\$ 544,308	\$ 1,135,753	\$ 1,680,061

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,680,061 and the bank balance was \$1,759,357.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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 of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$	607,820
Increase by:			
Interest Earnings	\$		2,577
Deposit By Board Resolution - June 2017			337,177
Unexpended Funds of Capital Outlay			14,718
			354,472
			962,292
Withdrawals:			
Withdrawal by Board Resolution			44,500
Budgeted Withdrawal			120,000
			164,500
Ending Balance, June 30, 2017		\$	797,792

The balance in the capital reserve at June 30, 2017 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established on June 16, 2009 by the Lafayette Township School District by inclusion of \$25,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1<sup>st</sup> and June 30<sup>th</sup>. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 5. EMERGENCY RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2016	\$ 185,325
Deposits:	
Interest Earnings	834
	834
Ending Balance, June 30, 2017	\$ 186,159

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$75,000 was established by the Lafayette Township School District by board resolution on June 11, 2013. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 151,122
Deposits:	
Interest Earnings	680
	680
Ending Balance, June 30, 2017	\$ 151,802

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 80,000			\$ 80,000
Construction in Progress	172,254	\$ 54,407	\$ (187,061)	39,600
Total Capital Assets Not Being Depreciated	<u>252,254</u>	<u>54,407</u>	<u>(187,061)</u>	<u>119,600</u>
Capital Assets Being Depreciated:				
Site Improvements	212,396	102,521	(2,392)	312,525
Buildings and Building Improvements	7,312,169		187,061	7,499,230
Machinery and Equipment	777,397	2,141		779,538
Total Capital Assets Being Depreciated	<u>8,301,962</u>	<u>104,662</u>	<u>184,669</u>	<u>8,591,293</u>
Governmental Activities Capital Assets	<u>8,554,216</u>	<u>159,069</u>	<u>(2,392)</u>	<u>8,710,893</u>
Less Accumulated Depreciation for:				
Site Improvements	(159,217)	(10,203)	717	(168,703)
Buildings and Building Improvements	(4,068,813)	(173,639)		(4,242,452)
Machinery and Equipment	(673,622)	(41,405)		(715,027)
	<u>(4,901,652)</u>	<u>(225,247)</u>	<u>717</u>	<u>(5,126,182)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,652,564</u>	<u>\$ (66,178)</u>	<u>\$ (1,675)</u>	<u>\$ 3,584,711</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 88,744	\$ 9,537	\$ (6,719)	\$ 91,562
Less Accumulated Depreciation	<u>(80,243)</u>	<u>(1,109)</u>	<u>6,719</u>	<u>(74,633)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,501</u>	<u>\$ 8,428</u>	<u>\$ -0-</u>	<u>\$ 16,929</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 128,391
Special Education	24,777
Student and Other Instruction Related Services	33,787
School Administration	11,262
Operations and Maintenance of Plant	<u>27,030</u>
	<u>\$ 225,247</u>



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 1,730,000		\$ 345,000	\$ 1,385,000
Net Pension Liability	1,119,721	\$ 286,449		1,406,170
Unamortized Bond Premium	79,936		15,987	63,949
Compensated Absences Payable	55,240	36,119	7,500	83,859
	<u>\$ 2,984,897</u>	<u>\$ 322,568</u>	<u>\$ 368,487</u>	<u>\$ 2,938,978</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2017 as follows:

	Issue Date	Interest Rates	Final Maturity	Amount
Refunding Bonds	01/07/10	3.00% - 5.00%	03/01/21	<u>\$ 1,385,000</u>

Principal and interest due on serial bonds outstanding are as follows:

Year	Bonds		Total
	Principal	Interest	
2018	\$ 355,000	\$ 61,100	\$ 416,100
2019	360,000	48,450	408,450
2020	365,000	33,500	398,500
2021	305,000	15,250	320,250
	<u>\$ 1,385,000</u>	<u>\$ 158,300</u>	<u>\$ 1,543,300</u>

On January 7, 2010, the Lafayette Township School District issued \$3,405,000 refunding bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$3,307,000 school bonds with interest rates of 4.65% to 4.875%. The refunding bonds mature on March 1, 2010 through 2021. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on March 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$239,415,

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$158,413 or 4.79 percent.

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$15,987 and is separated from the long-term liability balance of \$47,962 and will be liquidated by the General Fund.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the liability for compensated absences. The entire \$83,859 is a long-term liability and will be liquidated by the General Fund.

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, 2017, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$1,406,170. See Note 10 for more information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District transferred \$54,023 to the capital outlay accounts of which \$14,323 was for equipment and did not require approval from the County Superintendent. The \$39,800 transferred to capital outlay lines for other than equipment did require approval by the County Superintendent.

NOTE 10. PENSION PLANS

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$42,179 for 2016.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District's liability was \$1,406,170 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0047%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized actual pension expense in the amount of \$115,674. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of</u> <u>Deferral</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2014	6.44	\$ 17,676	
	2015	5.72	72,227	
	2016	5.57	201,380	
			<u>291,283</u>	
Difference Between Expected and Actual Experience	2015	5.72	20,039	
	2016	5.57	6,111	
			<u>26,150</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(26,488)	
	2015	5.00	16,947	
	2016	5.00	63,160	
			<u>53,619</u>	
Changes in Proportion	2014	6.44		\$ (59,048)
	2015	5.72	26,620	
	2016	5.57		(39,152)
			<u>26,620</u>	<u>(98,200)</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	33,146	
			<u>\$ 430,818</u>	<u>\$ (98,200)</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Fiscal Year Ending June 30,	Total
2017	\$ 83,539
2018	83,538
2019	96,783
2020	81,312
2021	25,880
	\$ 371,052

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 1,723,097	\$ 1,406,170	\$ 1,144,519

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$211,461 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,142,332.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$15,203,501. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.019%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>15,203,501</u>
Total	<u>\$ 15,203,501</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$1,142,332 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	<u>9,522,623,964</u>	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		<u>118,421,979</u>
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	<u>1,727,420,767</u>	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 18,156,378	\$ 15,203,501	\$ 12,792,096

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$12,244 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$16,600 for the fiscal year ended June 30, 2017.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$182,579, \$184,249 and \$178,725 for 2017, 2016 and 2015, respectively.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained their health benefit coverage through the State of NJ Health Benefits Plan.

Property and Liability Insurance

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

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

The June 30, 2017 audit report is not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2016 is as follows:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 38,579,014</u>
Net Position	<u>\$ 9,463,015</u>
Total Revenue	<u>\$ 41,445,355</u>
Total Expenses	<u>\$ 39,153,730</u>
Change in Net Position	<u>\$ 2,291,625</u>
Members Dividends	<u>\$ -0-</u>

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

Public Entity Group Administrative Services  
51 Everett Drive, Suite B-40  
West Windsor, NJ 08550  
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of the District's contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2017	\$ -0-	\$ 7,611	\$ -0-	\$ 107,612
2016	-0-	5,914	35	100,001
2015	-0-	5,167	5,519	94,122

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 12,927	\$ 554
Special Revenue		12,927
Payroll Agency	554	6,984
Unemployment Compensation Trust	6,984	
	<u>\$ 20,465</u>	<u>\$ 20,465</u>

The interfund receivable in the General Fund is due to a cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursements on federal grants. The interfund receivable in the Payroll Agency Fund is for an excess amount turned over for DCRP contributions. The interfund receivable in the Unemployment Compensation Trust Fund is for current year employee contributions for unemployment which have not been turned over from the Payroll Agency Fund.

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is Equitable Life Assurance.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2017, there were encumbrances in the governmental funds, general fund of \$156,400.

