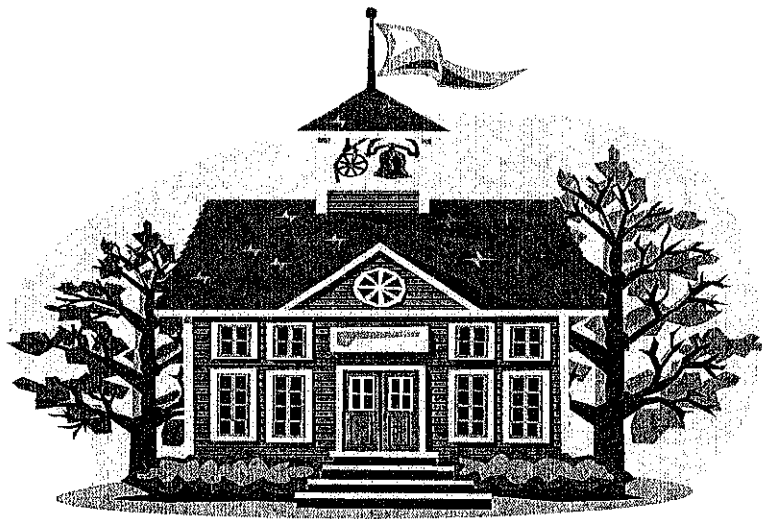


SCHOOL DISTRICT

OF

LAVALLETTE



**LAVALLETTE BOARD OF EDUCATION
LAVALLETTE, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

**LAVALLETTE BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAVALLETTE SCHOOL DISTRICT

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INTRODUCTORY SECTION

LAVALLETTE BOARD OF EDUCATION

*105 Brooklyn Avenue
Lavallette, New Jersey 08735*

Peter S. Morris, Ed.D.
Superintendent
(732) 793-7722

Patricia A. Christopher, CPA
Business Administrator
(732) 793-7402

November 21, 2017

Honorable President and Members
Board of Education of the Borough of Lavallette
105 Brooklyn Avenue
Lavallette, NJ 08735

Dear Board Members:

The comprehensive annual financial report of the Lavallette School District (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2017 fiscal year with an enrollment of 188 students, a decrease of 3 students from June 2016, mainly due to high school enrollment. During the 2016/2017 school year, Lavallette became a receiving district for students from Seaside Park in grades K-6. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2016-2017 | 147.1 | 4.5% |
| 2015-2016 | 140.7 | 1.7% |
| 2014-2015 | 138.3 | 1.6% |
| 2013-2014 | 136.1 | - 6.5% |
| 2012-2013 | 145.9 | -13.8 % |
| 2011-2012 | 166.1 | -0.6% |
| 2010-2011 | 167.2 | 12.5% |
| 2009-2010 | 148.6 | 6.4% |
| 2008-2009 | 139.6 | -5.9% |
| 2007-2008 | 148.4 | 5.0% |
| 2006-2007 | 141.3 | |

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, twenty-seven blocks long and four blocks wide, Lavallette is a charming, residential seashore resort community. Enjoyed by many thousands of visitors in the summertime, Lavallette has a year-round population of under 3,000 residents, approximately one-third of whom may be classified as senior citizens. Employment is largely associated with the summer tourist industry (i.e., motels, restaurants, gift shops, clothing stores, etc.), although a number of the businesses maintain year-round operations. Many of Lavallette's residents are employed either directly or indirectly in this service industry. As part of a barrier island, Lavallette is landlocked between two sections of Dover Township on the north and south, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Lavallette Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2016-2017 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2016, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

| <u>Revenue</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increases/(Decreases) from 2016</u> | |
|----------------|--------------------|-------------------------|--|----------|
| | | | <u>\$</u> | <u>%</u> |
| Local | \$3,914,746 | 85% | 169,391 | 5% |
| State | 601,444 | 13% | 39,023 | 7% |
| Federal | <u>83,007</u> | <u>2%</u> | <u>11,326</u> | 16% |
| Total | <u>\$4,599,197</u> | <u>100%</u> | <u>\$219,740</u> | 5% |

The local tax levy increased year-to-year \$38,791. Interest earned, tuition and miscellaneous income equaled \$328,708 an increase of \$130,600 from 2015/2016.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increase or decrease in relation to prior year amounts.

| <u>Expenditures</u> | <u>Amount</u> | <u>% of Total</u> | <u>Increase/(Decrease) from 2016</u> | |
|---------------------|--------------------|-------------------|--------------------------------------|----------|
| | | | <u>\$</u> | <u>%</u> |
| Current: | | | | |
| Instruction | \$1,561,080 | 34.3% | 37,132 | 2.4% |
| Undistributed | | | | |
| Instruction | 1,470,565 | 33.1% | 60,668 | 4.3% |
| Other Expend | 1,412,226 | 30.2% | 77,351 | 5.8% |
| Capital Outlay | 28,373 | 0.6% | -42,669 | -60.0% |
| Debt Service | | | | |
| Principal | 60,000 | 1.3% | - | 0.0% |
| Interest | <u>22,215</u> | <u>0.5%</u> | <u>(2,460)</u> | -10.0% |
| Total | <u>\$4,554,459</u> | <u>100.0%</u> | \$130,022 | 2.9% |

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Lavallette's enviable position as one of the state's lowest school taxpaying districts. During 2016 Lavallette taxpayers were assessed the lowest general school tax for an operating school district in Ocean County. Faculty salaries increased and included expanded teacher hours for regular education and special education instruction. Capital Outlay monies were used for building maintenance equipment.

8. DEBT ADMINISTRATION: On March 8, 2005 the District sold \$1,187,000 of school bonds at a net interest rate of 4.109% for the purpose of renovations at the Lavallette Elementary School. At June 30, 2017 the District's outstanding debt was \$480,000.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are

secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$2,423,288 in cash and temporary investments at June 30, 2017.

The school food service fund typically receives a small amount of federal funding due to the low percentage of families eligible for meal benefits (free and reduced lunches). The food services staff is proud of the nutritious lunches served daily to the students and they have taken steps to hold down expenses in an effort to reach financial goals to limiting the financial support that the school service fund receives from the Board.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Title 2 U.S. Code of Federal regulations, Part 200, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment." The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

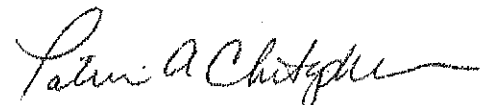
12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Lavallette Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Lavallette, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Dr. Peter S. Morris, Ed.D.
Superintendent



Patricia A. Christopher, CPA
School Business Administrator/Board Secretary

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

| <u>Members of the Board of Education:</u> | <u>Term Expires:</u> |
|---|----------------------|
| Alison Zylinski, President | 2018 |
| Steve Shohfi, Vice President | 2018 |
| MaryAnn Baginski, Board Member | 2020 |
| Beth D'Aloisio, Board Member | 2019 |
| Michael Valeri, Board Member | 2019 |

Other Officials:

Dr. Peter S. Morris, Superintendent

Patricia A. Christopher, CPA, School Business Administrator/Board Secretary

Joan Buczkowski, Treasurer

LAVALLETTE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm:

Robert A. Hulsart and Company
Certified Public Accountants
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorney:

Francis J. Campbell
Campbell & Pruchnik
43 W. Front Street, Suite 10
Red Bank, NJ 07701

Official Depository:

Ocean First Bank
Hooper Avenue
Toms River, NJ 08735

**LAVALLETTE BOARD OF EDUCATION
ORGANIZATION CHART
(UNIT CONTROL)**

BOARD OF EDUCATION

SUPERINTENDENT

School Business Administrator/
Board Secretary

Secretary to the Superintendent

Teaching Staff:

Bookkeeper

School Secretary

K-8

Facilities Manager

School Nurse

Custodial Staff

Foreign Language

Food Service Staff

Physical Education

Attendance Officer

Resource

Treasurer

Basic Skills

Speech

Media Center

Music

Art

Student Resources

Aides

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, 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 Lavallette School District, in the County of Ocean, State of New Jersey, as of and for the 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 Lavallette School District, in the County of Ocean, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 on our consideration of the Lavallette's Board of Education internal control over financial reporting and 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 Lavallette Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

November 21, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

LAVALLETTE SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2017

This section of the School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position (A-1) presents information on all of the assets and liabilities of the District, including deferred outflow and inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

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

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

The District maintains three individual government funds: the general fund, special revenue fund and capital projects fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds – The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the enterprise fund is the Food Service operation. The basic proprietary fund statements can be found as Exhibits B-4 through B-6.

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

- The local tax levy increased from 2015-2016 by \$38,791 to \$3,586,038 due primarily to the overall increase in the District's general fund budget.
- Total spending for all programs was \$4,554,459 general revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position:

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|---------------------|------------------|
| Current and Other Assets | \$ 2,109,557 | 2,092,979 |
| Capital Assets, Net | <u>3,106,499</u> | <u>3,321,228</u> |
| Total | <u>5,216,056</u> | <u>5,414,207</u> |
| Deferred Outflows | <u>222,731</u> | <u>102,010</u> |
| Deferred Inflows | <u>56,239</u> | <u>81,018</u> |
| Other Liabilities | 90,463 | 185,059 |
| Long-Term Liabilities | <u>1,271,397</u> | <u>1,152,826</u> |
| Total | <u>1,361,860</u> | <u>1,337,865</u> |
| Invest in Capital Assets, Net | 2,609,477 | 2,101,303 |
| Restricted | 1,409,750 | 1,863,693 |
| Unrestricted | <u>(71,747)</u> | <u>132,318</u> |
| Total Net Position | <u>\$ 3,947,480</u> | <u>4,097,314</u> |

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

The unrestricted net position shows a negative balance. The negative balance is attributable to the liability for compensated absences. This is a direct liability with no corresponding asset, therefore creating a negative net asset.

The following table provides a summary of revenues and expenses for the District's governmental fund and business-type activities and the change in net assets from the prior year:

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|---------------------|------------------|
| Revenues: | | |
| Program Revenues | | |
| Charges for Services | \$ 308,453 | 195,527 |
| Operating Grants and Contributions | 97,647 | 97,036 |
| General Revenues | | |
| Property Taxes | 3,503,823 | 3,462,572 |
| Taxes Levied for Debt Service | 82,215 | 84,675 |
| Federal and State Aid | 597,951 | 562,421 |
| Miscellaneous & Investment Income | <u>43,123</u> | <u>23,625</u> |
| Total Revenues | <u>4,633,212</u> | <u>4,425,856</u> |
| Expenses: | | |
| Instructional Services | 1,561,080 | 1,518,654 |
| Support Services/Undistributed Costs | 3,180,620 | 2,984,346 |
| Food Service | <u>41,346</u> | <u>42,947</u> |
| Total Expenses | <u>4,783,046</u> | <u>4,545,947</u> |
| Change in Net Position | <u>\$ (149,834)</u> | <u>(102,091)</u> |

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2016 encumbrances, which "roll-over" into the subsequent year's budget (2016-2017) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2016-2017 budget.

Economic Factors and Next Year's Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year decreased for the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Lavallette Borough.

Contacting the District's Financial Management

The District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

LAVALLETTE SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2017

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|---|--|---------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 183,000 | 1,554 | 184,554 |
| Receivables, Net | 132,726 | 672 | 133,398 |
| Prepaid Expense | 5,600 | | 5,600 |
| Inventory | | 389 | 389 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 952,812 | | 952,812 |
| Capital Reserve Account - Cash | 832,804 | | 832,804 |
| Capital Assets, Net | 3,106,499 | | 3,106,499 |
| Total Assets | <u>5,213,441</u> | <u>2,615</u> | <u>5,216,056</u> |
| <u>Deferred Outflow of Resources</u> | | | |
| Contribution to Pension Plan | <u>222,731</u> | | <u>222,731</u> |
| <u>Deferred Inflow of Resources</u> | | | |
| Pension Deferrals | <u>56,239</u> | | <u>56,239</u> |
| <u>Liabilities</u> | | | |
| Accounts Payable and Accrued Interest | 14,736 | (36,604) | (21,868) |
| Deferred Revenue | 44,766 | | 44,766 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 67,565 | | 67,565 |
| Due Beyond One Year | 1,271,397 | | 1,271,397 |
| Total Liabilities | <u>1,398,464</u> | <u>(36,604)</u> | <u>1,361,860</u> |
| <u>Net Position</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 2,609,477 | | 2,609,477 |
| Restricted For: | | | |
| Other Purposes | 1,409,750 | | 1,409,750 |
| Unrestricted | <u>(37,758)</u> | <u>(33,989)</u> | <u>(71,747)</u> |
| Total Net Position | <u>\$ 3,981,469</u> | <u>(33,989)</u> | <u>3,947,480</u> |

The accompanying notes to financial statements are an integral part of this statement.

