

**LENAPE VALLEY REGIONAL
HIGH SCHOOL DISTRICT**

**Lenape Valley Regional High School District
Stanhope, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

**Lenape Valley Regional
High School District**

Stanhope, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Lenape Valley Regional High School
Board of Education**

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INTRODUCTORY SECTION

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
28 SPARTA ROAD, P. O. BOX 578
STANHOPE, NJ 07874

Richard D. Kuncken, President
Gay Hotalen, Vice President

Robert G. Klinck
Assistant Superintendent for Business/
Board Secretary
Telephone (973) 347-7600 ext. 5104
Fax (973) 347-2536

September 22, 2017

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
Sussex County, New Jersey

Dear Honorable President and Board Members:

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Lenape Valley Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) Codification Section 2100. All funds of the District are included in this report. The Lenape Valley Regional High School District and its school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, vocational and special education for handicapped students. The District completed the 2016-2017 fiscal year with an average daily enrollment of 772 students, which is a decrease of 31 students or 4.0% from the previous year's enrollment.

2. **ECONOMIC CONDITION AND OUTLOOK:** Lenape Valley is a regional school district serving approximately 796 students from three sending districts. Students come from Byram Township and Stanhope Borough in Sussex County, New Jersey, and the Borough of Netcong in Morris County, New Jersey. The regional high school is situated on a 57.30-acre tract of land located in the northeastern part of Stanhope Borough at 28 Sparta Road.

2. ECONOMIC CONDITION AND OUTLOOK: (Cont'd) Byram Township (the "Township") is situated in the southwesterly section of Sussex County. The Township is bordered on the north by Sparta Township, on the northwest by Green and Andover Townships, on the east and southeast by Hopatcong Borough, on the south by Stanhope Borough, on the southwest by Mt. Olive Township in Morris County and on the west by Allamuchy Township in Warren County. Route 206, which serves as an access corridor linking Interstate Route 80 with other larger towns in Sussex County.

The Borough of Stanhope is situated in the southernmost part of Sussex County. It is bordered on the north and northwest by Byram Township, on the northeast by Hopatcong Borough, on the southeast by Roxbury Township, on the south by Netcong and on the southwest by Mount Olive Township. Interstate Route 80, U.S. Route 206 and Sussex County Route 183 provide direct access into the Borough.

The Borough of Netcong is located along the western boundary of Morris County approximately in the middle of the county in the north-south direction. Netcong is bounded on the north by the Borough of Stanhope in Sussex County, on the west by the Township of Mt. Olive, and on the south and east by the Township of Roxbury. Netcong Borough is traversed by three major highways, namely Routes 206, 46 and 80.

The future outlook for the Lenape Valley Regional High School District is for a slow growth in industrial and commercial ratables and a slow growth for housing. A steady enrollment is projected over the next 2-3 years.

3. MAJOR INITIATIVES: During the 2016-2017 school year, the district completed four major capital projects. The repaving of the teacher parking lot was completed at an approximate cost of \$144,000. The second project was the complete renovation of two science labs at a cost of approximately \$456,000. The third capital project was the construction of three new tennis courts at an approximate cost of \$ 192,000. The fourth capital project was the construction of a new security entrance vestibule at an approximate cost of \$81,000.
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

5. BUDGETARY CONTROLS: (Cont'd) An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments 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. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lenape Valley Regional High School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Paul DiRupo
Superintendent