NOTE 17. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local School District on a predetermined mutually agreed-upon schedule.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2017:

	<u>Governmental Funds</u>			<u>District Contribution</u>		<u>Business- Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>	<u>Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>
Vendors	\$ 33,864	\$ 8,489	\$ 42,353		\$ 42,353	\$ 8,977
State of New Jersey				\$ 33,146	33,146	
	<u>\$ 33,864</u>	<u>\$ 8,489</u>	<u>\$ 42,353</u>	<u>\$ 33,146</u>	<u>\$ 75,499</u>	<u>\$ 8,977</u>



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0047754353%	0.0049880672%	0.0047478251%
District's proportionate share of the net pension liability	\$ 894,092	\$ 1,119,721	\$ 1,406,170
District's covered employee payroll	\$ 344,766	\$ 313,720	\$ 276,388
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	259.33%	356.92%	508.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 39,368	\$ 42,884	\$ 42,179
Contributions in relation to the contractually required contribution	(39,368)	(42,884)	(42,179)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 337,871	\$ 344,766	\$ 313,720
Contributions as a percentage of covered employee payroll	11.65%	12.44%	13.44%

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0204925433%	0.0208239693%	0.019326558%
State's proportionate share of the net pension liability attributable to the District	\$ 10,952,597	\$ 13,161,638	\$ 15,203,501
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	558.50%	656.29%	796.61%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 589,353	\$ 803,636	\$ 1,142,332
Contributions in relation to the contractually required contribution	(112,582)	(154,736)	(211,461)
Contribution deficiency/(excess)	\$ 476,771	\$ 648,900	\$ 930,871
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536
Contributions as a percentage of covered employee payroll	5.74%	7.72%	11.08%

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

**BUDGETARY COMPARISON SCHEDULES**



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,770,000		\$ 3,770,000	\$ 3,770,000	\$ 24,365
Tuition from Individuals	14,250		14,250	4,127	4,127
Tuition from Other LEA's				834	284
Interest Earned on Emergency Reserve Funds	550		550	2,577	1,377
Interest Earned on Capital Reserve Funds	1,200		1,200	680	30
Interest Earned on Maintenance Reserve Funds	650		650	66,602	59,632
Unrestricted Miscellaneous Revenue	6,970		6,970		
<b>Total - Local Sources</b>	<b>3,793,620</b>		<b>3,793,620</b>	<b>3,883,435</b>	<b>89,815</b>
State Sources:					
Categorical Special Education Aid	138,078		138,078	138,078	
School Choice Aid	344,723		344,723	344,723	
Equalization Aid	47,971		47,971	47,971	
Security Aid	17,295		17,295	17,295	
Adjustment Aid	183,924		183,924	183,924	
Transportation Aid	107,714		107,714	107,714	
Extraordinary Special Education Aid				40,747	40,747
Nonpublic Transportation Aid				2,084	2,084
PARCC Readiness Aid	2,375		2,375	2,375	
Per Pupil Growth Aid	2,375		2,375	2,375	
Professional Learning Community Aid	2,360		2,360	2,360	
TPAF Pension Contribution (On-Behalf - Non Budgeted)				211,461	211,461
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				7,662	7,662
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				230	230
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				182,579	182,579
TPAF Social Security (Reimbursed - Non Budgeted)				147,575	147,575
<b>Total State Sources</b>	<b>846,815</b>		<b>846,815</b>	<b>1,439,153</b>	<b>592,338</b>
<b>TOTAL REVENUES</b>	<b>4,640,435</b>		<b>4,640,435</b>	<b>5,322,588</b>	<b>682,153</b>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 44,127	\$ 75	\$ 44,202	\$ 44,202	
Kindergarten - Salaries of Teachers	96,000	575	96,575	96,415	\$ 160
Grades 1-5 - Salaries of Teachers	850,000	(35,267)	814,733	814,679	54
Grades 6-8 - Salaries of Teachers	493,400	9,901	503,301	502,576	725
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(2,000)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	75,750	(31,121)	44,629	44,629	
Purchased Professional Educational Services					
Other Purchased Services (400-500 series)	22,980	(3,998)	18,982	18,391	591
General Supplies	116,647	79,204	195,851	90,842	105,009
Textbooks	10,500	(10,448)	52	52	
<b>Total Regular Programs - Instruction</b>	<b>1,711,404</b>	<b>6,921</b>	<b>1,718,325</b>	<b>1,611,786</b>	<b>106,539</b>
Resource Room/Resource Center:					
Salaries of Teachers	199,500	1,406	200,906	200,906	
General Supplies	3,000	(1,167)	1,833	1,246	587
<b>Total Resource Room/Resource Center</b>	<b>202,500</b>	<b>239</b>	<b>202,739</b>	<b>202,152</b>	<b>587</b>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	43,500		43,500	43,343	157
<b>Total Preschool Disabilities - Full-Time</b>	<b>43,500</b>		<b>43,500</b>	<b>43,343</b>	<b>157</b>
<b>Total Special Education Instruction</b>	<b>246,000</b>	<b>239</b>	<b>246,239</b>	<b>245,495</b>	<b>744</b>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 23,000	\$ (1,689)	\$ 21,311	\$ 20,325	\$ 986
General Supplies	500		500	478	22
Total Basic Skills/Remedial - Instruction	<u>23,500</u>	<u>(1,689)</u>	<u>21,811</u>	<u>20,803</u>	<u>1,008</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	18,000	(382)	17,618	17,618	
Total School-Sponsored Cocurricular Activities - Instruction	<u>18,000</u>	<u>(382)</u>	<u>17,618</u>	<u>17,618</u>	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	17,900	1,119	19,019	19,019	
Purchased Services (300-500 series)	2,735		2,735	2,735	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>20,635</u>	<u>1,119</u>	<u>21,754</u>	<u>21,754</u>	
Other Instructional Programs - Instruction:					
Other Objects	9,868		9,868	7,434	2,434
Total Other Instructional Programs - Instruction	<u>9,868</u>		<u>9,868</u>	<u>7,434</u>	<u>2,434</u>
<b>Total Instruction</b>	<u>2,029,407</u>	<u>6,208</u>	<u>2,035,615</u>	<u>1,924,890</u>	<u>110,725</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	62,000	(2)	61,998	61,904	94
Tuition to Private Schools for the Handicapped - Within State	170,000	4,461	174,461	150,175	24,286
Total Undistributed Expenditures - Instruction	<u>232,000</u>	<u>4,459</u>	<u>236,459</u>	<u>212,079</u>	<u>24,380</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 64,600		\$ 64,600	\$ 64,592	\$ 8
Purchased Professional and Technical Services	7,000		7,000	2,890	4,110
Supplies and Materials	1,500	(33)	1,467	1,334	133
Total Health Services	73,100	(33)	73,067	68,816	4,251
Speech, OT, PT and Related Services:					
Salaries	73,000		73,000	72,482	518
Purchased Professional - Educational Services	32,250	(7)	32,243	26,558	5,685
Supplies and Materials	1,000	364	1,364	1,364	
Total Speech, OT, PT and Related Services	106,250	357	106,607	100,404	6,203
Other Support Services - Students - Extraordinary Services:					
Salaries	70,200	(27,909)	42,291	42,291	
Purchased Professional - Educational Services	7,900	(2,705)	5,195	315	4,880
Total Other Support Services - Students - Extraordinary Services	78,100	(30,614)	47,486	42,606	4,880
Child Study Team:					
Salaries of Other Professional Staff	112,500	6,078	118,578	118,578	
Salaries of Secretarial and Clerical Assistants	28,650		28,650	27,875	775
Purchased Professional Educational Services	31,900	3,653	35,553	35,553	
Miscellaneous Purchased Services (400-500 series)	350		350	171	179
Supplies and Materials	1,595	(500)	1,095	1,020	75
Total Child Study Team	174,995	9,231	184,226	183,197	1,029
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction		7,662	7,662	4,955	2,707
Purchased Professional Educational Services	22,000	(800)	21,200	21,200	
Total Improvement of Instructional Services	22,000	6,862	28,862	26,155	2,707

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 35,800	\$	\$ 35,800	\$ 35,601	\$ 199
Supplies and Materials	8,250		8,250	6,947	1,303
Total Educational Media Services/School Library	44,050		44,050	42,548	1,502
Instructional Staff Training Services:					
Purchased Professional - Educational Services	7,100	\$ (7,100)	6,200	5,041	1,159
Other Purchased Services (400-500 series)	6,200		6,200	5,041	1,159
Total Instructional Staff Training Services	13,300	(7,100)	6,200	5,041	1,159
Support Services - General Administration:					
Salaries	57,500	(3,042)	54,458	54,458	
Legal Services	3,100	8,090	11,190	9,899	1,291
Audit Fees	16,400	(376)	16,024	16,000	24
Architectural/Engineering Fees	1,673		1,673	2,445	1,673
Other Purchased Professional Services	2,600	(128)	2,472	10,560	729
Communications/Telephone	7,906	3,383	11,289	349	
BOE Other Purchased Services	800	(451)	349	9,608	3
Miscellaneous Purchased Services (400-500 series)	10,500	(889)	9,611	945	22
General Supplies	1,000	(33)	967	7	
BOE In-house Training/ Meeting Supplies	400	(393)	7	8,276	1
Miscellaneous Expenditures	7,217	1,060	8,277	3,137	1
Board of Education Membership Dues and Fees	3,250	(112)	3,138		
Total Support Services - General Administration	112,346	7,109	119,455	115,677	3,778