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|--|--|-----------------------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Functions/Programs</u> | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 1,149,861 | | | 1,149,861 | | 1,149,861 |
| Special Education | 274,042 | | 31,249 | 242,793 | | 242,793 |
| Other Instruction | 137,177 | | | 137,177 | | 137,177 |
| Support Services: | | | | | | |
| Tuition | 820,617 | 285,591 | | 535,026 | | 535,026 |
| Student & Instruction Related Services | 470,114 | | 55,251 | 414,863 | | 414,863 |
| School Administrative Services | 179,834 | | | 179,834 | | 179,834 |
| Plant Operations and Maintenance | 322,360 | | | 322,360 | | 322,360 |
| Pupil Transportation | 130,045 | | | 130,045 | | 130,045 |
| Unallocated Benefits | 992,338 | | | 992,338 | | 992,338 |
| Interest on Long-Term Debt | 21,191 | | | 21,191 | | 21,191 |
| Depreciation | 244,121 | | | 244,121 | | 244,121 |
| Total Government Activities | <u>4,741,700</u> | <u>285,591</u> | <u>86,500</u> | <u>4,369,609</u> | <u>-</u> | <u>4,369,609</u> |
| Business-Type Activities: | | | | | | |
| Food Service | <u>41,346</u> | <u>22,862</u> | <u>11,147</u> | <u>-</u> | <u>7,337</u> | <u>7,337</u> |
| Total Business-Type Activities | <u>41,346</u> | <u>22,862</u> | <u>11,147</u> | <u>-</u> | <u>7,337</u> | <u>7,337</u> |
| Total Primary Government | <u>4,783,046</u> | <u>308,453</u> | <u>97,647</u> | <u>4,369,609</u> | <u>7,337</u> | <u>4,376,946</u> |

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|-------------------------|---------------------------------|--|------------------------------------|-------------------------------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purpose, Net | | | | 3,503,823 | | 3,503,823 |
| Taxes Levied for Debt Service | | | | 82,215 | | 82,215 |
| Federal and State Aid Not Restricted | | | | 597,951 | | 597,951 |
| Investment Earnings | | | | 2,780 | | 2,780 |
| Miscellaneous | | | | 40,337 | 6 | 40,343 |
| Transfers | | | | (10,000) | 10,000 | - |
| Total General Revenues, Special Items, Extraordinary Items and Transfers | | | | 4,217,106 | 10,006 | 4,227,112 |
| Change in Net Position | | | | (152,503) | 2,669 | (149,834) |
| Net Position - Beginning | | | | 4,133,972 | (36,658) | 4,097,314 |
| Net Position - Ending | | | | <u>\$ 3,981,469</u> | <u>(33,989)</u> | <u>3,947,480</u> |

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

FUND FINANCIAL STATEMENTS – B

LAVALLETTE SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 1,592,750 | 43,273 | 332,593 | 1,968,616 |
| Receivables From Other Governments | 90,120 | 1,493 | 41,113 | 132,726 |
| Prepaid Expense | <u>5,600</u> | | | <u>5,600</u> |
| Total Assets | <u>\$ 1,688,470</u> | <u>44,766</u> | <u>373,706</u> | <u>2,106,942</u> |
| <u>Liabilities and Fund Balance</u> | | | | |
| Liabilities: | | | | |
| Deferred Revenue | \$ - | 44,766 | | 44,766 |
| Accounts Payable | | | 6,505 | 6,505 |
| Total Liabilities | <u>-</u> | <u>44,766</u> | <u>6,505</u> | <u>51,271</u> |
| Fund Balance: | | | | |
| Restricted for: | | | | |
| Excess Surplus - Current Year | 15,790 | | | 15,790 |
| Committed To: | | | | |
| Designated for Subsequent Years Expenditures: | | | | |
| Excess Surplus | 64,964 | | | 64,964 |
| Emergency Reserve | 45,000 | | | 45,000 |
| By the BOE | 4,611 | | | 4,611 |
| Emergency Reserve Account | 159,056 | | | 159,056 |
| Maintenance Reserve Account | 287,525 | | | 287,525 |
| Capital Reserve Account | 832,804 | | | 832,804 |
| Assigned To: | | | | |
| Other Purposes | 42,970 | | 367,201 | 410,171 |
| Unassigned: | | | | |
| General Fund | <u>235,750</u> | | | <u>235,750</u> |
| Total Fund Balances | <u>1,688,470</u> | <u>-</u> | <u>367,201</u> | <u>2,055,671</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,688,470</u> | <u>44,766</u> | <u>373,706</u> | |

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,116,740 and the accumulated depreciation is \$4,010,240. | 3,106,499 |
| Accrued Interest | (8,231) |
| Deferred outflow of resources - contributions to the pension plan | 222,731 |
| Deferred inflow of resources - acquisition of assets applicable to future reporting periods | (56,239) |
| 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>(1,338,962)</u> |
| Net position of governmental activities | <u>\$ 3,981,469</u> |

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <u>Revenues</u> | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 3,503,823 | | | 82,215 | 3,586,038 |
| Tuition Charges | 285,591 | | | | 285,591 |
| Interest Earned | 2,230 | | | | 2,230 |
| Interest Earned on Capital Reserve Funds | 171 | | | | 171 |
| Interest Earned on Maintenance Reserve Funds | 308 | | | | 308 |
| Interest Earned on Emergency Reserve Funds | 71 | | | | 71 |
| Miscellaneous | 36,844 | 3,493 | | | 40,337 |
| Total Local Sources | <u>3,829,038</u> | <u>3,493</u> | - | <u>82,215</u> | <u>3,914,746</u> |
| State Sources | 601,444 | | | | 601,444 |
| Federal Sources | | 83,007 | | | 83,007 |
| Total Revenues | <u>4,430,482</u> | <u>86,500</u> | <u>-</u> | <u>82,215</u> | <u>4,599,197</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Regular Instruction | 1,149,861 | | | | 1,149,861 |
| Special Education Instruction | 242,793 | 31,249 | | | 274,042 |
| Other Instruction | 137,177 | | | | 137,177 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 820,617 | | | | 820,617 |
| Student and Instruction Related Services | 414,863 | 55,251 | | | 470,114 |
| Support Services General and School Administration | 179,834 | | | | 179,834 |
| Plant Operations and Maintenance | 322,360 | | | | 322,360 |
| Pupil Transportation | 130,045 | | | | 130,045 |
| Unallocated Benefits | 959,821 | | | | 959,821 |
| Capital Outlay | 28,373 | | | | 28,373 |
| Debt Service: | | | | | |
| Principal | | | | 60,000 | 60,000 |
| Interest and Other Charges | | | | 22,215 | 22,215 |
| Total Expenditures | <u>4,385,744</u> | <u>86,500</u> | <u>-</u> | <u>82,215</u> | <u>4,554,459</u> |

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| Excess (Deficiency) of Revenues Over Expenditures | 44,738 | - | - | - | 44,738 |
| Other Financing Sources (Uses): | | | | | |
| Transfers To Food Service Fund | (10,000) | | | | (10,000) |
| Total Other Financing Sources (Uses) | (10,000) | - | - | - | (10,000) |
| Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) | 34,738 | - | - | - | 34,738 |
| Net Change in Fund Balances | 34,738 | - | - | - | 34,738 |
| Fund Balance - July 1 | 1,653,732 | | 367,201 | | 2,020,933 |
| Fund Balance - June 30 | <u>\$ 1,688,470</u> | <u>-</u> | <u>367,201</u> | <u>-</u> | <u>2,055,671</u> |

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

LAVALLETTE SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2017

| | |
|--|---------------------|
| Total Net Change in Fund Balances - Governmental Funds (From B-2) | \$ 34,738 |
| Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because: | |
| Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | |
| Capital Outlays | 29,392 |
| Depreciation | <u>(244,121)</u> |
| | (214,729) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | 60,000 |
| Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | 7,099 |
| 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). | (1,945) |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 120,721 |
| Pension related deferrals | 24,779 |
| Changes in net pension liability | (184,191) |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. | <u>1,025</u> |
| Change in Net Position of Governmental Activities | <u>\$ (152,503)</u> |

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2017

| | Business Type Activities Enterprise Fund |
|-----------------------------------|---|
| <u>Assets</u> | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 1,554 |
| Accounts Receivable: | |
| State | 22 |
| Federal | 610 |
| Miscellaneous | 40 |
| Inventories | 389 |
| Total Current Assets | <u>2,615</u> |
| Noncurrent Assets: | |
| Furniture Machinery and Equipment | 18,169 |
| Less: Accumulated Depreciation | <u>(18,169)</u> |
| Total Noncurrent Assets | <u>-</u> |
| Total Assets | <u>\$ 2,615</u> |
| <u>Liabilities</u> | |
| Accounts Payable | <u>\$ 36,604</u> |
| Total Liabilities | <u>\$ 36,604</u> |
| <u>Net Position</u> | |
| Unrestricted | <u>\$ (33,989)</u> |
| Total Net Position | <u>\$ (33,989)</u> |

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2017

| | Business Type Activities Enterprise Funds |
|---|--|
| | <hr/> |
| Operating Revenues: | |
| Changes for Services: | |
| Daily Sales-Reimbursable Programs | \$ 18,783 |
| Daily Sales-Non-Reimbursable Programs | 4,079 |
| Total Operating Revenue | <hr/> 22,862 <hr/> |
| Operating Expenses: | |
| Cost of Sales-Reimbursable Programs | 7,193 |
| Cost of Sales-Non-Rembursable Programs | 1,579 |
| Management Fee | 22,000 |
| Miscellaneous | 10,574 |
| Total Operating Expenses | <hr/> 41,346 <hr/> |
| Operating Income (Loss) | (18,484) |
| Non-Operating Revenues (Expenses): | |
| State Sources: | |
| State School Lunch Program | 390 |
| Federal Sources: | |
| National School Lunch PB Program | 522 |
| National School Lunch Program | 10,235 |
| Interest Revenue | 6 |
| Board Subsidy | 10,000 |
| Total Non-Operating Revenues (Expenses) | <hr/> 21,153 <hr/> |
| Change in Net Position | 2,669 |
| Total Net Position Beginning | <hr/> (36,658) <hr/> |
| Total Net Position Ending | <hr/> \$ (33,989) <hr/> |

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2017

| | Business Type Activities Enterprise Funds |
|---|--|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 22,863 |
| Payments to Suppliers & Employees | (43,245) |
| Net Cash Used by Operating Activities | <u>(20,382)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| State Sources | 390 |
| Federal Sources | 10,757 |
| Board Subsidy | 10,000 |
| Net Cash Provided by Noncapital Financing Activities | <u>21,147</u> |
| Cash Flows from Investing Activities | <u>6</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 771 |
| Balances Beginning of Year | <u>783</u> |
| Balances End of Year | <u>\$ 1,554</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (18,484) |
| Change in Assets and Liabilities: | |
| (Increase)/Decrease in Accounts Receivable | (272) |
| Increase/(Decrease) in Accounts Payable | (1,949) |
| (Increase)/Decrease in Inventories | 323 |
| Net Cash Used by Operating Activities | <u>\$ (20,382)</u> |

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|----------------------------------|--|
| Assets: | |
| Cash and Cash Equivalents | \$ 44,837 |
| Total Assets | <u>\$ 44,837</u> |
| Net Position: | |
| Reserved - Unemployment Benefits | \$ 44,837 |
| Total Net Position | <u>\$ 44,837</u> |

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|----------------------------------|--|
| <u>Additions</u> | |
| Contributions | \$ 3,063 |
| Total Contributions | <u>3,063</u> |
| Investment Earnings: | |
| Interest | 56 |
| Net Investment Earnings | <u>56</u> |
| Total Additions | <u>3,119</u> |
| <u>Deductions</u> | |
| Unemployment Claims | - |
| Total Deductions | <u>-</u> |
| Change in Net Position | 3,119 |
| Net Position - Beginning of Year | <u>41,718</u> |
| Net Position - End of the Year | <u>\$ 44,837</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAVALLETTE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Lavallette School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Lavallette. 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. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") 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 Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were not significant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

F. 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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

G. Short-Term Interfund Receivables/Payables:

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

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.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|----------------------------|---------|
| Buildings and Improvements | 20 – 50 |
| Equipment and Vehicles | 5 – 20 |
| Furniture and Fixtures | 5 – 20 |

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2017 was as follows:

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---------------------|---|-------------------------|---------------------------|--|
| Depreciable Assets: | | | | |
| Buildings & Sites | \$ 5,838,517 | 15,861 | | 5,854,378 |
| Equipment | <u>1,334,202</u> | <u>13,532</u> | (85,372) | <u>1,262,362</u> |
| Total | <u>7,172,719</u> | <u>29,393</u> | (85,372) | <u>7,116,740</u> |

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---|---------------------------------------|------------------|------------------|--|
| Less: Accumulated Depreciation: | | | | |
| Buildings & Sites | 2,603,409 | 223,309 | | (2,826,718) |
| Equipment | <u>1,248,082</u> | <u>20,812</u> | (85,372) | <u>(1,183,522)</u> |
| Total Accumulated Depreciation | <u>3,851,491</u> | <u>244,121</u> | (85,372) | <u>(4,010,240)</u> |
| Net Depreciable Assets | <u>3,321,228</u> | (214,728) | _____ | <u>3,106,500</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 3,321,228</u> | (214,728) | _____ | <u>3,106,500</u> |
| Food Service: | | | | |
| Equipment | \$ 18,961 | | | 18,961 |
| Accumulated Depreciation | <u>(18,961)</u> | _____ | _____ | <u>(18,961)</u> |
| Net Depreciable Assets | <u>\$ _____</u> | _____ | _____ | _____ |

Depreciation expense was charged to governmental functions as follows:

| | |
|-------------|-------------------|
| Unallocated | <u>\$ 244,121</u> |
|-------------|-------------------|

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

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

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

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 District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments (Continued)**

| | |
|---------------------------------|---|
| | <u>Cash and Cash Equivalents</u> |
| Checking, Money Market Accounts | <u>\$ 2,085,469</u> |

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2017 was \$2,085,469 and the bank balance was \$2,170,450. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,920,450 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

| | |
|-------|------------|
| FDIC | \$ 250,000 |
| GUPDA | 1,920,450 |

As of June 30, 2017, the District did not hold any long-term investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

| | <u>Balance June 30, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2017</u> | <u>Long-Term Portion</u> | <u>2017-18 Payment</u> |
|---------------------------------|----------------------------------|------------------|------------------|----------------------------------|------------------------------|----------------------------|
| Pension Liability | \$ 555,082 | 184,191 | | 739,273 | 739,273 | |
| Capital Leases | 24,121 | | (7,099) | 17,022 | 9,457 | 7,565 |
| Compensated Absences Payable | 100,722 | 1,945 | | 102,667 | 102,667 | |
| Bonds Payable | <u>540,000</u> | | <u>(60,000)</u> | <u>480,000</u> | <u>420,000</u> | <u>60,000</u> |
| | <u>\$ 1,219,925</u> | <u>186,136</u> | <u>(67,099)</u> | <u>1,338,962</u> | <u>1,271,397</u> | <u>67,565</u> |

NOTE 3: General Long-Term Debt (Continued)**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 of general obligation bonds, and the interest rates vary from 3.45% to 4.50% for the 2004 issue and the interest rates vary from 4.00% to 4.20% for the 2005 issue.