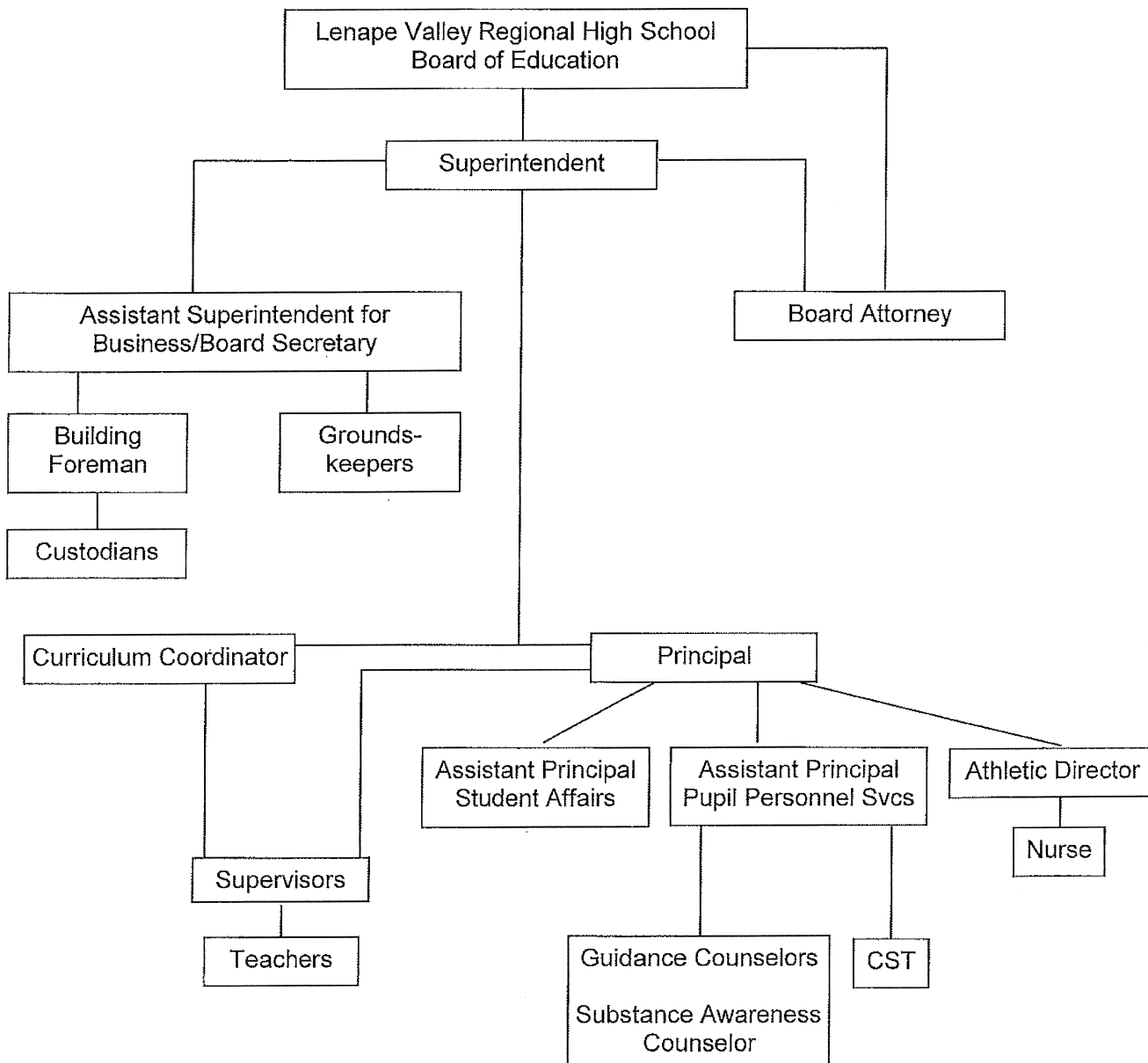
Robert G. Klinck
Assistant Superintendent for Business

POLICY

LENAPE VALLEY REGIONAL BOARD OF EDUCATION

ADMINISTRATION
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ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART



LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
Roster of Officials
Year Ended June 30, 2017

<u>Regional High School District Board Members</u>	<u>Term Expires</u>
Richard Kuncken, President Byram Township	2019
Gay Hotalen, Vice President Byram Township	2018
Saliha Iftikhar Stanhope Borough	2019
Carole Grube Netcong Borough	2018
Sandra LaBell Stanhope Borough	2017
Steven McHugh Byram Township	2017
Karen Moros Netcong Borough	2018
Robert Nunn Byram Township	2017
Daniel Rafferty Byram Township	2018

<u>Other Officials</u>	<u>Title</u>
Paul M. DiRupo	Superintendent/Principal
Robert G. Klinck	Assistant Superintendent for Business/Board Secretary
Kerry Ann Keane	Treasurer of School Monies

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors
Year Ended June 30, 2017