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 137,550	\$ 3,168	\$ 140,718	\$ 140,718	
Salaries of Secretarial and Clerical Assistants	56,093	1,137	57,230	57,230	
Other Purchased Services (400-500 series)	175		175		\$ 175
Other Objects		298	298	298	
Miscellaneous Expenditures	545	108	653	653	
<b>Total Support Services - School Administration</b>	<b>194,363</b>	<b>4,711</b>	<b>199,074</b>	<b>198,899</b>	<b>175</b>
Support Services - Central Services:					
Salaries	29,800	1,885	31,685	31,490	195
Purchased Professional Services	97,300	4,646	101,946	99,444	2,502
Purchased Technical Services	2,500		2,500	1,930	570
Miscellaneous Purchased Services (400-500 series)		653	653	653	
Supplies and Materials	1,250	(257)	993	937	56
Miscellaneous Expenditures	1,400		1,400	1,241	159
<b>Total Support Services - Central Services</b>	<b>132,250</b>	<b>6,927</b>	<b>139,177</b>	<b>135,695</b>	<b>3,482</b>
Required Maintenance of School Facilities:					
Salaries	27,400		27,400	27,400	
Cleaning, Repair and Maintenance Services	31,274	10,360	41,634	37,880	3,754
<b>Total Required Maintenance of School Facilities</b>	<b>58,674</b>	<b>10,360</b>	<b>69,034</b>	<b>65,280</b>	<b>3,754</b>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 136,600		\$ 136,600	\$ 131,900	\$ 4,700
Cleaning, Repair and Maintenance Services	18,500	100	18,600	17,771	829
Insurance	21,500	(115)	21,385	21,000	385
Miscellaneous Purchased Services	400	(400)			
General Supplies	20,726	(595)	20,131	19,746	385
Energy (Electricity)	124,669	(26,383)	98,286	81,729	16,557
Energy (Oil)	60,000	(8,509)	51,491	34,492	16,999
Other Objects	400	760	1,160	1,158	2
Total Custodial Services	382,795	(35,142)	347,653	307,796	39,857
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	15,200		15,200	15,200	
Contracted Services:					
Other than Between Home and School - Vendors	16,000	1,534	17,534	17,534	
Between Home and School - Joint Agreements	18,000	(3,073)	14,927	14,927	
Special Education Students - Joint Agreements	13,500	(9,885)	3,615	3,615	
Regular Education Students - ESCs & CTSA's	162,000	13,408	175,408	151,989	23,419
Special Education Students - ESCs & CTSA's	69,250	3,152	72,402	61,987	10,415
Aid in Lieu of Payments - Non Public Students	6,000	(1,402)	4,598	4,471	127
Total Student Transportation Services	299,950	3,734	303,684	269,723	33,961

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 65,000		\$ 65,000	\$ 62,866	\$ 2,134
Other Retirement Contributions - PERS	57,500	(15,321)	42,179	42,179	
Other Retirement Contributions - Regular		12,244	12,244	12,244	
Workmen's Compensation	51,025		51,025	51,025	
Health Benefits	598,000	(27,685)	570,315	461,976	108,339
Tuition Reimbursement	8,500		8,500	8,500	
Other Employee Benefits	10,000		10,000	9,736	264
Unused Sick Pay for Retired/Terminated Employees		8,088	8,088	7,500	588
<b>Total Unallocated Benefits</b>	<b>790,025</b>	<b>(22,674)</b>	<b>767,351</b>	<b>656,026</b>	<b>111,325</b>
On-Behalf Contributions:					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				211,461	(211,461)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				7,662	(7,662)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				230	(230)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				182,579	(182,579)
TPAF Social Security (Reimbursed - Non Budgeted)				147,575	(147,575)
<b>Total On-Behalf Contributions</b>				<b>549,507</b>	<b>(549,507)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>790,025</b>	<b>(22,674)</b>	<b>767,351</b>	<b>1,205,533</b>	<b>(438,182)</b>
<b>Total Undistributed Expenses</b>	<b>2,714,198</b>	<b>(41,813)</b>	<b>2,672,385</b>	<b>2,979,449</b>	<b>(307,064)</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>4,743,605</b>	<b>(35,605)</b>	<b>4,708,000</b>	<b>4,904,339</b>	<b>(196,339)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures:					
Multiple Disabilities	9,144	(300)	8,844	8,742	102
Instruction		2,200	2,200	2,142	58
Operation and Maintenance of Plant Services		12,323	12,323		12,323
<b>Total Equipment</b>	<b>9,144</b>	<b>14,223</b>	<b>23,367</b>	<b>10,884</b>	<b>12,483</b>



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 136,746	4,700	4,700	4,700	
Construction Services	20,073	35,100	171,846	117,327	\$ 54,519
Assessment for Debt Service on SDA Funding			20,073	20,073	
Total Facilities Acquisition and Construction Services	156,819	39,800	196,619	142,100	54,519
TOTAL CAPITAL OUTLAY	165,963	54,023	219,986	152,984	67,002
Transfer of Funds to Charter Schools	62,395	26,082	88,477	88,477	
TOTAL EXPENDITURES	4,971,963	44,500	5,016,463	5,145,800	(129,337)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(331,528)	(44,500)	(376,028)	176,788	552,816
Fund Balance, July 1	1,454,357		1,454,357	1,454,357	
Fund Balance, June 30	\$ 1,122,829	\$ (44,500)	\$ 1,078,329	\$ 1,631,145	\$ 552,816

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
<u>Restricted:</u>					
Emergency Reserve				\$ 186,159	
Maintenance Reserve				151,802	
Capital Reserve				797,792	
<u>Assigned:</u>					
Year-End Encumbrances				156,400	
For Subsequent Year's Expenditures				46,162	
Unassigned				292,830	
				<u>1,631,145</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(82,676)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,548,469</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 80,000	\$ 33,897	\$ 113,897	\$ 106,996	\$ (6,901)
Total Revenues	80,000	33,897	113,897	106,996	(6,901)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	10,125	21,257	31,382	31,382	
Other Salaries for Instruction	61,250	5,847	67,097	67,085	12
Total Instruction	71,375	27,104	98,479	98,467	12
Support Services:					
Personal Services - Employee Benefits	3,375	6,192	9,567	8,489	1,078
Purchased Professional - Educational Services	3,255	(329)	2,926	40	2,886
Other Purchased Services	1,995	930	2,925	2,925	
Total Support Services	8,625	6,793	15,418	8,529	6,889
Total Expenditures	\$ 80,000	\$ 33,897	\$ 113,897	\$ 106,996	\$ 6,901

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,322,588	\$ 106,996
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	82,440	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(82,676)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 5,322,352</u>	<u>\$ 106,996</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 5,145,800</u>	<u>\$ 106,996</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 5,145,800</u>	<u>\$ 106,996</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>No Child Left Behind</u>		<u>Small Rural</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>School</u>
			<u>Achievement</u>
REVENUE:			
Federal Sources	\$ 15,367	\$ 40	\$ 24,504
Total Revenue	<u>15,367</u>	<u>40</u>	<u>24,504</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	12,196		19,186
Other Salaries for Instruction			
Total Instruction	<u>12,196</u>		<u>19,186</u>
Support Services:			
Personal Services - Employee Benefits	3,171	40	5,318
Purchased Professional Educational Services			
Total Support Services	<u>3,171</u>	<u>40</u>	<u>5,318</u>
Total Expenditures	<u>\$ 15,367</u>	<u>\$ 40</u>	<u>\$ 24,504</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	IDEA, Part B		Totals
	Basic	Preschool	June 30, 2016
<b>REVENUE:</b>			
Federal Sources	\$ 64,130	\$ 2,955	\$ 106,996
Total Revenue	64,130	2,955	106,996
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers			31,382
Other Salaries for Instruction	64,130	2,955	67,085
Total Instruction	64,130	2,955	98,467
Support Services:			
Personal Services - Employee Benefits			8,489
Purchased Professional Educational Services			40
Total Support Services			8,529
Total Expenditures	\$ 64,130	\$ 2,955	\$ 106,996



CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND - FOOD SERVICE  
STATEMENT OF NET POSITION  
JUNE 30, 2017

## ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 16,649
Intergovernmental Receivable:	
Federal	3,394
State	128
Other	21,917
Inventories	5,409
	<hr/>
Total Current Assets	47,497
	<hr/>
Non-Current Assets:	
Capital Assets	91,562
Less: Accumulated Depreciation	(74,633)
	<hr/>
Total Non-Current Assets	16,929
	<hr/>
Total Assets	64,426
	<hr/>

## LIABILITIES:

Current Liabilities:	
Unearned Revenue	2,510
Accounts Payable - Vendors	8,977
	<hr/>
Total Current Liabilities	11,487
	<hr/>