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-------------------|-----------------|----------------|
| Year Ending June 30, | | | |
| 2018 | \$ 60,000 | 19,755 | 79,755 |
| 2019 | 60,000 | 17,294 | 77,294 |
| 2020 | 60,000 | 14,835 | 74,835 |
| 2021 | 60,000 | 12,375 | 72,375 |
| 2022 | 60,000 | 9,915 | 69,915 |
| 2023-2025 | <u>180,000</u> | <u>14,970</u> | <u>194,970</u> |
| | <u>\$ 480,000</u> | <u>89,144</u> | <u>569,144</u> |

B. Capital Leases Payable:

On June 16, 2014 the district entered into a lease for copiers for \$36,019 for five years from 8/31/14 maturing 8/1/19 with a balance of \$17,022 at June 30, 2017.

Lease Payments**Year Ended June 30 – Future Minimum**

| | |
|----------------|------------------|
| 2018 | \$ 8,433 |
| 2019 | 8,433 |
| 2020 | <u>1,405</u> |
| | 18,271 |
| Less: Interest | <u>1,249</u> |
| Lease Payments | <u>\$ 17,022</u> |

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 4: Pension Plans (Continued)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2017, the State of New Jersey contributed \$285,994 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$126,199 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

| <u>Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/17 | \$ 23,850 | 100% | 0 |
| 6/30/16 | 29,157 | 100% | 0 |
| 6/30/15 | 22,888 | 100% | 0 |

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

| <u>Year</u> <u>Funding</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|-------------------------------|--|--|---|
| 6/30/17 | \$ 285,994 | 100% | 0 |
| 6/30/16 | 262,822 | 100% | 0 |
| 6/30/15 | 207,628 | 100% | 0 |

For the year ended June 30, 2017, the District recognized pension expense of \$23,850. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred</u> <u>Outflows</u> <u>of Resources</u> | <u>Deferred</u> <u>Inflows</u> <u>of Resources</u> |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 13,748 | |
| Changes of Assumptions | 153,138 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 28,189 | |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 3,806 | 56,239 |
| District Contributions Subsequent to the Measurement Date | <u>23,850</u> | <u> </u> |
| Total | <u>\$ 222,731</u> | <u>56,239</u> |

\$222,731 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2016 and 2015 are as follows:

| | <u>Dec. 31, 2016</u> | <u>Dec. 31, 2015</u> |
|---|----------------------|----------------------|
| Collective Deferred Outflows of Resources | \$ 222,731 | 102,010 |
| Collective Deferred Inflows of Resources | 56,239 | 81,018 |
| Collective Net Pension Liability | 793,273 | 555,082 |
| District's Proportion | .00268% | .00247% |

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

| | 2016 | | |
|--|--------------------------|-----------------------|-----------------------|
| | <u>State</u> | <u>Local</u> | <u>Total</u> |
| Total Pension Liability | \$ 36,295,189,928 | 49,474,698,146 | 85,769,888,074 |
| Plan Fiduciary Net Position | <u>6,904,504,223</u> | <u>19,857,566,387</u> | <u>26,762,070,610</u> |
| Net Pension Liability | <u>\$ 29,390,685,705</u> | <u>29,617,131,759</u> | <u>59,007,817,464</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 19.02% | 40.14% | 31.20% |

| | 2015 | | |
|--|--------------------------|-----------------------|-----------------------|
| | <u>State</u> | <u>Local</u> | <u>Total</u> |
| Total Pension Liability | \$ 31,614,118,524 | 43,109,580,038 | 74,723,698,562 |
| Plan Fiduciary Net Position | <u>7,891,982,987</u> | <u>20,661,583,919</u> | <u>28,553,566,906</u> |
| Net Pension Liability | <u>\$ 23,722,135,537</u> | <u>22,447,996,119</u> | <u>46,170,131,656</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 24.96% | 47.93% | 38.21% |

The collective 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% |

NOTE 4: Pension Plans (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 (setback 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 1 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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's 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 US 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 US | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

NOTE 4: Pension Plans (Continued)**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 on the contribution rate in the most recent fiscal years. State employer 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.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 2016 | | |
|-------|-----------------------------------|---|-----------------------------------|
| | At 1% Decrease (3.90%) | At Current Discount Rate (4.90%) | At 1% Increase (5.90%) |
| State | \$ 34,422,851,197 | 29,390,685,705 | 25,246,574,457 |
| Local | <u>36,292,338,055</u> | <u>29,617,131,759</u> | <u>24,106,170,190</u> |
| Total | <u>\$ 70,715,189,252</u> | <u>59,007,817,464</u> | <u>49,352,744,647</u> |
| | 2015 | | |
| | At 1% Decrease (3.90%) | At Current Discount Rate (4.90%) | At 1% Increase (5.90%) |
| State | \$ 27,802,122,942 | 23,722,135,537 | 20,314,768,782 |
| Local | <u>27,900,112,533</u> | <u>22,447,996,119</u> | <u>17,876,981,108</u> |
| Total | <u>\$ 55,702,235,475</u> | <u>46,170,131,656</u> | <u>38,191,749,890</u> |

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2016 and 2015 are as follows:

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------|-----------------------|
| Total Pension Liability | \$ 101,746,770,000 | 89,182,662,000 |
| Plan Fiduciary Net Position | <u>22,717,862,967</u> | <u>25,604,797,560</u> |
| Net Pension Liability | <u>\$ 79,028,907,033</u> | <u>63,577,864,440</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 22.33% | 28.71% |

State Proportionate Share of Net Pension Liability Attributable to District

| | <u>2016</u> | <u>2015</u> |
|-----------------------|----------------------|------------------|
| District's Liability | <u>\$ 11,787,560</u> | <u>9,380,978</u> |
| District's Proportion | .01492% | .01476% |

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 improvements on a generational basis based on a 60-year 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.

NOTE 4: Pension Plans (Continued)**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on 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. 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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Cash | 5.00% | 0.39% |
| US Government Bonds | 1.50% | 1.28% |
| US Credit Bonds | 13.00% | 2.76% |
| US Mortgages | 2.00% | 2.38% |
| US Inflation-Indexed Bonds | 1.50% | 1.41% |
| US High Yield Bonds | 2.00% | 4.70% |
| US Equity Market | 26.00% | 5.14% |
| Foreign – Developed Equity | 13.25% | 5.91% |
| Emerging Markets Equity | 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

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 on the contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on 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.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State 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 was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | <u>At 1% Decrease</u> | <u>At Current Discount Rate</u> | <u>At 1% Increase</u> |
|----------------------------|-----------------------|-------------------------------------|-----------------------|
| 2016 (2.22%, 3.22%, 4.22%) | \$ 94,378,176,033 | 79,028,907,033 | 66,494,248,033 |
| 2015 (3.13%, 4.13%, 5.13%) | 75,559,915,440 | 63,577,864,440 | 53,254,610,440 |

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 benefits 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 health benefits to members of PERS and the Alternate Benefit Program (APB) 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.

NOTE 6: 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 right to the benefits.

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

NOTE 6: Compensated Absences (Continued)

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

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.

NOTE 7: Capital Reserve Account

A Capital Reserve account was established by the Borough of Lavallette Board of Education 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.

Fund 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. 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 | \$ 682,633 |
| Interest Earnings | 171 |
| Increase by Board resolution June 30, 2017 | <u>150,000</u> |
| Ending Balance, June 30, 2017 | <u>\$ 832,804</u> |

NOTE 8: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

Negligence and other types of liability suits, of which the Board is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 9: Deferred Compensation

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

Vanguard Group
AXA Equitable
Valic

NOTE 10: Equity Balance

At June 30, 2017, the General Fund equity balance is as follows:

| | |
|---|---------------------|
| Designated for Subsequent Year's Expenditures | \$ 4,611 |
| Excess Surplus | 15,790 |
| Excess Surplus – Designated for Subsequent Year's Expenditures | 64,964 |
| Emergency Reserve | 159,056 |
| Emergency Reserve – Designated for Subsequent Year's Expenditures | 45,000 |
| Maintenance Reserve | 287,525 |
| Capital Reserve | 832,804 |
| Reserved for Encumbrances | 42,970 |
| Unrestricted | <u>253,351</u> |
| | <u>\$ 1,706,071</u> |

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2017-2018 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding, budget. Designated for subsequent year's represents the amount appropriated in the 2017-2018 budget.

2% Calculation of Excess Surplus

| | |
|--|---------------------|
| 2016-17 Total General Fund Expenditures Per the CAFR | \$ 4,385,744 |
| Decreased by: | |
| On-Behalf TPAF Pension & Social Security | <u>(412,193)</u> |
| Adjusted 2016-17 General Fund Expenditures | <u>\$ 3,973,551</u> |
| 2% of Adjusted 2016-17 General Fund Expenditures | <u>\$ 79,471</u> |
| Enter Greater of Above or \$250,000 | \$ 250,000 |
| Increased by Allowable Adjustment | <u>3,351</u> |
| Maximum Unassigned Fund Balance | <u>\$ 253,351</u> |

NOTE 10: Equity Balance (Continued)**Section 2**

| | |
|---|--------------|
| Total General Fund – Fund Balance @ 6-30-17 | \$ 1,706,071 |
|---|--------------|

Decreased by:

| | |
|---|--------------------|
| Reserve for Encumbrances | (42,970) |
| Designated for Subsequent Year's Expenditures | (69,575) |
| Designated for Subsequent Year's Expenditures – Emergency Reserve | (45,000) |
| Other Reserves | <u>(1,279,385)</u> |

| | |
|-------------------------------|-------------------|
| Total Unassigned Fund Balance | <u>\$ 269,141</u> |
|-------------------------------|-------------------|

| | |
|--|------------------|
| Restricted Fund Balance – Excess Surplus | <u>\$ 15,790</u> |
|--|------------------|

Section 3

| | |
|-------------------------------|-----------|
| Excess Surplus – Current Year | \$ 15,790 |
|-------------------------------|-----------|

| | |
|---|---------------|
| Reserved Fund Balance – Excess Surplus – Designated for Subsequent Expenditures | <u>64,964</u> |
|---|---------------|

| | |
|----------------------|------------------|
| Total Excess Surplus | <u>\$ 80,754</u> |
|----------------------|------------------|

Detail of Allowable Adjustments

| | |
|-------------------|----------|
| Extraordinary Aid | \$ 2,341 |
|-------------------|----------|

| | |
|---------------------------|--------------|
| Non-Public Transportation | <u>1,010</u> |
|---------------------------|--------------|

| | |
|-----------------------------|-----------------|
| Total Allowable Adjustments | <u>\$ 3,351</u> |
|-----------------------------|-----------------|

Detail of Other Restricted Fund Balance

| | |
|---------------------|------------|
| Maintenance Reserve | \$ 287,525 |
|---------------------|------------|

| | |
|-------------------|---------|
| Emergency Reserve | 159,056 |
|-------------------|---------|

| | |
|-----------------|----------------|
| Capital Reserve | <u>832,804</u> |
|-----------------|----------------|

| | |
|-------------------------------------|---------------------|
| Total Other Restricted Fund Balance | <u>\$ 1,279,385</u> |
|-------------------------------------|---------------------|

NOTE 11: Risk Management

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

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

NOTE 11: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District 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 District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous three years:

| <u>Fiscal Year</u> | <u>Employer Contributions</u> | <u>Employee Contributions</u> | <u>Reimbursed</u> | <u>Balance</u> |
|--------------------|-------------------------------|-------------------------------|-------------------|----------------|
| 2016-2017 | \$ 56 | 3,063 | | 44,837 |
| 2015-2016 | 53 | 3,093 | | 41,718 |
| 2014-2015 | 48 | 3,012 | | 38,572 |

NOTE 12: Current Expense Emergency Reserve Account

The reserve account is to be used to finance future unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District’s general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

NOTE 13: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2017. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District’s financial statements. The District evaluated all events or transactions that occurred after June 30, 2017 through November 21, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 3,503,823 | | 3,503,823 | 3,503,823 | - |
| Tuition | 232,000 | 84,000 | 316,000 | 285,591 | (30,409) |
| Interest | | 1,900 | 1,900 | 2,230 | 330 |
| Interest Earned Capital Reserve Fund | 70 | 130 | 200 | 171 | (29) |
| Interest Earned Maintenance Reserve Fund | 250 | | 250 | 308 | 58 |
| Interest Emergency Reserve Fund | 200 | (130) | 70 | 71 | 1 |
| Unrestricted Miscellaneous Revenue | 28,852 | 13,465 | 42,317 | 36,844 | (5,473) |
| Total Local Sources | <u>3,765,195</u> | <u>99,365</u> | <u>3,864,560</u> | <u>3,829,038</u> | <u>(35,522)</u> |
| State Sources: | | | | | |
| Special Education Aid | 91,794 | | 91,794 | 91,794 | - |
| Security Aid | 15,724 | | 15,724 | 15,724 | - |
| Adjustment Aid | 4,798 | | 4,798 | 4,798 | - |
| Transportation Aid | 60,168 | | 60,168 | 60,168 | - |
| Extraordinary Aid | 10,000 | | 10,000 | 12,341 | 2,341 |
| PARCC Aid | 1,170 | | 1,170 | 1,170 | - |
| Per Pupil Growth | 1,170 | | 1,170 | 1,170 | - |
| Professional Learning Community Aid | 1,230 | | 1,230 | 1,230 | - |
| TPAF Pension (On Behalf-Non-Budgeted) | | | - | 285,994 | 285,994 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | - | 126,199 | 126,199 |
| Non-Public Transportation Aid | | | - | 1,010 | 1,010 |
| Total State Sources | <u>186,054</u> | <u>-</u> | <u>186,054</u> | <u>601,598</u> | <u>415,544</u> |
| Total Revenues | <u>3,951,249</u> | <u>99,365</u> | <u>4,050,614</u> | <u>4,430,636</u> | <u>380,022</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 2 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| <u>Expenditures:</u> | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | 115,540 | (9,160) | 106,380 | 106,380 | - |
| Grades 1-5 - Salaries of Teachers | 496,861 | 70,256 | 567,117 | 567,117 | - |
| Grades 6-8 - Salaries of Teachers | 391,544 | (14,455) | 377,089 | 377,089 | - |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 250 | (250) | - | - | - |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 51,548 | (18,458) | 33,090 | 33,090 | - |
| Purchased Professional-Educational Services | 500 | (101) | 399 | 399 | - |
| Purchased Technical Services | 4,000 | (912) | 3,088 | 3,088 | - |
| General Supplies | 60,000 | (23,950) | 36,050 | 29,292 | 6,758 |
| Textbooks | 5,000 | 11,883 | 16,883 | 16,883 | - |
| Other Objects | 12,000 | 4,632 | 16,632 | 16,523 | 109 |
| Total Regular Programs - Instruction | <u>1,137,243</u> | <u>19,485</u> | <u>1,156,728</u> | <u>1,149,861</u> | <u>6,867</u> |
| Special Education - Instruction: | | | | | |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 170,752 | 64,584 | 235,336 | 235,336 | - |
| Purchased Educational Services | 2,000 | 1,370 | 3,370 | 2,745 | 625 |
| Textbooks | 500 | (500) | - | - | - |
| General Supplies | 2,000 | 2,285 | 4,285 | 4,267 | 18 |
| Other Objects | 1,000 | (555) | 445 | 445 | - |
| Total Resource Room/Resource Center | <u>176,252</u> | <u>67,184</u> | <u>243,436</u> | <u>242,793</u> | <u>643</u> |
| Total Special Education - Instruction | <u>176,252</u> | <u>67,184</u> | <u>243,436</u> | <u>242,793</u> | <u>643</u> |