Audit Firm

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

And

Lawrence Business Park
11 Lawrence Road
Newton, New Jersey 07860

Attorney

Anthony P. Sciarrillo, Esq.
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, New Jersey 07090

Official Depository

Lakeland Bank
80 US Highway 206
Stanhope, New Jersey 07874

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
County of Sussex, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
Page 3


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

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

Financial Highlights

- The District's total financial position increased \$340,719 over the course of the year.
- Overall revenue was \$20,190,271.
- Overall expenses were \$19,849,552.
- Net position from the District's governmental activities increased \$346,741.
- The net position from the District's business-type activity – food services – decreased \$6,022.

Overview of the Financial Statements

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

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

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

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

**Figure A-1
Organization of Lenape Valley Regional High School District's Financial Report**

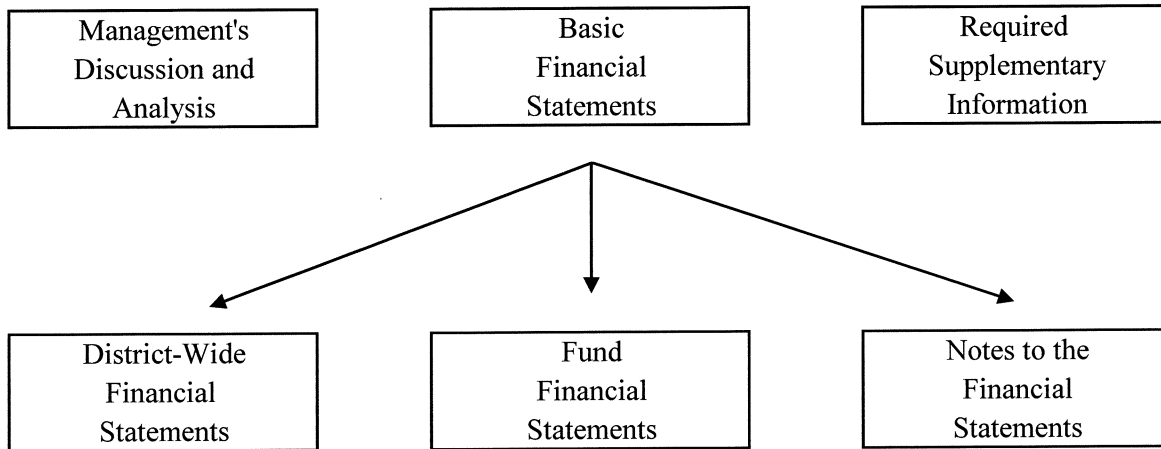


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$2,891,475 on June 30, 2017, \$340,719 or 13.36% more than it was the year before (See Figure A-3). Net position from governmental activities increased \$346,741 and net position from business-type activities decreased by \$6,022 (See Figure A-4). Net investment in capital assets increased \$615,023, restricted net position increased \$17,200 and unrestricted net position decreased \$291,504.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017	2016	2017	2016	2017	2016	
Current and							
Other Assets	\$ 1,739,382	\$ 1,707,036	\$ 34,093	\$ 34,485	\$ 1,773,475	\$ 1,741,521	1.83%
Capital Assets, Net	5,004,121	4,392,317	14,059	15,791	5,018,180	4,408,108	13.84%
Total Assets	6,743,503	6,099,353	48,152	50,276	6,791,655	6,149,629	10.44%
Deferred Outflows of Resources	1,471,535	670,948			1,471,535	670,948	119.32%
Other Liabilities	154,761	140,624	3,898		158,659	140,624	12.82%
Long-Term Liabilities	5,139,013	3,977,536			5,139,013	3,977,536	29.20%
Total Liabilities	5,293,774	4,118,160	3,898		5,297,672	4,118,160	28.64%
Deferred Inflows of Resources	74,043	151,661			74,043	151,661	-51.18%
Net Position:							
Net Investment in							
Capital Assets	4,931,637	4,314,882	14,059	15,791	4,945,696	4,330,673	14.20%
Restricted	1,673,010	1,655,810			1,673,010	1,655,810	1.04%
Unrestricted/(Deficit)	(3,757,426)	(3,470,212)	30,195	34,485	(3,727,231)	(3,435,727)	-8.48%
Total Net Position	\$ 2,847,221	\$ 2,500,480	\$ 44,254	\$ 50,276	\$ 2,891,475	\$ 2,550,756	13.36%