## NET POSITION:

Investment in Capital Assets	16,929
Unrestricted	36,010
	<hr/>
Total Net Position	\$ 52,939
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND - FOOD SERVICE  
STATEMENT OF REVENUE AND EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 31,038
Nonreimbursable Programs	12,521
Other Sales	79,115
	<hr/>
Total Operating Revenue	122,674
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	19,804
Nonreimbursable Programs	40,116
Salaries, Benefits & Payroll Taxes	46,065
Supplies, Insurance & Other Costs	9,629
Management Fee	9,131
Miscellaneous/Other	10,719
Depreciation Expense	1,109
	<hr/>
Total Operating Expenses	136,573
	<hr/>
Operating Loss	(13,899)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	104
State Sources:	
State School Lunch Program	661
Federal Sources:	
National School Lunch Program	17,972
Food Distribution Program	7,898
	<hr/>
Total Non-Operating Income	26,635
	<hr/>
Change in Net Position	12,736
	<hr/>
Net Position - Beginning of Year	40,203
	<hr/>
Net Position - End of Year	\$ 52,939
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND - FOOD SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 111,097
Payments to Food Service Vendor	(112,672)
Payments to Suppliers and Other Expenses	(11,328)
	<hr/>
Net Cash Used for Operating Activities	(12,903)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	104
	<hr/>
Net Cash Provided by Investing Activities	104
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(9,537)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(9,537)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	15,878
	<hr/>
Net Cash Provided by Noncapital Financing Activities	15,878
	<hr/>
Net Decrease in Cash and Cash Equivalents	(6,458)
Cash and Cash Equivalents, July 1	23,107
	<hr/>
Cash and Cash Equivalents, June 30	\$ 16,649
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (13,899)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,109
Food Distribution Program	7,898
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Intergovernmental - Other	(10,643)
(Decrease) in Unearned Revenue	(1,318)
Increase in Accounts Payable	3,566
Decrease in Inventory	384
	<hr/>
Net Cash Used for Operating Activities	\$ (12,903)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$6,580 and utilized commodities from the Federal Food Distribution Program valued at \$7,898 for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Totals
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 36,956	\$ 10,756	\$ 47,712	\$ 100,628	\$ 148,340
Interfund Receivable - General Fund		554	554		554
Interfund Receivable - Payroll Agency Fund				6,984	6,984
<b>Total Assets</b>	<u>36,956</u>	<u>11,310</u>	<u>48,266</u>	<u>107,612</u>	<u>155,878</u>
<b>LIABILITIES:</b>					
Interfund Payable - Unemployment Compensation Trust Fund		6,984	6,984		6,984
Due to Student Groups	36,956		36,956		36,956
Payroll Deductions and Withholdings		4,326	4,326		4,326
<b>Total Liabilities</b>	<u>36,956</u>	<u>11,310</u>	<u>48,266</u>		<u>48,266</u>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims				107,612	107,612
<b>Total Net Position</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 107,612</u>	<u>\$ 107,612</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Plan Members	\$ 6,984
Total Contributions	<u>6,984</u>
Investment Earnings:	
Interest	\$ 627
Change in Net Position	7,611
Net Position - Beginning of the Year	<u>100,001</u>
Net Position - End of the Year	<u><u>\$ 107,612</u></u>



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 33,926	\$ 38,131	\$ 35,101	\$ 36,956
Total Assets	<u>\$ 33,926</u>	<u>\$ 38,131</u>	<u>\$ 35,101</u>	<u>\$ 36,956</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 33,926	\$ 38,131	\$ 35,101	\$ 36,956
Total Liabilities	<u>\$ 33,926</u>	<u>\$ 38,131</u>	<u>\$ 35,101</u>	<u>\$ 36,956</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary School:				
Student Activities	\$ 28,759	\$ 18,515	\$ 17,065	\$ 30,209
Fundraiser	4,743	16,881	14,944	6,680
Referee	424	2,735	3,092	67
	<u>33,926</u>	<u>38,131</u>	<u>35,101</u>	<u>36,956</u>
Total All Schools	<u>\$ 33,926</u>	<u>\$ 38,131</u>	<u>\$ 35,101</u>	<u>\$ 36,956</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 9,451	\$ 2,980,641	\$ 2,979,336	\$ 10,756
Interfund Receivable - General Fund		554		554
Total Assets	<u>\$ 9,451</u>	<u>\$ 2,981,195</u>	<u>\$ 2,979,336</u>	<u>\$ 11,310</u>
<u>LIABILITIES:</u>				
Interfund Payable - Unemployment Compensation Trust Fund	\$ 5,529	\$ 6,984	\$ 5,529	\$ 6,984
Payroll Deduction and Withholdings	3,922	2,974,211	2,973,807	4,326
Total Liabilities	<u>\$ 9,451</u>	<u>\$ 2,981,195</u>	<u>\$ 2,979,336</u>	<u>\$ 11,310</u>

LONG-TERM DEBT

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2016	Retired or Matured	Balance June 30, 2017
			Date	Amount				
Refunded Bonds	01/07/10	\$ 3,405,000	03/01/18	\$ 155,000	3.00%			
			03/01/18	200,000	4.00%			
			03/01/19	100,000	3.25%			
			03/01/19	260,000	4.50%			
			03/01/20	365,000	5.00%			
			03/01/21	305,000	5.00%	\$ 1,730,000	\$ 345,000	\$ 1,385,000
					<u>\$ 1,730,000</u>	<u>\$ 345,000</u>	<u>\$ 1,385,000</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 418,500		\$ 418,500	\$ 418,500	
Total Revenue	418,500		418,500	418,500	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	73,500		73,500	73,500	
Redemption of Principal	345,000		345,000	345,000	
Total Regular Debt Service	418,500		418,500	418,500	
Total Expenditures	418,500		418,500	418,500	
Excess of Revenue Over Expenditures					
Fund Balance, July 1	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

## STATISTICAL SECTION

(UNAUDITED)

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

### Contents

	<u>Exhibit</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2004.



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
 (UNAUDITED)  
 (accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 835,483	\$ 899,632	\$ 1,140,347	\$ 1,230,814	\$ 1,358,097	\$ 1,499,570	\$ 1,514,964	\$ 1,697,727	\$ 2,014,445	\$ 2,273,215
Restricted	133,029	180,971	402,762	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753
Unrestricted	89,091	91,562	30,941	50,375	183,330	87,157	(897,560)	(964,567)	(800,310)	(862,156)
Total Governmental Activities Net Position	\$ 1,057,603	\$ 1,172,165	\$ 1,574,050	\$ 1,897,010	\$ 2,341,271	\$ 2,528,603	\$ 1,568,337	\$ 1,865,163	\$ 2,193,489	\$ 2,546,812
<b>Business-Type Activities:</b>										
Investment in Capital Assets		\$ 12,722	\$ 12,456	\$ 12,190	\$ 15,925	\$ 13,619	\$ 11,319	\$ 9,610	\$ 8,501	\$ 16,929
Unrestricted	\$ 18,873	10,511	7,752	6,383	3,051	9,613	13,112	21,279	31,702	36,010
Total Business-Type Activities Net Position	\$ 18,873	\$ 23,233	\$ 20,208	\$ 18,573	\$ 18,976	\$ 23,232	\$ 24,431	\$ 30,889	\$ 40,203	\$ 52,939
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 835,483	\$ 912,354	\$ 1,152,803	\$ 1,243,004	\$ 1,374,022	\$ 1,513,189	\$ 1,526,283	\$ 1,707,337	\$ 2,022,946	\$ 2,290,144
Restricted	133,029	180,971	402,762	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753
Unrestricted	107,964	102,073	38,693	56,758	186,381	96,770	(884,448)	(943,288)	(768,608)	(826,146)
Total District Net Position	\$ 1,076,476	\$ 1,195,398	\$ 1,594,258	\$ 1,915,583	\$ 2,360,247	\$ 2,551,835	\$ 1,592,768	\$ 1,896,052	\$ 2,233,692	\$ 2,599,751