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|---|
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 49,827 | (39,721) | 10,106 | 10,106 | - |
| General Supplies | 150 | 130 | 280 | 257 | 23 |
| Total Basic Skills/Remedial - Instruction | <u>49,977</u> | <u>(39,591)</u> | <u>10,386</u> | <u>10,363</u> | <u>23</u> |
| School Sponsored Co-Curricular Activities - Instruction: | | | | | |
| Salaries | <u>16,696</u> | <u>7,355</u> | <u>24,051</u> | <u>24,051</u> | <u>-</u> |
| School Sponsored Athletics - Instruction | | | | | |
| Salaries | 33,000 | 853 | 33,853 | 33,853 | - |
| Purchased Services (300-500 Series) | 4,000 | | 4,000 | 3,057 | 943 |
| Supplies and Materials | 10,000 | (3,197) | 6,803 | 3,132 | 3,671 |
| Other Objects | 2,500 | 326 | 2,826 | 2,781 | 45 |
| Total School Sponsored Athletics - Instruction | <u>49,500</u> | <u>(2,018)</u> | <u>47,482</u> | <u>42,823</u> | <u>4,659</u> |
| Community Services Program/Operations - Instruction: | | | | | |
| Salaries | 47,725 | 10,502 | 58,227 | 58,227 | - |
| General Supplies | 2,000 | (1,115) | 885 | 885 | - |
| Other Objects | 3,500 | (2,672) | 828 | 828 | - |
| Total Community Services | <u>53,225</u> | <u>6,715</u> | <u>59,940</u> | <u>59,940</u> | <u>-</u> |
| Total Instruction | <u>1,482,893</u> | <u>59,130</u> | <u>1,542,023</u> | <u>1,529,831</u> | <u>12,192</u> |
| Undistributed Expenditures-Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | 696,551 | 12,518 | 709,069 | 709,069 | - |
| Tuition to Other LEAs Within the State - Special | 175,134 | (9,004) | 166,130 | 46,608 | 119,522 |
| Tuition to County Vocational - Special | 1,000 | 100 | 1,100 | 1,100 | - |
| Tuition to Private Schools for the Disabled - Within State | 176,163 | (108,498) | 67,665 | 63,840 | 3,825 |
| Total Undistributed Expenditures-Instruction | <u>1,048,848</u> | <u>(104,884)</u> | <u>943,964</u> | <u>820,617</u> | <u>123,347</u> |

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|-----------------------------------|------------------------------------|--------------------------------|----------------------|--|
| Attendance and Social Work - Undistributed Services: | | | | | |
| Salaries | 3,813 | 382 | 4,195 | 4,195 | - |
| Purchased Professional Services | 2,000 | 8,570 | 10,570 | 10,570 | - |
| Other Objects | 100 | (100) | - | - | - |
| Total Attendance and Social Work - Undistributed Services | 5,913 | 8,852 | 14,765 | 14,765 | - |
| Health Services - Undistributed Expenditures: | | | | | |
| Salaries | 71,478 | 1,678 | 73,156 | 73,156 | - |
| Purchased Professional and Technical Services | 7,000 | (2,250) | 4,750 | 4,750 | - |
| Other Purchased Services (400-500 Series) | 450 | (450) | - | - | - |
| Supplies and Materials | 1,250 | 308 | 1,558 | 1,558 | - |
| Total Health Services | 80,178 | (714) | 79,464 | 79,464 | - |
| Other Support Services - Students - Related Services: | | | | | |
| Purchased Professional-Educational Services | 35,000 | 11,927 | 46,927 | 46,727 | 200 |
| Supplies and Materials | 500 | 924 | 1,424 | 1,414 | 10 |
| Total Other Support Services - Students - Related Services | 35,500 | 12,851 | 48,351 | 48,141 | 210 |
| Other Support Services - Students - Regular: | | | | | |
| Salaries-Guidance | | 53,377 | 53,377 | 53,377 | - |
| Salaries of Secretarial and Clerical Assistants | 5,720 | 572 | 6,292 | 6,292 | - |
| Other Purchased Professional and Technical Services | 5,500 | (3,249) | 2,251 | 2,251 | - |
| Supplies and Materials | 2,000 | (1,717) | 283 | 283 | - |
| Total Other Support Services - Students - Regular | 13,220 | 48,983 | 62,203 | 62,203 | - |
| Other Support Services - Students - Special: | | | | | |
| Salaries of Other Professional Staff | 6,865 | 4,577 | 11,442 | 11,442 | - |
| Salaries of Secretarial and Clerical Assistants | 9,428 | (3,687) | 5,741 | 5,741 | - |
| Purchased Professional Educational Services | 27,000 | (4,281) | 22,719 | 22,719 | - |
| Other Purchased Professional and Technical Services | 500 | (250) | 250 | 250 | - |
| Supplies and Materials | 100 | (30) | 70 | 70 | - |
| Total Other Support Services - Students - Special | 43,893 | (3,671) | 40,222 | 40,222 | - |

LAVALLETTE SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| Improvement of Instructional Services: | | | | | |
| Salaries of Other Professional Staff | 25,367 | (13,253) | 12,114 | 12,114 | - |
| Supervision Support | 9,428 | (3,840) | 5,588 | 5,588 | - |
| Salaries of Facilitators, Math and Literacy Coaches | 1,304 | (1,304) | - | - | - |
| Supplies | 2,500 | (2,500) | - | - | - |
| Other Objects | 1,500 | (1,500) | - | - | - |
| Total Improvement of Instructional Services | <u>40,099</u> | <u>(22,397)</u> | <u>17,702</u> | <u>17,702</u> | <u>-</u> |
| Educational Media Services/School Library: | | | | | |
| Salaries | 33,277 | 4,971 | 38,248 | 38,248 | - |
| Salaries of Secretarial and Clerical Assistants | | | - | - | - |
| Salaries of Technology Coordinators | 9,567 | (3,001) | 6,566 | 6,566 | - |
| Purchased Professional and Technical Services | 10,000 | (916) | 9,084 | 9,084 | - |
| Other Purchased Services (400-500 Series) | 25,000 | 663 | 25,663 | 20,663 | 5,000 |
| Supplies and Materials | 4,500 | 8,829 | 13,329 | 13,329 | - |
| Other Objects | 2,100 | (2,100) | - | - | - |
| Total Educational Media Services/School Library | <u>84,444</u> | <u>8,446</u> | <u>92,890</u> | <u>87,890</u> | <u>5,000</u> |
| Instructional Staff Training Services: | | | | | |
| Salaries of Supervisors of Instruction | 25,367 | 8,117 | 33,484 | 33,484 | - |
| Salaries of Secretarial and Clerical Assistants | 7,903 | 2,136 | 10,039 | 10,039 | - |
| Tuition Reimbursement | | 2,054 | 2,054 | 2,034 | 20 |
| Purchased Professional Educational Services | 8,250 | (3,829) | 4,421 | 4,421 | - |
| Purchased Professional and Technical Services | 5,000 | (3,026) | 1,974 | 1,974 | - |
| Other Purchased Services (400-500 Series) | 8,000 | 8,789 | 16,789 | 7,444 | 9,345 |
| Supplies and Materials | 316 | (35) | 281 | 281 | - |
| Other Objects | 4,500 | 299 | 4,799 | 4,799 | - |
| Total Instructional Staff Training Services | <u>59,336</u> | <u>14,505</u> | <u>73,841</u> | <u>64,476</u> | <u>9,365</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 6 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| Support Services - General Administration: | | | | | |
| Salaries | 33,425 | (9,128) | 24,297 | 24,297 | - |
| Legal Services | 6,000 | 9,617 | 15,617 | 3,617 | 12,000 |
| Audit Fees | 8,000 | | 8,000 | 8,000 | - |
| Purchased Technical Services | 250 | 12 | 262 | 262 | - |
| Communications/Telephone | 2,000 | 584 | 2,584 | 2,584 | - |
| Other Purchased Services (400-500 Series) | 750 | 4,384 | 5,134 | 5,134 | - |
| Supplies and Materials | 250 | 395 | 645 | 645 | - |
| Membership Dues and Fees | 4,500 | (2,607) | 1,893 | 1,893 | - |
| Other Objects | | 1,176 | 1,176 | 1,176 | - |
| Total Support Services - General Administration | <u>55,175</u> | <u>4,433</u> | <u>59,608</u> | <u>47,608</u> | <u>12,000</u> |
| Support Services - School Administration: | | | | | |
| Salaries of Principal/Assistant Principals | 40,625 | (2,192) | 38,433 | 38,433 | - |
| Supplies and Materials | 200 | (200) | - | - | - |
| Other Objects | 1,500 | (1,500) | - | - | - |
| Total Support Services - School Administration | <u>42,325</u> | <u>(3,892)</u> | <u>38,433</u> | <u>38,433</u> | <u>-</u> |
| Central Services: | | | | | |
| Salaries | 96,199 | (4,776) | 91,423 | 78,799 | 12,624 |
| Purchased Technical Services | 500 | (170) | 330 | 321 | 9 |
| Other Purchased Services | 6,500 | 5,251 | 11,751 | 11,751 | - |
| Supplies and Materials | 1,000 | 250 | 1,250 | 1,140 | 110 |
| Interest on Lease Purchase Agreements | 250 | | 250 | - | 250 |
| Miscellaneous Expenditures | | 750 | 750 | 347 | 403 |
| Total Central Services | <u>104,449</u> | <u>1,305</u> | <u>105,754</u> | <u>92,358</u> | <u>13,396</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 7 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| Administration Information Technical: | | | | | |
| Purchased Technical Services | 11,000 | (4,898) | 6,102 | 1,435 | 4,667 |
| Required Maintenance for School Facilities: | | | | | |
| Cleaning, Repair and Maintenance Services | 37,000 | 1,857 | 38,857 | 34,609 | 4,248 |
| General Supplies | 10,000 | (2,945) | 7,055 | 6,618 | 437 |
| Total Required Maintenance for School Facilities | <u>47,000</u> | <u>(1,088)</u> | <u>45,912</u> | <u>41,227</u> | <u>4,685</u> |
| Other Operations & Maintenance of Plant: | | | | | |
| Salaries | 72,221 | 2,111 | 74,332 | 73,361 | 971 |
| Salaries of Non-Instructional Aides | 15,419 | 786 | 16,205 | 16,189 | 16 |
| Purchased Professional and Technical Services | 35,000 | (3,494) | 31,506 | 31,506 | - |
| Cleaning, Repair and Maintenance Services | 27,000 | (6,605) | 20,395 | 15,939 | 4,456 |
| Other Purchased Property Services | 6,300 | (2,300) | 4,000 | 2,096 | 1,904 |
| Insurance | 33,000 | 6,675 | 39,675 | 39,675 | - |
| Miscellaneous Purchased Services | 250 | | 250 | 38 | 212 |
| General Supplies | 3,000 | 7,000 | 10,000 | 9,554 | 446 |
| Energy (Heat & Electricity) | 25,000 | (4,733) | 20,267 | 16,432 | 3,835 |
| Energy (Natural Gas) | 3,500 | 1,358 | 4,858 | 3,865 | 993 |
| Total Other Operations & Maintenance of Plant | <u>220,690</u> | <u>798</u> | <u>221,488</u> | <u>208,655</u> | <u>12,833</u> |
| Care and Upkeep of Grounds | | | | | |
| Salaries | 5,298 | 132 | 5,430 | 5,111 | 319 |
| Cleaning, Repair and Maintenance Services | 6,000 | (1,415) | 4,585 | 4,235 | 350 |
| General Supplies | 1,200 | (1,100) | 100 | | 100 |
| Total Upkeep and Care of Grounds | <u>12,498</u> | <u>(2,383)</u> | <u>10,115</u> | <u>9,346</u> | <u>769</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 8 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|----------------|---|
| Undistributed Expenditures - Security | | | | | |
| Salaries | 35,683 | (250) | 35,433 | 34,557 | 876 |
| Purchased Professional and Technical Services | | 25,000 | 25,000 | 25,000 | - |
| Cleaning, Repair and Maintenance Services | 3,300 | 275 | 3,575 | 3,575 | |
| General Supplies | 2,000 | | 2,000 | | 2,000 |
| Total Undistributed Expenditures - Security | <u>40,983</u> | <u>25,025</u> | <u>66,008</u> | <u>63,132</u> | <u>2,876</u> |
| Student Transportation Services: | | | | | |
| Salaries for Pupil Transportation (Between Home and School) Regular | 1,600 | 4,053 | 5,653 | 5,653 | - |
| Salaries for Pupil Transportation (Between Home and School) Special Education | 1,600 | | 1,600 | 1,600 | - |
| Salaries for Pupil Transportation (Other Than Between Home and School) | 1,600 | (1,504) | 96 | 96 | - |
| Salaries for Pupil Transportation (Non-Public) Between Home and School | 1,578 | 250 | 1,828 | 1,828 | - |
| Contr. Serv. (Between Home & School)-Vendors | 6,000 | (89) | 5,911 | 3,189 | 2,722 |
| Contr. Serv. (Other Than Between Home & School)-Vendors | 29,607 | (18,841) | 10,766 | 10,766 | - |
| Contr. Serv. (Between Home & School) - Jointures | 77,653 | 231 | 77,884 | 77,278 | 606 |
| Contr. Serv. (Special Education) - Vendors | 250 | 384 | 634 | | 634 |
| General Supplies | 250 | (222) | 28 | 28 | - |
| Contr. Serv. (Special Education) - ESC's and CTSA's | 19,500 | 4,847 | 24,347 | 24,347 | - |
| Aid in Lieu of Transportation - Non-Public School | 4,420 | 840 | 5,260 | 5,260 | - |
| Total Student Transportation Services | <u>144,058</u> | <u>(10,051)</u> | <u>134,007</u> | <u>130,045</u> | <u>3,962</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 9 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|---|
| Unallocated Benefits: | | | | | |
| Social Security Contributions | 30,000 | (1,927) | 28,073 | 22,991 | 5,082 |
| Other Retirement Contributions - PERS | 25,000 | 2,000 | 27,000 | 23,850 | 3,150 |
| Workmen's Compensation | 22,200 | | 22,200 | 20,634 | 1,566 |
| Health Benefits | 390,000 | 84,000 | 474,000 | 458,022 | 15,978 |
| Other Employee Benefits | 28,000 | | 28,000 | 22,131 | 5,869 |
| Total Unallocated Benefits | <u>495,200</u> | <u>84,073</u> | <u>579,273</u> | <u>547,628</u> | <u>31,645</u> |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 285,994 | (285,994) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 126,199 | (126,199) |
| Total On-Behalf Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>412,193</u> | <u>(412,193)</u> |
| Total Undistributed Expenditures | <u>2,584,809</u> | <u>55,293</u> | <u>2,640,102</u> | <u>2,827,540</u> | <u>(187,438)</u> |
| Interest Earned on Reserves | <u>320</u> | | <u>320</u> | | <u>320</u> |
| Total Current Expense | <u>4,068,022</u> | <u>114,423</u> | <u>4,182,445</u> | <u>4,357,371</u> | <u>(174,926)</u> |
| Capital Outlay: | | | | | |
| Equipment: | | | | | |
| Instructional Equipment | 32,000 | 4,580 | 36,580 | 4,551 | 32,029 |
| Central Services Equipment | 5,000 | | 5,000 | | 5,000 |
| Care of Grounds | 5,000 | | 5,000 | 4,175 | 825 |
| Required Maintenance School Facilities | 25,000 | 8,105 | 33,105 | 15,057 | 18,048 |
| Custodial Services | 6,000 | | 6,000 | 4,537 | 1,463 |
| Facilities Acquisition and Construction Services: | | | | | |
| Interest On Capital Reserve | 200 | | 200 | | 200 |
| Other Objects - SDA Assessment | 53 | | 53 | 53 | - |
| Total Capital Outlay | <u>73,253</u> | <u>12,685</u> | <u>85,938</u> | <u>28,373</u> | <u>57,565</u> |