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's combined net position increased by \$340,719 or 13.36%. Net investment in capital assets increased by \$615,023 due to \$995,676 of capital additions, and a decrease of \$385,604 for depreciation expense and a net change of \$4,951 in capital leases. Restricted net position increased \$17,200 due to the \$16,658 increase in excess surplus and \$542 interest earned on the capital reserve account. Unrestricted net position decreased \$291,504 mostly due to a \$864,068 increase in deferred outflows, a \$4,290 decrease in the unrestricted food service net position, and a \$3,150 decrease in the liability for compensated absences, offset by an increase of \$1,169,578 in Net Pension Liability. (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017	2016	2017	2016	2017	2016	
Revenue:							
Program Revenue:							
Charges for Services	\$ 48,180	\$ 61,909	\$ 148,583	\$ 167,462	\$ 196,763	\$ 229,371	-14.22%
Operating Grants & Contributions	2,513,816	2,320,307	45,936	47,131	2,559,752	2,367,438	8.12%
General Revenue:							
Property Taxes	10,279,958	10,078,391			10,279,958	10,078,391	2.00%
Unrestricted Federal & State Aid	7,144,624	6,125,987			7,144,624	6,125,987	16.63%
Other	9,086	18,572	88	94	9,174	18,666	-50.85%
Total Revenue	19,995,664	18,605,166	194,607	214,687	20,190,271	18,819,853	7.28%
Expenses:							
Instruction	10,879,674	10,235,879			10,879,674	10,235,879	6.29%
Pupil & Instruction Services	3,969,669	3,516,073			3,969,669	3,516,073	12.90%
Administration and Business	2,239,119	1,929,678			2,239,119	1,929,678	16.04%
Maintenance & Operations	1,539,453	1,500,744			1,539,453	1,500,744	2.58%
Transportation	1,021,008	880,591			1,021,008	880,591	15.95%
Other			200,629	215,798	200,629	215,798	-7.03%
Total Expenses	19,648,923	18,062,965	200,629	215,798	19,849,552	18,278,763	8.59%
Change in Net Position	\$ 346,741	\$ 542,201	\$ (6,022)	\$ (1,111)	\$ 340,719	\$ 541,090	-37.03%

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2016-2017 school year was \$20,190,271. (See Figure A-5). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$10,279,958 of the total, or 50.92 percent. (See Figure A-5). Another 48.06 percent came from state and federal aid and the remaining 1.02 percent from charges for services and miscellaneous sources. Lenape Valley Regional High School District generally conducts its operations from the revenues it receives from its local taxpayers and State Aid.

**Figure A-5
Sources of Revenue for Fiscal Year 2017**

Sources of Income	Amount	Percentage
State Formula Aid	\$ 4,669,848	23.12%
Property Taxes	10,279,958	50.92%
Federal and State Categorical Grants	5,034,528	24.94%
Charges for Services	196,763	0.97%
Other	9,174	0.05%
	<u>\$ 20,190,271</u>	<u>100.00%</u>

The total cost of all programs and services was \$19,849,552. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (79.96 percent). (See Figure A-6). The District's administration and business activities accounted for 11.28 percent of total expenses. Maintenance and operation costs amounted to 7.75 percent. Other costs amount to 1.01 percent.

**Figure A-6
Expenses for Fiscal Year 2017**

Expense Category	Amount	Percentage
Instruction	\$ 10,879,674	54.82%
Pupil & Instruction Services	3,969,669	20.00%
Administration and Business	2,239,119	11.28%
Maintenance & Operations	1,539,453	7.75%
Transportation	1,021,008	5.14%
Other	200,629	1.01%
	<u>\$ 19,849,552</u>	<u>100.00%</u>

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Governmental Activities

The governmental financial position of the District increased overall by 13.87%. Maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased tuition costs for private schools for students with disabilities and increased insurance costs. As a result, the three municipalities in the regional district were subject to a tax increase in 2017.