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,465,665	\$ 2,264,250	\$ 2,167,669	\$ 2,136,092	\$ 2,300,287	\$ 2,410,862	\$ 2,454,346	\$ 2,729,748	\$ 2,828,963	\$ 3,141,261
Special Education	250,287	351,444	490,910	364,819	419,069	418,913	473,789	544,311	520,063	560,359
Other Special Instruction	62,644	37,970	31,685	37,029	37,526	31,358	25,758	37,455	37,085	35,144
School-Sponsored/Other Instruction		34,736	52,980	35,558	42,094	55,758	58,692	68,249	68,690	79,560
Support Services:										
Tuition	110,380	232,289	171,849	218,102	216,650	202,717	199,918	233,201	252,737	212,079
Student & Instruction Related Services	594,282	519,948	546,221	488,316	545,677	593,348	588,231	638,610	715,931	777,242
General and Business Administrative Services	141,689	123,854	160,836	125,276	117,600	119,311	120,268	133,704	131,091	150,077
School Administrative Services	258,006	254,875	269,696	250,872	263,892	264,587	281,455	315,694	312,760	372,118
Central Services	157,062	171,423	148,692	151,668	149,588	153,461	154,113	178,399	207,144	155,588
Plant Operations and Maintenance	410,605	371,628	384,571	402,785	434,151	437,713	434,389	420,865	419,028	502,410
Pupil Transportation	334,430	370,549	310,307	282,605	245,802	263,432	261,912	264,407	335,722	279,325
Unallocated Depreciation		32,697								
Interest on Long-term Debt	232,119	188,966	105,807	136,054	120,398	111,331	98,022	91,215	82,805	71,756
Capital Outlay			196,465	196,465	19,581	13,018	41,527	20,073	54,629	
Charter Schools				24,726	24,726	24,081	66,822	66,006	99,063	88,477
Total Governmental Activities Expenses	5,017,168	4,954,629	4,841,223	4,825,641	4,937,041	5,099,890	5,259,242	5,741,937	6,065,711	6,425,396
Business-Type Activities:										
Food Service	96,461	90,368	77,369	71,413	81,183	166,043	166,275	163,583	151,799	136,573
Total Business-type Activities Expense	96,461	90,368	77,369	71,413	81,183	166,043	166,275	163,583	151,799	136,573
Total District Expenses	\$ 5,113,630	\$ 5,044,997	\$ 4,918,592	\$ 4,897,054	\$ 5,018,224	\$ 5,265,933	\$ 5,425,517	\$ 5,905,520	\$ 6,217,510	\$ 6,561,969

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 13,613	\$ 30,000	\$ 56,718	\$ 48,000	\$ 52,088	\$ 42,666	\$ 23,684	\$ 66,213	\$ 53,538	\$ 42,742
Operating Grants and Contributions	767,342	686,353	779,317	696,655	764,686	800,399	758,053	1,305,446	1,532,418	1,875,802
Capital Grants and Contributions				82,373						
Total Governmental Activities Program Revenues	<u>780,955</u>	<u>716,353</u>	<u>836,035</u>	<u>827,028</u>	<u>816,774</u>	<u>843,065</u>	<u>781,737</u>	<u>1,371,659</u>	<u>1,585,956</u>	<u>1,918,544</u>
Business-Type Activities:										
Charges for Services:										
Food Service	69,669	65,862	55,210	54,736	52,422	141,896	144,259	135,595	125,972	122,674
Operating Grants and Contributions	22,465	15,858	19,077	16,128	23,116	28,393	24,807	34,417	35,065	26,531
Total Business-type Activities Program Revenues	<u>92,134</u>	<u>81,720</u>	<u>74,287</u>	<u>70,864</u>	<u>75,538</u>	<u>170,289</u>	<u>169,066</u>	<u>170,012</u>	<u>161,037</u>	<u>149,205</u>
Total District Program Revenues	<u>\$ 873,088</u>	<u>\$ 798,073</u>	<u>\$ 910,322</u>	<u>\$ 897,892</u>	<u>\$ 892,312</u>	<u>\$ 1,013,354</u>	<u>\$ 950,803</u>	<u>\$ 1,541,671</u>	<u>\$ 1,746,993</u>	<u>\$ 2,067,749</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (4,236,214)	\$ (4,238,276)	\$ (4,005,188)	\$ (3,998,613)	\$ (4,120,267)	\$ (4,256,825)	\$ (4,477,505)	\$ (4,370,278)	\$ (4,479,755)	\$ (4,506,852)
Business-type Activities	(4,328)	(8,648)	(3,082)	(549)	(5,645)	4,246	2,791	6,429	9,238	12,632
Total District-wide Net Expense	<u>\$ (4,240,542)</u>	<u>\$ (4,246,924)</u>	<u>\$ (4,008,270)</u>	<u>\$ (3,999,162)</u>	<u>\$ (4,125,912)</u>	<u>\$ (4,252,579)</u>	<u>\$ (4,474,714)</u>	<u>\$ (4,363,849)</u>	<u>\$ (4,470,517)</u>	<u>\$ (4,494,220)</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 3,340,675	\$ 3,474,302	\$ 3,520,000	\$ 3,578,435	\$ 3,611,300	\$ 3,573,000	\$ 3,536,000	\$ 3,662,000	\$ 3,780,000	\$ 3,770,000
Property Taxes Levied for Debt Service	367,186	437,458	436,065	402,990	406,775	416,999	422,800	421,300	423,875	418,500
Federal and State aid not restricted	490,705	403,874	430,260	288,986	346,085	419,447	568,816	577,582	598,292	600,982
Investment Earnings	19,313	14,536	1,095	1,184	2,058	2,310	1,289	2,498	2,526	4,091
Miscellaneous income	7,517	22,668	19,653	49,978	6,926	7,259	11,557	3,724	3,388	66,602
Other Income	500									
Total Governmental Activities	4,225,896	4,352,838	4,407,073	4,321,573	4,373,144	4,419,015	4,540,462	4,667,104	4,808,081	4,860,175
Business-Type Activities:										
Investment Earnings	384	286	57	19	7	10	19	29	76	104
Miscellaneous income/Other	7,517	12,722		(1,105)	6,041		(1,611)			
Special Item - Cancellation of Accounts Receivable										
Total Business-Type Activities	7,901	13,008	57	(1,086)	6,048	10	19	29	76	104
Total District-Wide	\$ 4,233,797	\$ 4,365,846	\$ 4,407,130	\$ 4,320,487	\$ 4,379,192	\$ 4,419,025	\$ 4,540,481	\$ 4,667,133	\$ 4,808,157	\$ 4,860,279
Change in Net Position:										
Governmental Activities	\$ (10,318)	\$ 114,562	\$ 401,885	\$ 322,960	\$ 252,877	\$ 162,190	\$ 62,957	\$ 296,826	\$ 328,326	\$ 353,323
Business-type Activities	3,573	4,360	(3,025)	(1,635)	403	4,256	2,810	6,458	9,314	12,736
Total District	\$ (6,745)	\$ 118,922	\$ 398,860	\$ 321,325	\$ 253,280	\$ 166,446	\$ 65,767	\$ 303,284	\$ 337,640	\$ 366,059