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 10 of 10

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| Total Expenditures | 4,141,275 | 127,108 | 4,268,383 | 4,385,744 | (117,361) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (190,026) | (27,743) | (217,769) | 44,892 | 262,661 |
| Other Financing Sources/(Uses): | | | | | |
| Transfer to Food Service Fund | 10,000 | | 10,000 | (10,000) | |
| Total Other Financing Sources/(Uses) | 10,000 | - | 10,000 | (10,000) | - |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses) | (180,026) | (27,743) | (207,769) | 34,892 | 262,661 |
| Fund Balance July 1 | 1,671,179 | | 1,671,179 | 1,671,179 | |
| Fund Balance June 30 | <u>\$ 1,491,153</u> | <u>(27,743)</u> | <u>1,463,410</u> | <u>1,706,071</u> | <u>262,661</u> |
| Recapitulation: | | | | | |
| Assigned To: | | | | | |
| Reserve for Encumbrances | | | | \$ 42,970 | |
| Restricted For: | | | | | |
| Excess Surplus - Current Year | | | | 15,790 | |
| Committed To: | | | | | |
| Emergency Reserve | | | | 159,056 | |
| Maintenance Reserve | | | | 287,525 | |
| Capital Reserve | | | | 832,804 | |
| Designated for Subsequent Year's Expenditures - Excess Surplus | | | | 64,964 | |
| Designated for Subsequent Year's Expenditures - Emergency Reserve | | | | 45,000 | |
| Designated for Subsequent Year's Expenditures By The BOE | | | | 4,611 | |
| Unassigned Fund Balance | | | | <u>253,351</u> | |
| | | | | 1,706,071 | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Final State Audit Payments Not Recognized On GAAP Basis | | | | <u>(17,601)</u> | |
| Fund Balance Per Governmental Funds (GAAP) | | | | <u>\$ 1,688,470</u> | |

LAVALLETTE SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| Revenues: | | | | | |
| Local Sources | | 3,493 | 3,493 | 3,493 | |
| Federal Sources | <u>72,638</u> | <u>10,369</u> | <u>83,007</u> | <u>83,007</u> | |
| Total Revenues | <u>\$ 72,638</u> | <u>13,862</u> | <u>86,500</u> | <u>86,500</u> | <u>-</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 34,697 | (19,697) | 15,000 | 15,000 | |
| Other Purchased Services | 37,941 | (25,185) | 12,756 | 12,756 | |
| General Supplies | <u>1,493</u> | <u>2,000</u> | <u>3,493</u> | <u>3,493</u> | |
| Total Instruction | <u>74,131</u> | <u>(42,882)</u> | <u>31,249</u> | <u>31,249</u> | <u>-</u> |
| Support Services: | | | | | |
| Employee Benefits | | 3,900 | 3,900 | 3,900 | |
| Purchased Professional Educational Services | | 41,884 | 41,884 | 41,884 | |
| Other Purchased Services | | 9,467 | 9,467 | 9,467 | |
| Total Support Services | <u>-</u> | <u>55,251</u> | <u>55,251</u> | <u>55,251</u> | |
| Total Expenditures | <u>\$ 74,131</u> | <u>12,369</u> | <u>86,500</u> | <u>86,500</u> | <u>-</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAVALLETTE SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-------------------------|-------------------------------------|
| <u>Sources/Inflows of Resources</u> | | |
| Actual Amounts (Budgetary Basis) "Revenues" from the Budgetary Comparison Schedule | \$ 4,430,636 | 86,500 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized. | | |
| State aid recognized for GAAP statements in the current year previously recognized for budgetary purposes. | 17,447 | |
| The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33) | <u>(17,601)</u> | |
| Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 4,430,482</u> | <u>86,500</u> |
| <u>Uses/Outflows of Resources</u> | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 4,385,744 | 86,500 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the supplies are received for financial reporting purposes. | | |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 4,385,744</u> | <u>86,500</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST FOUR FISCAL YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-------------------|----------------|----------------|----------------|
| District's Proportion of the Net Pension Liability (Asset) | 100.000% | 100.000% | 100.000% | 100.000% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 793,273 | 555,082 | 496,715 | 570,078 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 793,273</u> | <u>555,082</u> | <u>496,715</u> | <u>570,078</u> |
| District's Covered-Employee Payroll | \$ 164,345 | 172,126 | 170,571 | 179,369 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll | 20.72% | 31.01% | 34.34% | 31.46% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 31.02% | 38.21% | 42.74% | 40.71% |

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST FOUR FISCAL YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 23,850 | 22,888 | 27,069 | 18,197 |
| Contributions in Relation to the Contractually Required Contribution | <u>23,850</u> | <u>22,888</u> | <u>27,069</u> | <u>18,197</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| District's Covered-Employee Payroll | \$ 164,345 | 172,126 | 170,571 | 179,369 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.51% | 13.30% | 15.87% | 10.15% |

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST FOUR FISCAL YEARS

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-------------------|------------------|------------------|------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.000% | 0.000% | 0.000% | 0.000% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ - | - | - | - |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>11,787,560</u> | <u>9,380,978</u> | <u>7,756,905</u> | <u>7,696,473</u> |
| Total | <u>#####</u> | <u>9,380,978</u> | <u>7,756,905</u> | <u>7,696,473</u> |
| District's Covered-Employee Payroll | \$ 1,596,604 | 1,447,121 | 1,466,800 | 1,445,916 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll | 13.54% | 15.43% | 18.91% | 18.79% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 22.33% | 28.71% | 33.64% | 33.76% |

LAVALLETTE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

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

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

LAVALLETTE SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Public Employee's Retirement System (PERS)

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 4.90% as of June 30, 2015, to 3.98% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

LAVALLETTE SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Local Grant</u> | <u>IDEA Preschool</u> | <u>IDEA Basic</u> | <u>NCLB</u> | | <u>Total</u> |
|---|------------------------|---------------------------|-----------------------|----------------|------------------|---------------|
| | | | | <u>Title I</u> | <u>Title IIA</u> | |
| Revenues: | | | | | | |
| Local Sources | \$ 3,493 | | | | | 3,493 |
| Federal Sources | | 1,103 | 42,756 | 29,681 | 9,467 | 83,007 |
| Total Revenues | <u>\$ 3,493</u> | <u>1,103</u> | <u>42,756</u> | <u>29,681</u> | <u>9,467</u> | <u>86,500</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ - | | | 15,000 | | 15,000 |
| Other Purchased Services | | | 12,756 | | | 12,756 |
| General Supplies | 3,493 | | | | | 3,493 |
| Total Instruction | <u>3,493</u> | <u>-</u> | <u>12,756</u> | <u>15,000</u> | <u>-</u> | <u>31,249</u> |
| Support Services: | | | | | | |
| Employee Benefits | | | | 3,900 | | 3,900 |
| Purchased Professional Educational Services | | 1,103 | 30,000 | 10,781 | | 41,884 |
| Other Purchased Services | | | | | 9,467 | 9,467 |
| Total Support Services | <u>-</u> | <u>1,103</u> | <u>30,000</u> | <u>14,681</u> | <u>9,467</u> | <u>55,251</u> |
| Total Expenditures | <u>\$ 3,493</u> | <u>1,103</u> | <u>42,756</u> | <u>29,681</u> | <u>9,467</u> | <u>86,500</u> |

CAPITAL PROJECTS FUND – F

LAVALLETTE SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2017

| | |
|--------------------------|-------------------|
| Fund Balance - Beginning | <u>\$ 367,201</u> |
| Fund Balance - Ending | <u>\$ 367,201</u> |

LAVALLETTE SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWINDOW AND DOOR REPLACEMENT TO ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|-------------------------|-----------------|--|
| <u>Revenues and Other Financing Sources</u> | | | | |
| State Sources - SCC Grant | \$ 69,889 | | 69,889 | 84,976 |
| Transfer from Capital Reserve | 127,464 | | 127,464 | 127,464 |
| Total Revenues | <u>197,353</u> | <u>-</u> | <u>197,353</u> | <u>212,440</u> |
| <u>Expenditures and Other Financing Uses</u> | | | | |
| Construction Services | 207,592 | | 207,592 | 212,440 |
| Total Expenditures | <u>207,592</u> | <u>-</u> | <u>207,592</u> | <u>212,440</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (10,239)</u> | <u>-</u> | <u>(10,239)</u> | <u>-</u> |

Additional Project Information

| | |
|---|------------------|
| Project Number | 2550-050-04-2000 |
| Grant Date | 4/20/04 |
| Original Authorized Cost | \$ 212,440 |
| Additional Authorized Cost | - |
| Revised Authorized Cost | 212,440 |
| Percentage Increase Over Original Authorized Cost | 0% |
| Percentage Completion | 100% |
| Original Target Completion Date | Jan. 05 |
| Revised Target Completion Date | June 11 |

LAVALLETTE SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------------|-------------------------|------------------|--|
| <u>Revenues and Other Financing Sources</u> | | | | |
| State Sources - SCC Grant | \$ 544,006 | | 544,006 | 544,006 |
| Bond Proceeds and Transfers | 1,187,000 | | 1,187,000 | 1,187,000 |
| Transfer from Capital Reserve | 324 | | 324 | 324 |
| Total Revenues | <u>1,731,330</u> | <u>-</u> | <u>1,731,330</u> | <u>1,731,330</u> |
| <u>Expenditures and Other Financing Uses</u> | | | | |
| Construction Services | 1,353,890 | | 1,353,890 | 1,353,890 |
| Total Expenditures | <u>1,353,890</u> | <u>-</u> | <u>1,353,890</u> | <u>1,353,890</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 377,440</u> | <u>-</u> | <u>377,440</u> | <u>377,440</u> |

Additional Project Information

| | |
|---|------------------|
| Project Number | 2550-050-05-1000 |
| Grant Date | 4/18/05 |
| Bond Authorization Date | 3/8/05 |
| Bonds Authorized | \$1,187,000 |
| Bonds Issued | 1,187,000 |
| Original Authorized Cost | 1,978,873 |
| Additional Authorized Cost | - |
| Revised Authorized Cost | 1,731,330 |
| Percentage Increase Over Original Authorized Cost | 0% |
| Percentage Completion | 100% |
| Original Target Completion Date | Nov. 05 |
| Revised Target Completion Date | Nov. 10 |