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Restricted / Reserved	\$ 99,028	\$ 180,970	\$ 377,704	\$ 557,784	\$ 799,843	\$ 941,876	\$ 950,933	\$ 1,132,003	\$ 979,354	\$ 1,135,753
Assigned				48,811	119,457	77,843	153,305	47,563	178,841	202,562
Unassigned				229,824	240,992	220,021	202,163	206,911	213,722	210,154
Unreserved - Designated for Subsequent Year's Expenditures			5,000							
Unreserved / Undesignated	226,293	182,332	210,222							
Total General Fund	\$ 325,321	\$ 363,302	\$ 592,926	\$ 836,419	\$ 1,160,292	\$ 1,239,740	\$ 1,306,401	\$ 1,386,477	\$ 1,371,917	\$ 1,548,469
All Other Governmental Funds:										
Restricted				\$ 9,226	\$ 1					
Unreserved, Reported in:										
Capital Projects Fund	\$ 1	\$ 1	\$ 25,058							
Debt Service Fund										
Total All Other Governmental Funds	\$ 1	\$ 1	\$ 25,058	\$ 9,226	\$ 1	\$ -	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Tax Levy	\$ 3,707,861	\$ 3,911,760	\$ 3,956,065	\$ 3,981,425	\$ 4,018,075	\$ 3,989,999	\$ 3,958,800	\$ 4,083,300	\$ 4,203,875	\$ 4,188,500
Tuition Charges	13,613	30,000	56,718	48,000	52,088	42,666	23,684	66,213	53,538	42,742
Interest Earnings on Restricted Funds	2,321	2,017	1,095	1,184	2,058	2,310	1,289	2,498	2,526	4,091
Miscellaneous	25,009	36,759	22,026	51,426	6,926	7,259	11,557	3,724	3,388	66,602
State Sources	1,144,769	972,387	1,027,739	950,264	973,052	1,109,320	1,219,097	1,296,025	1,363,646	1,438,917
Federal Sources	113,278	116,268	179,465	116,302	137,719	110,526	107,772	110,232	118,165	106,996
<b>Total Revenue</b>	<b>5,006,851</b>	<b>5,069,191</b>	<b>5,243,108</b>	<b>5,148,601</b>	<b>5,189,918</b>	<b>5,262,080</b>	<b>5,322,199</b>	<b>5,561,992</b>	<b>5,745,138</b>	<b>5,847,848</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	1,580,532	1,670,704	1,530,422	1,465,244	1,504,613	1,583,364	1,597,724	1,640,875	1,625,604	1,651,697
Special Education Instruction	224,805	249,373	374,404	257,941	282,967	286,742	326,587	341,458	311,986	312,580
Other Special Instruction	58,094	21,993	22,053	28,036	27,943	21,869	17,058	22,774	20,451	20,803
School Sponsored/Other Instruction		34,736	41,520	25,738	29,885	40,632	43,869	46,008	43,404	46,806
<b>Support Services:</b>										
Tuition	110,380	232,289	171,849	218,102	216,650	202,717	199,918	233,201	252,737	212,079
Student & Instruction Related Services	433,024	426,944	418,660	356,640	385,264	435,779	434,719	439,404	471,277	468,767
General Administrative Services	102,382	126,854	148,448	114,081	106,010	106,229	105,755	109,350	107,603	115,677
School Administrative Services	182,167	176,108	181,624	162,639	158,796	166,009	176,147	180,693	177,547	198,899
Central Services	109,091	116,620	123,670	123,308	122,083	124,557	124,008	127,657	142,325	135,695
Plant Operations and Maintenance	340,692	336,519	349,459	355,062	378,413	385,806	379,335	356,816	330,046	373,076
Student Transportation	333,744	370,036	309,979	278,728	241,937	259,769	258,594	258,872	328,116	269,723
Unallocated Benefits	1,089,621	797,547	845,506	862,376	933,942	1,079,427	1,060,675	1,147,039	1,185,199	1,205,533
Capital Outlay	4,085	34,029	59,825	254,223	46,041	48,652	41,527	90,463	240,465	152,984
Transfer to Charter Schools					24,726	24,081	66,822	66,006	99,063	88,477
<b>Debt Service:</b>										
Principal	235,000	245,000	300,000	290,000	300,000	310,000	325,000	330,000	340,000	345,000
Interest and Other Charges	203,385	192,458	120,233	128,822	116,000	107,000	97,800	91,300	83,875	73,500
<b>Total Expenditures</b>	<b>5,007,022</b>	<b>5,031,210</b>	<b>4,997,652</b>	<b>4,920,940</b>	<b>4,875,270</b>	<b>5,182,633</b>	<b>5,255,538</b>	<b>5,481,916</b>	<b>5,759,698</b>	<b>5,671,296</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b>	<b>(171)</b>	<b>37,981</b>	<b>245,456</b>	<b>227,661</b>	<b>314,648</b>	<b>79,447</b>	<b>66,661</b>	<b>80,076</b>	<b>(14,560)</b>	<b>176,552</b>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources/(Uses):											
Serial Bonds Defeased			\$ (3,307,000)								
Serial Bonds Issued			3,405,000								
Bond Premium			191,845								
Bond Insurance Costs			(60,107)								
Deferred Amount of Refunding			(220,513)								
Transfers In	\$ 71,199			\$ 123,540							
Transfers Out	(71,199)			(123,540)							
Total Other Financing Sources/(Uses)			9,225								
Net Change in Fund Balances	\$ (171)	\$ 37,981	\$ 254,681	\$ 227,661	\$ 314,648	\$ 79,447	\$ 66,661	\$ 80,076	\$ (14,560)	\$ 176,552	
Debt Service as a Percentage of Noncapital Expenditures	8.76%	8.75%	8.51%	8.97%	8.61%	8.12%	8.11%	7.81%	7.68%	7.58%	

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2008	\$ 19,313	\$ 13,613	\$ 7,517	\$ 40,443
2009	14,536	30,000	22,668	67,204
2010	6,822	56,718	13,926	77,466
2011	7,758	48,000	43,404	99,162
2012	5,492	52,088	2,601	60,181
2013	2,310	42,666	7,209	52,185
2014	1,289	23,684	11,557	36,530
2015	2,498	66,213	3,724	72,435
2016	2,526	53,538	3,388	59,452
2017	4,091	42,742	66,602	113,435

Source: School District Financial Reports



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Industrial	Public Utilities *	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Actual (County Equalized Value)
2007	\$ 17,732,000	\$ 298,542,000	\$ 62,256,000	\$ 2,772,600	\$ 45,127,600	\$ 44,689,900	\$ 1,187,891	\$ 37,382,300	\$ 472,307,991	\$ 0.773	\$ 462,152,371
2008	11,772,000	302,383,600	62,723,200	2,308,700	45,464,100	44,689,900	1,127,240	37,527,600	470,468,740	0.810	475,990,366
2009	11,041,800	303,856,900	64,907,000	2,277,400	46,931,400	44,494,400	909,083	37,306,000	474,417,983	0.829	491,230,736
2010	10,193,400	302,586,600	63,773,600	2,507,500	49,056,600	44,494,400	548,807	38,202,900	473,162,907	0.839	451,312,650
2011	9,160,300	295,317,000	63,116,400	2,556,200	45,863,100	26,731,100	560,912	38,544,000	443,305,012	0.902	439,705,362
2012	8,661,800	292,547,500	64,777,600	2,547,700	45,772,600	23,929,500	565,007	39,819,900	438,801,707	0.912	414,089,316
2013 *	6,574,300	219,343,500	47,116,300	3,951,900	41,217,100	15,337,800	539,095	27,614,700	334,079,995	1.189	355,384,286
2014	6,746,400	219,287,600	46,714,100	2,337,400	41,203,100	15,337,800	494,830	28,176,100	332,121,230	1.211	373,817,248
2015	6,404,000	218,935,700	46,091,800	2,655,700	35,992,900	15,339,900	494,830	28,176,100	326,017,858	1.271	343,614,618
2016	6,715,300	220,130,800	45,754,700	2,201,200	39,293,100	14,459,900	588,015	27,031,900	329,143,015	1.335	335,506,466

\* - Year in which the reassessment became effective.

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Source: Municipal Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

*(rate per \$100 of assessed value)*

Year Ended December 31,	Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>	Municipality	County	Regional High School	
2007	\$ 0.696	\$ 0.077	\$ 0.773	\$ 0.401	\$ 0.434	\$ 1.725
2008	0.719	0.091	0.810	0.389	0.467	1.801
2009	0.738	0.091	0.829	0.394	0.453	1.822
2010	0.754	0.085	0.839	0.384	0.457	1.856
2011	0.811	0.091	0.902	0.428	0.540	2.061
2012	0.817	0.095	0.912	0.439	0.560	2.107
2013	1.062	0.127	1.189	0.525	0.701	2.678
2014	1.086	0.125	1.211	0.525	0.701	2.700
2015	1.143	0.128	1.271	0.559	0.673	2.777
2016	1.202	0.133	1.335	0.580	0.541	2.742

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

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

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

\* Year in which the reassessment became effective.

Source: Municipal Tax Collector and School Business Administrator

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

	2016		2007	
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer
205 Route 94, LLC		\$ 3,966,900	1.22%	
Durling Realty, LLC		3,423,900	1.05%	
BHR Ringwood Real Estate LLC		3,342,900	1.03%	
United Telephone Co. of NJ		2,279,600	0.70%	
Carlwood Land Development LLC		2,070,000	0.63%	
34-38 Route 15 Lafayette, LLC		1,785,600	0.55%	N/A
FSB Properties, Inc		1,782,900	0.55%	
94 Associates, (c/o Carson/Roberts)		1,682,900	0.52%	
11 Millpond Drive, LLC		1,533,100	0.47%	
All Leasing, Inc.		1,493,200	0.46%	
<b>Total</b>		<b>\$23,361,000</b>	<b>7.17%</b>	

N/A - Information is not available.