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

LAVALLETTE SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2017

| | <u>Student Activity</u> | <u>Net Salary</u> | <u>Payroll Agency</u> | <u>Unemployment Compensation Expendable Trust</u> | <u>Total 2017</u> |
|-------------------------------------|------------------------------------|------------------------------|----------------------------------|--|------------------------------|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 17,717 | 1 | 52,744 | 44,837 | 115,299 |
| Total Assets | <u>\$ 17,717</u> | <u>1</u> | <u>52,744</u> | <u>44,837</u> | <u>115,299</u> |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Due to Student Groups | \$ 17,717 | | | | 17,717 |
| Payroll Withholdings and Deductions | | 1 | 52,744 | | 52,745 |
| Total Liabilities | <u>\$ 17,717</u> | <u>1</u> | <u>52,744</u> | <u>-</u> | <u>70,462</u> |
| Net Position: | | | | | |
| Reserved - Unemployment Benefits | | | | 44,837 | 44,837 |
| Total Net Position | | | | <u>44,837</u> | <u>44,837</u> |

LAVALLETTE SCHOOL DISTRICTEXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGESIN FIDUCIARY NET POSITIONJUNE 30, 2017

| | <u>Unemployment Compensation Insurance Trust Fund</u> |
|----------------------------------|---|
| Additions: | |
| Local Sources: | |
| Interest on Investments | \$ 56 |
| Employee Contributions | 3,063 |
| Total Additions | <u>3,119</u> |
| Deletions: | |
| Claims Paid | <u>-</u> |
| Change in Net Position | 3,119 |
| Net Position - Beginning of Year | <u>41,718</u> |
| Net Position - End of the Year | <u>\$ 44,837</u> |

LAVALLETTE SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <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: Lavallette Elementary | <u>\$ 25,706</u> | <u>24,419</u> | <u>32,408</u> | <u>17,717</u> |

LAVALLETTE SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2017

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|----------------------------------|---------------------------------------|------------------|------------------|--|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 46,307 | 1,602,472 | 1,596,035 | 52,744 |
| Total Assets | <u>\$ 46,307</u> | <u>1,602,472</u> | <u>1,596,035</u> | <u>52,744</u> |
| Liabilities: | | | | |
| Payroll Deductions, Withholdings | \$ 46,307 | 1,602,472 | 1,596,035 | 52,744 |
| Total Liabilities | <u>\$ 46,307</u> | <u>1,602,472</u> | <u>1,596,035</u> | <u>52,744</u> |

LONG-TERM DEBT - I

LAVALLETTE SCHOOL DISTRICT
GENERAL LONG-TERM DEBT GROUP

Exhibit I-1

STATEMENT OF SERIAL BONDS

JUNE 30, 2017

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2016</u> | <u>Retired</u> | <u>Balance June 30, 2017</u> |
|-------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Various School Projects | 3/8/05 | \$ 1,187,000 | 2/1/18-23 | \$ 60,000 | 4.10% | \$ 540,000 | 60,000 | 480,000 |
| | | | 2/1/24 | 60,000 | 4.13% | | | |
| | | | 2/1/25 | 60,000 | 4.20% | | | |
| | | | | | | | | |
| | | | | | | <u>\$ 540,000</u> | <u>60,000</u> | <u>480,000</u> |

LAVALLETTE SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2017

| <u>Series</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Amount Outstanding June 30, 2016</u> | <u>Retired</u> | <u>Amount Outstanding June 30, 2017</u> |
|-----------------|--------------------------|---|---|----------------|---|
| Copiers - 14/15 | 5% | \$ 36,019 | \$ 24,121 | 7,099 | 17,022 |
| | | | \$ 24,121 | 7,099 | 17,022 |

LAVALLETTE SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------|---|
| Revenues: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 82,215 | | 82,215 | 82,215 | - |
| Total Revenues | <u>82,215</u> | <u>-</u> | <u>82,215</u> | <u>82,215</u> | <u>-</u> |
| Expenditures: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 22,215 | | 22,215 | 22,215 | - |
| Redemption of Principal | 60,000 | | 60,000 | 60,000 | - |
| Total Expenditures | <u>82,215</u> | <u>-</u> | <u>82,215</u> | <u>82,215</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance July 1 | | | | | |
| Fund Balance June 30 | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

STATISTICAL SECTION

(Unaudited)

**Lavallette Borough Board of Education
Net Position by Component
Last Three Fiscal Years**

GASB B-1
J-1

(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 |
| Governmental activities | | | |
| Invested in capital assets, net of related debt | \$ 2,848,956 | \$ 2,101,303 | \$ 2,101,303 |
| Restricted | 1,747,978 | 1,863,693 | 1,863,693 |
| Unrestricted | (343,195) | 168,976 | 168,976 |
| Total governmental activities net assets | <u>\$ 4,253,739</u> | <u>\$ 4,133,972</u> | <u>\$ 4,133,972</u> |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - |
| Restricted | - | - | - |
| Unrestricted | (36,334) | (36,658) | (36,658) |
| Total business-type activities net assets | <u>\$ (36,334)</u> | <u>\$ (36,658)</u> | <u>\$ (36,658)</u> |
| District-wide | | | |
| Invested in capital assets, net of related debt | \$ 2,848,956 | \$ 2,101,303 | \$ 2,101,303 |
| Restricted | 1,747,978 | 1,863,693 | 1,863,693 |
| Unrestricted | (379,529) | 132,318 | 132,318 |
| Total district net assets | <u>\$ 4,217,405</u> | <u>\$ 4,097,314</u> | <u>\$ 4,097,314</u> |

Source: CAFR Schedule A-1

Lavallette Borough Board of Education
 Changes in Net Position, Last Three Fiscal Years
 (accrual basis of accounting)

GASB B-2
 J-2

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 |
| Expenses | | | |
| Governmental activities | | | |
| Instruction | | | |
| Regular | \$ 1,087,849 | \$ 1,164,551 | \$ 1,149,861 |
| Special education | 214,237 | 196,617 | 274,042 |
| Other instruction | 182,149 | 157,486 | 137,177 |
| Support Services: | | | |
| Tuition | 719,961 | 819,542 | 820,617 |
| Student & instruction related services | 335,164 | 389,586 | 470,114 |
| School administrative services | 221,413 | 200,769 | 179,834 |
| Plant operations and maintenance | 263,967 | 244,431 | 322,360 |
| Pupil transportation | 134,997 | 175,888 | 130,045 |
| Unallocated benefits | 812,176 | 887,936 | 959,821 |
| Interest on long-term debt | 26,282 | 23,650 | 22,215 |
| Depreciation | 352,890 | 242,544 | 244,121 |
| Total governmental activities expenses | <u>4,351,085</u> | <u>4,503,000</u> | <u>4,710,207</u> |
| Business-type activities: | | | |
| Food service | 45,292 | 42,947 | 43,245 |
| Total business-type activities expense | <u>45,292</u> | <u>42,947</u> | <u>43,245</u> |
| Total district expenses | <u>\$ 4,396,377</u> | <u>\$ 4,545,947</u> | <u>\$ 4,753,452</u> |
| Program Revenues | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| Instruction (tuition) | \$ 193,281 | \$ 173,243 | \$ 285,591 |
| Student & instruction related services | | | |
| Business and other support services | | | |
| Operating grants and contributions | 73,553 | 86,702 | 86,702 |
| Capital grants and contributions | | | |
| Total governmental activities program revenues | <u>266,834</u> | <u>259,945</u> | <u>372,293</u> |
| Business-type activities: | | | |
| Charges for services | | | |
| Food service | 27,334 | 22,284 | 22,863 |
| Operating grants and contributions | 11,528 | 10,334 | 11,147 |
| Total business type activities program revenues | <u>38,862</u> | <u>32,618</u> | <u>34,010</u> |
| Total district program revenues | <u>\$ 305,696</u> | <u>\$ 292,563</u> | <u>\$ 406,303</u> |
| Net (Expense)/Revenue | | | |

Lavallette Borough Board of Education
 Changes in Net Position, Last Three Fiscal Years
(accrual basis of accounting)

GASB B-2
 J-2

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 |
| Governmental activities | \$ (4,236,166) | \$ (4,243,055) | \$ (4,337,914) |
| Business-type activities | (4,085) | (10,329) | (9,235) |
| Total district-wide net expense | <u>\$ (4,240,251)</u> | <u>\$ (4,253,384)</u> | <u>\$ (4,347,149)</u> |
| General Revenues and Other Changes in Net Assets | | | |
| Governmental activities: | | | |
| Property taxes levied for general purposes, net | \$ 3,600,931 | \$ 3,462,572 | \$ 3,503,823 |
| Taxes levied for debt service | 115,860 | 84,675 | 82,215 |
| Unrestricted grants and contributions | 521,611 | 562,421 | 584,451 |
| Tuition received | | | |
| Investment earnings | 2,247 | 2,547 | 2,780 |
| Cancel Receivable | | | |
| Miscellaneous income | 32,852 | 20,556 | 40,337 |
| Transfers | (6,500) | (9,483) | (10,000) |
| Total governmental activities | <u>4,267,001</u> | <u>4,123,288</u> | <u>4,303,606</u> |
| Business-type activities: | | | |
| Investment earnings | | 5 | 6 |
| Miscellaneous income | | | |
| Cancel payable | | | |
| Transfers | 6,500 | 10,000 | 10,000 |
| Total business-type activities | <u>6,500</u> | <u>10,005</u> | <u>10,006</u> |
| Total district-wide | <u>\$ 4,273,501</u> | <u>\$ 4,133,293</u> | <u>\$ 4,313,612</u> |
| Change in Net Assets | | | |
| Governmental activities | \$ 182,750 | \$ (119,767) | \$ (43,543) |
| Business-type activities | 70 | (324) | 771 |
| Total district | <u>\$ 182,820</u> | <u>\$ (120,091)</u> | <u>\$ (42,772)</u> |

Source: CAFR Schedule A-2 Does not include restatement for pension

**Lavallette Borough Board of Education
Fund Balances, Governmental Funds,
Last Three Fiscal Years**
(modified accrual basis of accounting)

GASB B-3
J-3

| | Fiscal Year Ending June 30, | | |
|------------------------------------|-----------------------------|---------------------|---------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| General Fund | | | |
| Reserved | \$ 1,452,488 | \$ 1,417,085 | \$ 1,435,119 |
| Unreserved | 242,448 | 254,611 | 253,351 |
| Total general fund | <u>\$ 1,694,936</u> | <u>\$ 1,671,696</u> | <u>\$ 1,688,470</u> |
| All Other Governmental Funds | | | |
| Reserved | \$ 367,201 | \$ 367,201 | \$ 367,201 |
| Unreserved, reported in: | | | |
| Special revenue fund | - | - | - |
| Capital projects fund | - | - | - |
| Debt service fund | - | - | - |
| Total all other governmental funds | <u>\$ 367,201</u> | <u>\$ 367,201</u> | <u>\$ 367,201</u> |

Source: CAFR Schedule B-1

Lavallette Borough Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years

GASB 3-4
 J-4

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 3,057,182 | \$ 3,173,373 | \$ 3,291,058 | \$ 3,652,820 | \$ 3,682,492 | \$ 3,696,190 | \$ 3,700,738 | \$ 3,716,791 | \$ 3,547,247 | \$ 3,586,038 |
| Tuition charges | 72,768 | 76,824 | 100,440 | 169,991 | 172,408 | 148,727 | 155,490 | 193,281 | 173,243 | 285,591 |
| Interest earnings | 6,528 | 2,959 | 388 | 173 | 91 | 458 | 1,868 | 2,247 | 2,547 | 2,780 |
| Miscellaneous | 24,149 | 4,055 | 12,437 | 9,825 | 10,625 | 49,238 | 75,681 | 34,724 | 22,318 | 40,337 |
| State sources | 594,982 | 479,899 | 462,000 | 361,485 | 447,207 | 532,075 | 491,892 | 521,611 | 562,421 | 601,444 |
| Federal sources | 64,410 | 52,288 | 132,698 | 81,393 | 87,666 | 96,498 | 138,716 | 71,681 | 85,457 | 83,007 |
| Total revenue | 3,820,019 | 3,799,398 | 3,999,221 | 4,275,687 | 4,400,489 | 4,523,186 | 4,564,485 | 4,540,335 | 4,393,233 | 4,599,197 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 930,909 | 955,955 | 1,040,914 | 1,077,059 | 1,093,759 | 1,074,446 | 1,062,368 | 1,087,849 | 1,169,845 | 1,149,861 |
| Special education instruction | 214,449 | 234,793 | 214,776 | 164,033 | 215,431 | 339,087 | 279,505 | 214,237 | 196,617 | 274,042 |
| Other instruction | 62,086 | 63,111 | 50,183 | 98,067 | 84,342 | 64,116 | 105,816 | 182,149 | 207,836 | 137,177 |
| Support Services: | | | | | | | | | | |
| Tuition | 770,742 | 1,022,513 | 978,737 | 1,133,747 | 958,509 | 957,271 | 992,209 | 719,961 | 819,542 | 820,617 |
| Student & instruction related services | 293,643 | 230,368 | 311,156 | 282,728 | 331,541 | 342,312 | 343,973 | 335,164 | 389,586 | 470,114 |
| Support services School Administration | 214,322 | 211,443 | 219,896 | 277,054 | 250,121 | 257,988 | 248,824 | 221,413 | 200,769 | 179,834 |
| Plant operations and maintenance | 200,847 | 205,607 | 204,412 | 230,171 | 227,522 | 206,994 | 271,779 | 263,967 | 264,084 | 322,360 |
| Pupil Transportation | 122,949 | 132,875 | 152,439 | 109,294 | 113,888 | 71,294 | 86,935 | 134,997 | 175,888 | 130,045 |
| Unallocated employee benefits | 670,603 | 585,733 | 611,509 | 709,760 | 743,966 | 820,919 | 772,814 | 773,823 | 894,903 | 959,821 |
| Capital outlay | 75,745 | 5,237 | 15,229 | 12,480 | 6,548 | 8,971 | 39,324 | 17,736 | 71,042 | 28,373 |
| Debt service: | | | | | | | | | | |
| Principal | 97,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 60,000 | 60,000 |
| Interest and other charges | 59,625 | 55,285 | 50,765 | 46,245 | 41,725 | 37,205 | 32,685 | 28,165 | 24,675 | 22,215 |
| Total expenditures | 3,712,720 | 3,802,920 | 3,950,016 | 4,240,648 | 4,167,352 | 4,280,583 | 4,336,232 | 4,079,461 | 4,474,787 | 4,554,459 |
| Excess (Deficiency) of revenues over (under) expenditures | 107,299 | (3,522) | 49,205 | 35,039 | 233,137 | 242,603 | 228,253 | 460,874 | (81,554) | 44,738 |
| Other Financing sources (uses) | | | | | | | | | | |
| Costs related to Sandy | | | | | | (56,154) | | | | |
| Recoveries related to Sandy | | | | | | 56,154 | | | | |
| Accounts Receivable cancelled | (25,000) | | | | | | | | | |
| Adjustment of fund balance | | | (13,074) | | | | | | | |
| Transfers in | - | | | | | | | | | |
| Transfers out | (45,000) | (8,119) | (31,187) | (33,006) | (15,000) | (24,450) | (12,900) | (6,500) | (10,000) | (10,000) |
| Total other financing sources (uses) | (70,000) | (8,119) | (44,261) | (33,006) | (15,000) | (24,450) | (12,900) | (6,500) | (10,000) | (10,000) |
| Net change in fund balances | \$ 37,299 | \$ (11,641) | \$ 4,944 | \$ 2,033 | \$ 218,137 | \$ 218,153 | \$ 215,353 | \$ 454,374 | \$ (91,554) | \$ 34,738 |
| Debt service as a percentage of noncapital expenditures | 4.3% | 4.1% | 3.8% | 3.5% | 3.4% | 3.2% | 3.1% | 3.2% | 1.9% | 1.8% |

Source: CAFR Schedule B-2

LAVALLETT BOROUGH SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

J-5

| Fiscal Year Ended June 30, | Interest on Investments | Tuition Revenue | Misc. | Total |
|-------------------------------|----------------------------|--------------------|--------|------------|
| 2008 | 19,828 | 72,768 | 349 | \$ 92,945 |
| 2009 | 2,520 | 76,824 | 3,555 | \$ 82,899 |
| 2010 | 388 | 100,440 | 10,261 | \$ 111,089 |
| 2011 | 173 | 169,991 | 7,832 | \$ 177,996 |
| 2012 | 91 | 172,408 | 10,625 | \$ 183,124 |
| 2013 | 458 | 148,727 | 49,238 | \$ 198,423 |
| 2014 | 1,868 | 155,490 | 75,681 | \$ 233,039 |
| 2015 | 2,247 | 193,231 | 32,077 | \$ 227,555 |
| 2016 | 2,547 | 173,243 | 22,318 | \$ 198,108 |
| 2017 | 2,780 | 285,591 | 40,337 | \$ 328,708 |

Source: District Records

Lavallette Borough Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last Five Fiscal Years

J-6

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Rec. | Other | Commercial | Industrial | Acadromt | Total Assessed Value | Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|-------------|---------------|-----------|-------|------------|------------|-----------|----------------------|---------------------|-------------------------------|-----------------------|---|---|
| 2012 | 18,391,000 | 1,813,983,160 | | | 38,823,860 | | 4,843,100 | 1,875,450,910 | 40,634,200 | | 1,877,320,947 | 0.196 | 2,269,502,966 |
| 2013 | 18,391,000 | 1,779,166,450 | | | 37,562,360 | | 4,204,500 | 1,839,324,410 | 40,634,200 | | 1,879,958,610 | 0.201 | 2,130,254,413 |
| 2014 | 21,925,500 | 1,777,897,230 | | | 37,956,060 | | 4,843,100 | 1,842,621,910 | 40,629,200 | | 1,883,251,110 | 0.202 | 2,076,246,298 |
| 2015 | 19,257,200 | 1,790,789,750 | | | 37,959,760 | | 4,843,100 | 1,852,849,810 | 40,629,200 | | 1,893,479,010 | 0.191 | 2,008,291,578 |
| 2016 | 35,699,700 | 1,789,981,650 | | | 37,439,880 | | 4,843,100 | 1,867,964,410 | 39,557,100 | | 1,907,521,510 | 0.192 | 2,058,847,514 |

Sources: Ocean County Abstract of Ratables

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

**Lavallette Borough Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

J-7

(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Lavallette Borough Board of Education | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|-------------------------------------|---------------------------------------|--|-----------------|-----------------------|-----------------|---|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct | Lavallette Borough | Ocean County | |
| 2007 | 0.157 | 0.008 | 0.165 | 0.240 | 0.388 | 0.793 |
| 2008 | 0.162 | 0.008 | 0.170 | 0.257 | 0.411 | 0.838 |
| 2009 | 0.167 | 0.008 | 0.175 | 0.258 | 0.411 | 0.844 |
| 2010 | 0.173 | 0.008 | 0.181 | 0.260 | 0.423 | 0.864 |
| 2011 | 0.188 | 0.008 | 0.196 | 0.260 | 0.423 | 0.879 |
| 2012 | 0.198 | 0.007 | 0.204 | 0.267 | 0.439 | 0.902 |
| 2013 | 0.195 | 0.007 | 0.201 | 0.267 | 0.453 | 0.921 |
| 2014 | 0.195 | 0.006 | 0.201 | 0.272 | 0.460 | 0.933 |
| 2015 | 0.187 | 0.004 | 0.191 | 0.286 | 0.452 | 0.929 |
| 2016 | 0.188 | 0.004 | 0.192 | 0.296 | 0.372 | 0.860 |

Source: District Records and Ocean County Abstract of Ratables

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.

Lavallette Borough Board of Education
Principal Property Tax Payers,
One and Nine Years Ago

J-8

| Taxpayer | 2016 | | | 2008 | | |
|------------------------------|------------------------|-----------------|--|-------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Giant Realty, LLC | 9,996,900 | 1 | 0.52% | 3,924,304 | 3 | 0.22% |
| Little Giant, LLC | 4,842,600 | 2 | 0.25% | | | |
| Lavallette Yacht Club | 3,484,900 | 3 | 0.18% | | | |
| Borough of Lavallette | 3,464,600 | 4 | 0.18% | | | |
| St. Bonaventure Church | 3,217,500 | 5 | 0.17% | | | |
| Donald N. Dinallo | 3,115,100 | 6 | 0.16% | | | |
| Barbara Susinno Trust | 3,106,500 | 7 | 0.16% | | | |
| Mela Court LLC | 3,032,500 | 8 | 0.16% | | | |
| Arthur E. & Gail Ann Fritsch | 3,026,600 | 9 | 0.16% | | | |
| Louise-C, Inc. | 2,971,300 | 10 | 0.16% | | | |
| Michele R Donato | 2,829,600 | 11 | 0.15% | | | |
| Angelina Cattani | \$ 2,557,800 | 12 | 0.13% | | | |
| Hoffman Properties LP | 2,472,500 | 13 | 0.13% | | | |
| Robert & Joan Campbell | 2,456,800 | 14 | 0.13% | | | |
| Joseph Pesci | 2,402,100 | 15 | 0.13% | 4,988,134 | 1 | 0.27% |
| Joan Barclay Young Trust | 2,368,900 | 16 | 0.12% | | | |
| William & Melissa Latiano | 2,335,200 | 17 | 0.12% | | | |
| Herbert & Georgia Minks | 2,299,800 | 18 | 0.12% | | | |
| St. Bonaventure Church | 2,241,800 | 19 | 0.12% | | | |
| James & Sharon Maida | 2,219,500 | 20 | 0.12% | | | |
| Stephen & Joan Sweeney | 2,063,500 | 21 | 0.11% | 3,418,375 | 6 | 0.19% |
| Donald & Lisa Storms | | | | 3,924,304 | 2 | 0.22% |
| Donald Friccone | | | | 3,547,523 | 4 | 0.20% |
| Michael & Anna Sherlock | | | | 3,443,002 | 5 | 0.19% |
| Wacchovia Bank | | | | 3,418,375 | 7 | 0.19% |
| Richard & Mary Molke | | | | 3,332,856 | 8 | 0.18% |
| Brian and Ellen Walsh | | | | 3,266,538 | 9 | 0.18% |
| Jaohn & Kathleen Serra | | | | 2,386,153 | 10 | 0.13% |
| Total | <u>\$ 66,506,000</u> | | <u>3.37%</u> | <u>\$ 8,912,438</u> | | <u>0.49%</u> |
| Total Net Assessment | \$ 1,907,521,510 | | | <u>\$ 1,815,938,288</u> | | |

Source: District CAFR, Municipal Tax Assessor, Ocean County Abstract of Ratables

Lavallette Borough Board of Education
 Property Tax Levies and Collections,
 Last Ten Fiscal Years
 Unaudited

J-9

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2007 | 2,946,403 | 2,946,403 | 100.00% | - |
| 2008 | 3,057,182 | 3,057,182 | 100.00% | - |
| 2009 | 3,173,373 | 3,173,373 | 100.00% | - |
| 2010 | 3,291,058 | 3,313,072 | 100.67% | (22,014) |
| 2011 | 3,682,492 | 3,682,492 | 100.00% | |
| 2012 | 3,696,190 | 3,696,190 | 100.00% | |
| 2013 | 3,700,738 | 3,700,738 | 100.00% | |
| 2014 | 3,716,791 | 3,716,791 | 100.00% | |
| 2015 | 3,547,247 | 3,547,247 | 100.00% | |
| 2016 | 3,586,038 | 3,586,038 | 100.00% | |

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

Lavallette Borough Board of Education
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Exhibit J-10
 GASB D-1

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Total District | Percentage of Personal Income | County Per Capita Income* |
|-------------------------------------|--------------------------------|-------------------------------------|-------------------|---|-----------------------------|-----------|------------------|-------------------------------------|---------------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2007 | 1,397,000 | - | 15,446 | - | - | 1,412,446 | 2.64% | \$ 37,228 | |
| 2008 | 1,300,000 | - | 10,518 | - | - | 1,310,518 | 3.02% | \$ 39,521 | |
| 2009 | 1,200,000 | - | 5,193 | - | - | 1,205,193 | | | |
| 2010 | 1,100,000 | - | 18,369 | - | - | 1,118,369 | | | |
| 2011 | 1,000,000 | - | 23,904 | - | - | 1,023,904 | Data unavailable | | |
| 2012 | 900,000 | - | 17,668 | - | - | 917,668 | | | |
| 2013 | 800,000 | - | 11,012 | - | - | 811,012 | | | |
| 2014 | 700,000 | - | 3,920 | - | - | 703,920 | | | |
| 2015 | 600,000 | - | 31,243 | - | - | 631,243 | | | |
| 2016 | 540,000 | - | 24,121 | - | - | 564,121 | | | |
| 2017 | 480,000 | - | 17,022 | - | - | | | | |

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

* Source-Ocean County Department of Planning

Lavallette Borough Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Exhibit J-11
 GASB D-2
 NJ J-6 modified

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2008 | 1,300,000 | | 1,300,000 | 0.07% | \$ 487.80 |
| 2009 | 1,200,000 | | 1,200,000 | 0.07% | \$ 450.28 |
| 2010 | 1,100,000 | | 1,100,000 | 0.08% | \$ 412.76 |
| 2011 | 1,000,000 | | 1,000,000 | 0.06% | \$ 375.23 |
| 2012 | 900,000 | | 900,000 | 0.05% | \$ 337.71 |
| 2013 | 800,000 | | 800,000 | 0.04% | \$ 300.19 |
| 2014 | 700,000 | | 700,000 | 0.04% | \$ 262.66 |
| 2015 | 600,000 | | 600,000 | 0.03% | \$ 225.14 |
| 2016 | 540,000 | | 540,000 | 0.03% | \$ 202.63 |
| 2017 | 480,000 | | 480,000 | 0.03% | \$ 180.11 |

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Data unavailable

Lavallette Borough Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2017

| |
|--|
| Exhibit J-12 GASB D-3 NJ J-8 modified |
|--|

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|---|--|
| Debt repaid with property taxes Lavallette Borough | \$ 10,462,635 | 100.00% | \$ 10,462,635 |
| Lavallette Borough School District Direct Debt | | | <u>480,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 10,942,635</u></u> |

Sources: Lavallette Borough Finance Officer

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 Lavallette. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

Legal Debt Margin Calculation for Fiscal Year 2015

| | | |
|---|---------------------------|-------------------------|
| | Equalized valuation basis | |
| | 2017 | 2,059,847,514 |
| | 2016 | 2,036,186,110 |
| | 2015 | <u>2,008,291,578</u> |
| | [A] | <u>\$ 6,104,325,202</u> |
| Average equalized valuation of taxable property | [A/3] | \$ 2,034,775,067 |
| Debt limit (3 % of average equalization) | [B] | 61,043,252 ^a |
| Net bonded school debt | [C] | <u>480,000</u> |
| Legal debt margin | [B-C] | <u>\$ 60,563,252</u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt limit | \$ 55,596,380 | \$ 72,303,183 | 72,493,822 | 71,384,787 | 68,943,470 | 67,023,803 | 64,780,056 | 62,147,943 | 62,147,943 | 61,043,252 |
| Total net debt applicable to limit | <u>1,300,000</u> | <u>1,200,000</u> | <u>1,100,000</u> | <u>1,000,000</u> | <u>900,000</u> | <u>800,000</u> | <u>700,000</u> | <u>600,000</u> | <u>540,000</u> | <u>480,000</u> |
| Legal debt margin | <u>\$ 54,296,380</u> | <u>\$ 71,103,183</u> | <u>\$ 71,393,822</u> | <u>\$ 70,384,787</u> | <u>\$ 68,043,470</u> | <u>\$ 66,223,803</u> | <u>\$ 64,080,056</u> | <u>\$ 61,547,943</u> | <u>\$ 61,607,943</u> | <u>\$ 60,563,252</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 2.34% | 1.66% | 1.52% | 1.40% | 1.31% | 1.19% | 1.08% | 0.97% | 0.87% | 0.78% |

Source: Abstract of Rates and District Records CAFR Schedule J-7

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

Lavallette Borough Board of Education
Demographic and Economic Statistics
Selected years