Source: Lafayette Township Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2008	\$ 3,707,861	\$ 3,707,861	100.00%
2009	3,911,760	3,911,760	100.00%
2010	3,956,065	3,956,065	100.00%
2011	3,981,425	3,981,425	100.00%
2012	4,018,075	4,018,075	100.00%
2013	3,989,999	3,989,999	100.00%
2014	3,958,800	3,958,800	100.00%
2015	4,083,300	4,083,300	100.00%
2016	4,203,875	4,203,875	100.00%
2017	4,188,500	4,188,500	100.00%

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

*(dollars in thousands, except per capita)*

Fiscal Year Ended June 30,	Governmental Activities		Bond		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Anticipation Notes (BANs)		Capital Leases				
2008	\$ 4,072,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,072,000	3.36%	\$ 1,644.59
2009	3,827,000	-0-	-0-	-0-	-0-	-0-	3,827,000	3.11%	1,549.39
2010	3,625,000	-0-	-0-	-0-	-0-	-0-	3,625,000	3.05%	1,471.78
2011	3,335,000	-0-	-0-	-0-	-0-	-0-	3,335,000	2.70%	1,323.41
2012	3,035,000	-0-	-0-	-0-	-0-	-0-	3,035,000	2.39%	1,212.54
2013	2,725,000	-0-	-0-	-0-	-0-	-0-	2,725,000	2.09%	1,099.23
2014	2,400,000	-0-	-0-	-0-	-0-	-0-	2,400,000	1.85%	979.19
2015	2,070,000	-0-	-0-	-0-	-0-	-0-	2,070,000	1.59%	841.12
2016	1,730,000	-0-	-0-	-0-	-0-	-0-	1,730,000	1.34%	709.31
2017	1,385,000	-0-	-0-	-0-	-0-	-0-	1,385,000	1.02%	567.86

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 4,072,000	\$ -0-	\$ 4,072,000	0.86%	\$ 1,644.59
2009	3,827,000	-0-	3,827,000	0.81%	1,549.39
2010	3,625,000	-0-	3,625,000	0.76%	1,471.78
2011	3,335,000	-0-	3,335,000	0.70%	1,323.41
2012	3,035,000	-0-	3,035,000	0.68%	1,212.54
2013	2,725,000	-0-	2,725,000	0.62%	1,099.23
2014	2,400,000	-0-	2,400,000	0.72%	979.19
2015	2,070,000	-0-	2,070,000	0.62%	841.12
2016	1,730,000	-0-	1,730,000	0.53%	709.31
2017	1,385,000	-0-	1,385,000	0.42%	567.86

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of School District as of December 31, 2016			<u>\$ 1,730,000</u>
Net Overlapping Debt of School District:			
County of Sussex - Township of Lafayette's Share	\$ 84,645,963	2.07%	<u>1,750,584</u>
Total Direct And Overlapping Debt			<u><u>\$ 3,480,583.64</u></u>

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

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Lafayette Township's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County's total equalized property value.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis		
2016	\$	344,879,268
2015		343,016,760
2014		356,702,592
		<u>\$ 1,044,598,620</u>
Average Equalized Valuation of Taxable Property		<u>\$ 348,199,540</u>
Debt Limit (3% of average equalization value)		a \$ 10,445,986
Net Bonded School Debt		1,385,000
Legal Debt Margin		<u>\$ 9,060,986</u>

Fiscal Year Ended June 30,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 12,538,591	\$ 11,612,054	\$ 11,022,249	\$ 10,734,765	\$ 10,445,986
Total Net Debt Applicable to Limit	<u>2,725,000</u>	<u>2,400,000</u>	<u>2,070,000</u>	<u>1,730,000</u>	<u>1,385,000</u>
Legal Debt Margin	<u>\$ 9,813,591</u>	<u>\$ 10,277,582</u>	<u>\$ 9,212,054</u>	<u>\$ 9,004,765</u>	<u>\$ 9,060,986</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.73%	20.67%	18.78%	16.12%	13.26%

Fiscal Year Ended June 30,

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 13,049,759	\$ 14,119,199	\$ 14,069,746	\$ 13,991,830	\$ 13,312,582
Total Net Debt Applicable to Limit	<u>4,072,000</u>	<u>3,827,000</u>	<u>3,625,000</u>	<u>3,335,000</u>	<u>3,035,000</u>
Legal Debt Margin	<u>\$ 8,977,759</u>	<u>\$ 10,292,199</u>	<u>\$ 10,444,746</u>	<u>\$ 10,656,830</u>	<u>\$ 10,277,582</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	31.20%	27.10%	25.76%	23.84%	22.80%

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

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



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Township Personal Income <sup>b</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2007	2,476	\$ 121,071,448	\$ 48,898	4.80%
2008	2,470	122,882,500	49,750	6.20%
2009	2,463	118,866,843	48,261	10.60%
2010	2,520	123,585,840	49,042	11.20%
2011	2,503	127,152,400	50,800	10.90%
2012	2,479	130,375,568	52,592	10.90%
2013	2,451	129,800,058	52,958	8.60%
2014	2,461	130,066,311	52,851	6.20%
2015	2,439	128,903,589	52,851	4.80%
2016	2,439	135,357,183	55,497 *	4.60%
2017	2,414 **	133,969,758 ***	55,497 *	N/A

\* - Latest Sussex County per capita personal income available (2015) was used for calculation purposes.

\*\* - Latest population data available (2016) was used for calculation purposes.

\*\*\* - Latest Township personal income available (2015) was used for calculation purposes.

N/A - Not Available

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

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

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2016		
Employer	Employees	Percentage of Total Employment
Newton Medical Center	1,000 - 4,999	1.38% - 6.91%
County of Sussex	500 - 999	0.69% - 1.38%
Thorlabs	500 - 999	0.69% - 1.38%
Sussex County Community College	250-499	0.35% - 0.69%
Newton 213 LLC, C/O Ronetco	100-249	0.14% - 0.34%
Bristol Glen	100-249	0.14% - 0.34%
Barn Hill Center	100-249	0.14% - 0.34%
Home Depot	100-249	0.14% - 0.34%
Kohls	100-249	0.14% - 0.34%
Superior Court of Newton	100-249	0.14% - 0.34%
	<u>2,850 - 8,990</u>	<u>3.94% - 12.42%</u>
Total Employment	<u>72,391</u>	

2007		
Employer	Employees	Percentage of Total Employment
Newton Memorial Hospital	1,109	1.37%
County of Sussex	770	0.95%
Ronetco Supermarkets, Inc. (Shop Rite)	672	0.83%
Sussex County Community College	516	0.64%
Wal-Mart	426	0.53%
Newton Board of Education	266	0.33%
Lakeland Bank	226	0.28%
Kittatiny Regional High School	169	0.21%
Thorlabs	150	0.19%
All Quality Care, Inc.	150	0.19%
	<u>4,454</u>	<u>5.50%</u>
Total Employment	<u>81,045</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (accrual basis of accounting)

Function/Program:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	25.3	24.1	22.1	19.9	18.9	20.0	20.4	21.0	21.5	21.5
Special Education	3.8	4.2	5.0	5.4	6.6	5.6	4.6	4.6	4.6	4.6
Other	11.0	9.6	10.3	9.0	7.7	7.1	8.3	8.9	8.7	7.9
Support Services:										
Student & Instruction Related Services	5.8	4.8	4.0	3.0	4.2	5.0	5.0	5.0	5.0	5.0
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Administrative Services	3.2	3.3	3.3	3.3	3.8	3.8	3.8	3.8	3.8	3.8
Central Services	2.0	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.4
Plant Operations and Maintenance	3.6	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.3
	<u>55.2</u>	<u>51.4</u>	<u>50.1</u>	<u>46.0</u>	<u>46.3</u>	<u>46.6</u>	<u>47.2</u>	<u>48.4</u>	<u>48.8</u>	<u>48.0</u>

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Schools				
2008	314.1	\$ 4,564,552	\$ 14,532	0.54%	38	1:11	314.1	301.7	-0.54%	96.05%	
2009	295.6	4,559,723	15,425	6.15%	38	1:10	295.6	283.3	-5.89%	95.84%	
2010	281.9	4,517,594	16,026	3.89%	37	1:10	281.9	270.8	-4.63%	96.06%	
2011	257.1	4,247,895	16,522	3.10%	34	1:10	257.1	245.3	-8.80%	95.41%	
2012	252.4	4,413,229	17,485	5.83%	32	1:10	252.4	243.9	-1.83%	96.63%	
2013	250.1	4,716,981	18,860	7.87%	34	1:10	250.1	240.4	-0.91%	96.12%	
2014	251.4	4,791,211	19,058	1.05%	34	1:10	251.4	241.7	0.52%	96.14%	
2015	249.1	4,970,153	19,952	4.69%	34	1:10	249.1	239.5	-0.91%	96.15%	
2016	242.6	5,095,358	21,003	5.27%	34	1:10	242.6	232.5	-2.61%	95.84%	
2017	232.0	5,099,812	21,982	4.66%	34	1:10	232.0	221.2	-4.37%	95.34%	

Note: Enrollment based on annual October district count.

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

Sources: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	250.1	251.4	249.1	242.6	232.0
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	314.1	295.6	281.9	257.1	252.4

Number of Schools at June 30, 2017  
 Elementary = 1

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

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

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

<u>Facility</u>	<u>Project #(s)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 50,581	\$ 51,441	\$ 46,069	\$ 61,007	\$ 65,280
Grand Total		<u>\$ 50,581</u>	<u>\$ 51,441</u>	<u>\$ 46,069</u>	<u>\$ 61,007</u>	<u>\$ 65,280</u>

<u>Facility</u>	<u>Project #(s)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 46,769	\$ 66,485	\$ 52,206	\$ 53,185	\$ 69,249
Grand Total		<u>\$ 46,769</u>	<u>\$ 66,485</u>	<u>\$ 52,206</u>	<u>\$ 53,185</u>	<u>\$ 69,249</u>

N/A - Not Applicable

Source: District records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2017  
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
Property - Blanket Building and Contents Including Boiler and Building and Personal Property	\$ 250,000,000	Fund Aggregate	\$ 1,000
Inland Marine - Auto Physical Damage			
General Liability including Auto, Employee Benefits	5,000,000		
Each Occurance			
General Aggregate	100,000,000	Fund Aggregate	
Product Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non Owned			
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	5,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000	Fund Aggregate	1,000
Excess Liability (AL/GL)	5,000,000		
School Board Legal	5,000,000/5,000,000		5,000
Excess SLPL	5,000,000/5,000,000		
Workers' Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	180,000	Selective Insurance	
Bond for Treasurer of School Monies	180,000	Selective Insurance	
Student Accident	5,000,000	Bollinger	

Source: School District records

SINGLE AUDIT SECTION



Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Township School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2017.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
Page 2

### **Compliance and Other Matters**

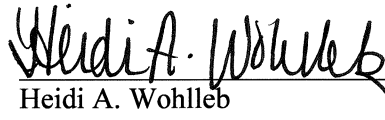
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **Purpose of this Report**

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

October 27, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb  
Licensed Public School Accountant # 2140  
Certified Public Accountant



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

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

Report on Compliance For Each Major State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
County of Sussex, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Lafayette Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

The Honorable President and Members  
of the Board of Education  
Lafayette Township School District  
Page 2

### Report on Internal Control Over Compliance

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

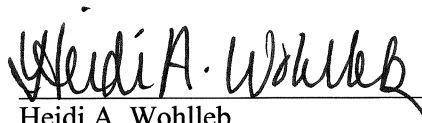
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

October 27, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education:													
Special Revenue Fund:													
No Child Left Behind Consolidated Grant:													
Title I	84.010A	NCLB249016	7/1/15-6/30/16	\$ 15,776	\$ (4,507)		\$ 4,507						
Title II, Part A	84.367A	NCLB249016	7/1/15-6/30/16	6,226	(240)		240						
Title I	84.010A	NCLB249017	7/1/16-6/30/17	15,367			10,016	\$ (15,367)			\$ (5,351)		
Title II, Part A	84.367A	NCLB249017	7/1/16-6/30/17	5,851				(40)			(40)		
Small Rural School Achievement Program	84.358A	S358A023332	7/1/15-6/30/16	24,520	(9,320)		9,320						
	84.358A	S358A023332	7/1/16-6/30/17	25,582			15,324	(24,504)			(9,180)		
Special Education Cluster:													
IDEA Combined Grant:													
IDEA, Part B, Basic	84.027	IDEA249016	7/1/15-6/30/16	68,681	(6,868)		6,868						
IDEA, Part B, Preschool	84.173	IDEA249016	7/1/15-6/30/16	2,962	(297)		297						
IDEA, Part B, Basic	84.027	IDEA249017	7/1/16-6/30/17	64,142			57,876	(64,130)			(6,254)		
IDEA, Part B, Preschool	84.173	IDEA249017	7/1/16-6/30/17	2,955			2,364	(2,955)			(591)		
Total Special Education Cluster					(7,165)		67,405	(67,085)			(6,845)		
Total U.S. Department of Education					(21,232)		106,812	(106,996)			(21,416)		
U.S. Department of Agriculture Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
U.S.D.A Commodities Program	10.555	N/A	7/1/15-6/30/16	14,683									
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	19,446	(739)		739	(3,828)					
U.S.D.A Commodities Program	10.555	N/A	7/1/16-6/30/17	6,580			6,580	(4,070)				\$ 2,510	
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	17,972			14,578	(17,972)			(3,394)		
Total U.S. Department of Agriculture/Child Nutrition Cluster					(739)		21,897	(25,870)			(3,394)		
Total Federal Awards					\$ (21,971)		\$ 128,709	\$ (132,866)			\$ (24,810)		\$ -0-

N/A - Not Applicable

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Balance at June 30, 2017		MEMO	
				Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education											
General Fund:											
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	\$ 107,836	\$ (10,528)	\$	10,528				\$	107,836
Special Education Categorical Aid	16-495-034-5120-089	7/1/15 - 6/30/16	135,970	(13,274)		13,274					135,970
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	17,139	(1,673)		1,673					17,139
Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	172,439	(16,834)		16,834					172,439
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	49,711	(4,854)		4,854					49,711
Extraordinary Special Education Aid	16-495-034-5120-044	7/1/15 - 6/30/16	43,936	(43,936)		43,936					43,936
Nonpublic Transportation	16-495-034-5120-014	7/1/15 - 6/30/16	2,226	(2,226)		2,226					2,226
School Choice Aid	16-495-034-5120-068	7/1/15 - 6/30/16	356,610	(34,813)		34,813					356,610
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	2,375	(232)		232					2,375
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	2,375	(232)		232					2,375
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15 - 6/30/16	136,416	(12,464)		12,464					136,416
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	107,714			97,197	\$ (107,714)	\$	(10,517)		107,714
Special Education Categorical Aid	17-495-034-5120-089	7/1/16 - 6/30/17	138,078			124,598	(138,078)		(13,480)		138,078
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	17,295			15,606	(17,295)		(1,689)		17,295
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	183,924			165,968	(183,924)		(17,956)		183,924
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	47,971			43,287	(47,971)		(4,684)		47,971
Extraordinary Special Education Aid	17-495-034-5120-044	7/1/16 - 6/30/17	40,747			40,747	(40,747)	\$ (40,747)			40,747
Nonpublic Transportation	17-495-034-5120-014	7/1/16 - 6/30/17	2,084				(2,084)		(2,084)		2,084
School Choice Aid	17-495-034-5120-068	7/1/16 - 6/30/17	344,723			311,068	(344,723)		(33,655)		344,723
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	2,375			2,143	(2,375)		(232)		2,375
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	2,375			2,143	(2,375)		(232)		2,375
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	2,360			2,129	(2,360)		(231)		2,360
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	147,575			140,527	(147,575)		(7,048)		147,575
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	182,579			182,579	(182,579)				182,579
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	211,461			211,461	(211,461)				211,461
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	7,662			7,662	(7,662)				7,662
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	230			230	(230)				230
Total General Fund State Aid				(141,066)		1,447,664	(1,439,153)	(49,879)		(132,555)	2,466,186
Enterprise Fund											
State School Lunch Program	16-100-010-3350-023	7/1/15 - 6/30/16	718	(28)		28					718
State School Lunch Program	17-100-010-3350-023	7/1/16 - 6/30/17	661			533	(661)	(128)		(128)	661
Total Enterprise Fund				(28)		561	(661)	(128)		(128)	1,379
Total State Awards Subject to Single Audit Determination				\$ (141,094)	\$ -	\$ 1,448,225	\$ (1,439,814)	\$ (50,007)	\$ -	\$ (132,683)	\$ 2,467,565
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17				\$ 182,579					\$ 182,579
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17				211,461					211,461
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16 - 6/30/17				7,662					7,662
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16 - 6/30/17				230					230
Subtotal - On-Behalf TPAF Pension System Contribution						401,932					401,932
Total State Awards Subject to Single Audit Major Program Determination						\$ (1,037,882)					\$ (1,037,882)

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Board of Education, Lafayette Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$236) for the general fund, and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,438,917	\$ 1,438,917
Special Revenue Fund	\$ 106,996		106,996
Food Service Fund	<u>25,870</u>	<u>661</u>	<u>26,531</u>
Total Awards	<u>\$ 132,866</u>	<u>\$ 1,439,578</u>	<u>\$ 1,572,444</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.



LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 138,078	\$ 138,078
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	17,295	17,295
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	183,924	183,924
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	47,971	47,971
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	344,723	344,723
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	2,375	2,375
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	2,375	2,375
Professional Learning				
Community Aid	17-495-034-5120-101	7/1/16-6/30/17	2,360	2,360

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior audit findings.