Exhibit J-14
GASB E-1
NJ J-10 modified

| <u>Year</u> | <u>Population **</u> | <u>County Per Capita Personal Income *</u> | <u>State of NJ Unemployment Rate</u> |
|-------------|----------------------|--|--|
| 2000 | 2,665 | \$ 30,332 | 3.50% |
| 2010 | 1,875 | | |
| 2015 | 1,807 | \$ 67,813 | 6.3% |
| 2016 | 1,832 | \$ 61,989 | 4.7% |

Lavallette Borough Board of Education
Principal Employers,
Current Year

J-15
GASB E-2

Borough of Lavallette

Crab's Claw Inn

Lavallette Board of Education

Diane Turton Realtors

Remax Realtors

Crossroads Realtors

Birchler Realtors

Schlosser Real Estate

B & B Department Store

Rite Aid

Source: Borough of Lavallette

Lavallette Borough Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

J-16
 GASB F-1

| <u>Function/Program</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| Special education | 4.6 | 4.6 | 5.6 | 5.6 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 4.9 | 4.9 | 5.7 | 5.7 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| General administrative services | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| School administrative services | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Business administrative services | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Plant operations and maintenance | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Food Service | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Total | <u>29.3</u> | <u>29.3</u> | <u>31.1</u> | <u>31.1</u> | <u>32.0</u> | <u>31.0</u> | <u>31.0</u> | <u>31.0</u> | <u>31.0</u> | <u>31.0</u> |

Source: District Personnel Records

Lavallette Borough Board of Education
 Operating Statistics
 Last Ten Fiscal Years

J-17

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil (c) | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | Average Daily Enrollment (ADE) b | Average Daily Attendance (ADA) b | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|---------------------|-------------------|----------------|---------------------|----------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| 2008 | 148 | 3,469,988 | 15318 | 1.34% | 21 | 1:70 | 148.4 | 139.3 | 5.025% | 93.87% |
| 2009 | 138 | 3,581,255 | 15358 | 0.26% | 21 | 1:6.6 | 139.6 | 131.1 | -5.930% | 93.91% |
| 2010 | 148 | 3,799,251 | | | 21 | 1:7 | 148.6 | 139.7 | 6.447% | 94.01% |
| 2011 | 167 | 4,047,104 | | | 19 | 1:7 | 167.2 | 156.9 | 12.517% | 93.84% |
| 2012 | 166 | 4,025,627 | | | 19 | 1:79 | 166.1 | 157.4 | -0.658% | 94.76% |
| 2013 | 146 | 4,143,378 | | | 19 | 1:7 | 145.9 | 136.3 | -12.161% | 93.42% |
| 2014 | 137 | 4,336,222 | | | 19 | 1:7 | 136.1 | 129.0 | -6.717% | 94.81% |
| 2015 | 138 | 4,079,461 | | | 19 | 1:7 | 138.2 | 131.2 | 1.572% | 94.91% |
| 2016 | 141 | 4,268,720 | | | 19 | 1:7 | 141.3 | 133.2 | 2.214% | 94.27% |
| 2017 | 149 | 4,385,744 | | | 19 | 1:7 | 147.1 | 139.9 | 4.098% | 95.10% |

Sources: District records, School Register Summary and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- c based on NJ School Report card data

Lavallette Borough Board of Education
 School Building Information
 Last Ten Fiscal Years

J-18

| <u>District Building</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Lavallette Elementary School (19856, 1982) | | | | | | | | | | |
| Square Feet | 20,900 | 20,900 | 20900 | 20900 | 20900 | 20900 | 20900 | 20900 | 20900 | 20900 |
| Capacity (students) | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 |
| Enrollment | 148 | 138 | 148 | 167 | 166 | 146 | 137 | 138 | 140.7 | 147.1 |

Source: District records, ASSA

Note: Years of original construction and major addition are shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

LAVALLETTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST FIVE YEARS CALCULATIONS
 UNAUDITED

J-19

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

Gross Building Area 30,645
 Required annual maintenance \$8,764

| School Facilities | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Lavallette Elementary | \$ 8,764 | \$ 8,764 | \$ 8,764 | \$ 8,764 | \$ 8,764 |
| | | | | | |
| Total School Facilities | <u>\$ 8,764</u> | <u>\$ 8,764</u> | <u>\$ 8,764</u> | <u>\$ 8,764</u> | <u>\$ 8,764</u> |

Source: Schedule M-1

LAVALLETTE SCHOOL DISTRICT

Insurance Schedule

June 30, 2017 - Unaudited

| | <u>Coverage</u> | <u>Deductible</u> |
|--|------------------------|-------------------|
| School Package Policy - NJSBAIG | | |
| Property - Blanket Building and Contents | \$6,400,000 | \$1,000 |
| Comprehensive General Liability | \$1,000,000 | |
| Commercial Auto Liability | \$1,000,000 | |
| EDP Hardware & software | \$350,000 | \$ 1,000/Theft |
| Boiler and Machinery | \$100,000,000 | \$ 1,000/PD |
| Crime: Faithful Performance | \$25,000 | 500 |
| Commercial Umbrella Liability - NJSBAIG | \$11,000,000 | \$10,000 |
| Flood Insurance-Selective Insurance Company | | |
| Building | \$500,000 | \$5,000 |
| Contents | \$500,000 | \$5,000 |
| Workers' Compensation Policy – NJSBAIG | \$2,000,000 | |
| Supplemental Worker's Compensation –Life Insurance Co of NA | up tp \$2,500 per week | |
| School Leaders' Errors and Omissions - NJSBAIG | \$6,000,000 | \$ 5,000/claim |
| Student and Athletic Accident Insurance – Peoples Benefit Life | \$1,000,000 | |
| Bond - Public Official (Treasurer of School Monies) - NJSBAIG | \$148,142 | \$1,000 |
| Bond- Public Official (Board Secretary) - NJSBAIG | \$148,142 | \$1,000 |

Robert A. Hulsart and Company

100.

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

K-1

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lavallette Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Lavallette Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lavallette Board of Education, County of Ocean, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lavallette Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lavallette Board of Education, County of Ocean, and State of New Jersey'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lavallette Board of Education, County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of it 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

November 21, 2017

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule A
K-3

| Federal Grantor/Pass- Through Grantor/Program Title | Federal C.F.D.A. Number | Federal Fain Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance at June 30, 2016 | | | Cash Received | Budgetary Expenditures | Repayment of Prior Years Balances | Balance at June 30, 2017 | | | | | | | | | | | |
|--|-------------------------------|---------------------------|--|-------------------------------|--------------|-----------|---|-------------------|-----------------------------------|------------------|---------------------------|---|--------------------------|---------------------|-------------------|----------|----------|----------|--|--|--|--|--|--|
| | | | | | From | To | Deferred Revenue (Accounts Receivable) | Due to Grantor | Carryover (Walkover) Amount | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. Department of Education | | | | | | | | | | | | | | | | | | | | | | | | |
| Passed Through State Department of Education | | | | | | | | | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | | | | | | | | | |
| I.D.E.A.: | | | | | | | | | | | | | | | | | | | | | | | | |
| Basic | 84.027 | H027A160100 | N/A | \$ 42,756 | 7/1/2016 | 6/30/2017 | \$ - | | | 42,756 | (42,756) | | | | | | | | | | | | | |
| Preschool | 84.173 | H173A160114 | N/A | 1,103 | 7/1/2016 | 6/30/2017 | | | 1,103 | | (1,103) | | | | | | | | | | | | | |
| No Child Left Behind: | | | | | | | | | | | | | | | | | | | | | | | | |
| Title I | 84.010A | S010A160030 | N/A | 29,681 | 7/1/2016 | 6/30/2017 | | | | 29,681 | (29,681) | | | | | | | | | | | | | |
| Title IIA | 84.367 | S367A160029 | N/A | 9,467 | 7/1/2016 | 6/30/2017 | | | | 9,467 | (9,467) | | | | | | | | | | | | | |
| Total Special Revenue | | | | | | | - | - | - | 83,007 | (83,007) | - | - | - | - | - | - | - | | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | | | | | | | | | | |
| Passed Through State Department of Education | | | | | | | | | | | | | | | | | | | | | | | | |
| National School Lunch Program | 10.555 | 171NJ304N1099 | N/A | 10,235 | 7/1/2016 | 6/30/2017 | | | | 9,654 | (10,235) | | | (581) | | | | | | | | | | |
| National School Lunch Program | 10.555 | 171NJ304N1099 | N/A | 9,435 | 7/1/2015 | 6/30/2016 | (325) | | | 325 | | | | | | | | | | | | | | |
| School Lunch Program - HHPKA | 10.555 | 16161NJ304N1099 | N/A | 517 | 7/1/2015 | 6/30/2016 | (19) | | | 19 | | | | | | | | | | | | | | |
| School Lunch Program - HHPKA | 10.555 | 16161NJ304N1099 | N/A | 522 | 7/1/2016 | 6/30/2017 | | | | 493 | (522) | | | (29) | | | | | | | | | | |
| Total Enterprise Fund | | | | | | | (344) | - | - | 10,491 | (10,757) | - | (610) | - | - | - | - | - | | | | | | |
| Total Federal Financial Assistance | | | | | | | \$ (344) | - | - | 93,498 | (93,764) | - | (610) | - | - | - | - | - | | | | | | |

See accompanying Notes to Schedules of Financial Assistance.

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR FISCAL YEAR ENDED JUNE 30, 2017

Schedule B
K-4

| State Grantor/ Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Deferred Revenue (Accounts Receivable) | Due to Grantor | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years Balances | Balance at June 30, 2017 | | | MEMO | |
|---|----------------------------------|-------------------------------|--------------|-----------|---|-------------------|-----------------------------------|------------------|---------------------------|---|--------------------------|---------------------|-------------------|-------------------------|-------------------------------------|
| | | | From | To | | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Special Education Aid | 17-495-034-5120-089 | \$ 91,794 | 7/1/2016 | 6/30/2017 | \$ - | | 82,619 | (91,794) | | | | | | (9,175) | 91,794 |
| Security Aid | 17-495-034-5120-084 | 15,724 | 7/1/2016 | 6/30/2017 | | | 14,150 | (15,724) | | | | | | (1,574) | 15,724 |
| Adjustment Aid | 17-495-034-5120-085 | 4,798 | 7/1/2016 | 6/30/2017 | | | 4,319 | (4,798) | | | | | | (479) | 4,798 |
| Transportation Aid | 17-495-034-5120-014 | 60,168 | 7/1/2016 | 6/30/2017 | | | 54,152 | (60,168) | | | | | | (6,016) | 60,168 |
| Extraordinary Aid | 17-495-034-5120-044 | 12,341 | 7/1/2016 | 6/30/2017 | | | | (12,341) | | | (12,341) | | | | 12,341 |
| Extraordinary Aid | 16-495-034-5120-044 | 5,853 | 7/1/2015 | 6/30/2016 | (5,853) | | 5,853 | | | | | | | | |
| Non-Public Transportation Aid | 17-495-034-5120-014 | 1,010 | 7/1/2016 | 6/30/2017 | | | | (1,010) | | | (1,010) | | | | 1,010 |
| Non-Public Transportation Aid | 16-495-034-5120-014 | 870 | 7/1/2015 | 6/30/2016 | (870) | | 870 | | | | | | | | |
| PARCC Readiness Aid | 17-495-034-5120-098 | 1,170 | 7/1/2016 | 6/30/2017 | | | 1,053 | (1,170) | | | | | | (117) | 1,170 |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 1,170 | 7/1/2016 | 6/30/2017 | | | 1,053 | (1,170) | | | | | | (117) | 1,170 |
| Professional Learning Comm. Aid | 17-495-034-5120-101 | 1,230 | 7/1/2016 | 6/30/2017 | | | 1,107 | (1,230) | | | | | | (123) | 1,230 |
| Reimbursed Pension Contributions | 17-100-034-5095-003 | 285,994 | 7/1/2014 | 6/30/2015 | | | 285,994 | (285,994) | | | | | | | 285,994 |
| Reimbursed TPAF Social Security | 17-100-034-5095-003 | 126,199 | 7/1/2015 | 6/30/2016 | | | 119,841 | (126,199) | | | (6,358) | | | | 126,199 |
| Total General Fund | | | | | (6,723) | - | - | 571,011 | (601,598) | - | (19,709) | - | - | (17,601) | 601,598 |
| State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| School Lunch Program (State Share) | 17-100-010-3360-023 | 390 | 7/1/2016 | 6/30/2017 | | | 368 | (390) | | | (22) | | | | 390 |
| School Lunch Program (State Share) | 16-100-010-3360-023 | 383 | 7/1/2015 | 6/30/2016 | (14) | | 14 | | | | | | | | |
| | | | | | (14) | - | - | 382 | (390) | - | (22) | - | - | - | 390 |
| Total State Financial Assistance | | | | | \$ (6,737) | - | - | 571,393 | (601,988) | - | (19,731) | - | - | (17,601) | 601,988 |

See accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

LAVALLETTE SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2017****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Lavallette School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose 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 state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

| | <u>General Fund</u> | <u>Food Service</u> | <u>Total</u> |
|---|-------------------------|-------------------------|----------------|
| <u>State Assistance</u> | | | |
| Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance | \$ 601,598 | 390 | 601,988 |
| Difference – Budget to "GAAP" | | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized | | | |
| The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33) | <u>(154)</u> | — | <u>(154)</u> |
| Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances | <u>\$ 601,444</u> | <u>390</u> | <u>601,834</u> |

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

| | <u>Special Revenue Fund</u> | <u>Food Service</u> | <u>Total</u> |
|---|-------------------------------------|-------------------------|---------------|
| <u>Federal Assistance</u> | | | |
| Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards | \$ 83,007 | 10,757 | 93,764 |
| Difference -- Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized | _____ | _____ | _____ |
| Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances | <u>\$ 83,007</u> | <u>10,757</u> | <u>93,764</u> |

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I - Summary of Auditor's Results

Financial Statement Section

(A) Type of auditor's report issued on financial statements

Description

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes x None Reported

Noncompliance material to basic financial statements noted?

_____ Yes x No

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

LAVALLETTE SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017***Part II - Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08, as amended.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

LAVALLETTE SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.