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

- Participation in an insurance pool has resulted in lower costs in property, casualty, liability and workers compensation insurance.
- Shared service agreements with the Stanhope and Netcong school districts for shared positions has reduced the cost of part time positions significantly.
- A number of disabled pupils continue to be educated in programs within the District rather than being sent to private schools where the District would have to pay tuition as well as increased transportation costs.
- Participation in joint purchasing agreements for vehicle fuel with Byram Township has reduced this cost significantly.
- Participation in joint transportation agreements continues to lower the cost of special education transportation and private school transportation.

Due to the constraints placed upon the District by legislation, it is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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

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

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$ 10,879,674	10,235,879	\$ 8,799,768	\$ 8,283,952
Pupil & Instruction Services	3,969,669	3,516,073	3,734,028	3,305,488
Administration and Business	2,239,119	1,929,678	2,120,953	1,824,076
Maintenance & Operations	1,539,453	1,500,744	1,502,290	1,467,532
Transportation	1,021,008	880,591	929,888	799,701
Total	<u>\$ 19,648,923</u>	<u>\$ 18,062,965</u>	<u>\$ 17,086,927</u>	<u>\$ 15,680,749</u>

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$19,648,923.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District's costs, however, were financed by District taxpayers.
- A portion of governmental activities were financed with \$4,669,848 in State Aid based on the SFRA formula.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activities decreased \$6,022. (Refer to Figure A-4). Factors contributing to these results included:

- The food services decrease is a result of increasing staff salary expenses and costs of goods sold combined with a decline in sales.

Financial Analysis of the District's Funds

The District's financial position remains very positive despite changes in the student population and difficult economic times. Expenditures during the recent year increased slightly.

Difficult economic times have had a direct impact upon the District's revenue sources. The District has had a multi-year practice of utilizing funds from the unassigned fund balance to reduce the tax levy. Ratables in the three municipalities of the Regional District show little growth; thus generating concern for the local tax levy in the future.

All of these factors are likely to continue for the next several years. To continue to maintain a stable financial position, the District must continue to practice sound fiscal management. Due to sizeable balances in the past year's budget expenditures, the District has been able to allocate fund balance to reduce the local tax levy.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Capital Asset and Long Term Liabilities

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017	2016	2017	2016	2017	2016	
Land	\$ 98,915	\$ 98,915			\$ 98,915	\$ 98,915	0.00%
Construction in Progress		648,459				648,459	-100.00%
Site Improvements	10,782	12,440			10,782	12,440	-13.33%
Buildings & Bldg. Imps.	4,037,914	2,847,793			4,037,914	2,847,793	41.79%
Machinery, Furniture and Equipment	856,510	784,710	\$ 14,059	\$ 15,791	870,569	800,501	8.75%
Total	\$5,004,121	\$4,392,317	\$ 14,059	\$ 15,791	\$5,018,180	\$4,408,108	13.84%

Long-Term Liabilities

(More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percent Change
	2017	2016	
Compensated Absences Payable	\$ 408,123	\$ 411,273	-0.77%
Net Pension Liability	4,658,406	3,488,828	33.52%
Capital Leases Payable	72,484	77,435	-6.39%
Total	\$ 5,139,013	\$ 3,977,536	29.20%

- Compensated absences payable decreased by \$3,150.
- Net pension liability increased by \$1,169,578.
- Capital leases payable decreased by a net amount of \$4,951.

**LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Factors Bearing on the District's Future

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

- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid and the possible elimination of the school choice program.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert G. Klinck, Assistant Superintendent for Business, Lenape Valley Regional High School District, P.O. Box 578, Stanhope, New Jersey 07874.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,282,776	\$ 30,869	\$ 1,313,645
Receivable from State Government	99,772		99,772
Receivable from Federal Government		1,097	1,097
Receivable from Local Government	84,428	26	84,454
Internal Balances	1,123	(1,123)	
Inventories		3,224	3,224
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	271,283		271,283
Capital Assets:			
Site (Land)	98,915		98,915
Depreciable Site Improvements, Building and Building Improvements and Furniture, Machinery and Equipment	4,905,206	14,059	4,919,265
Total Assets	<u>6,743,503</u>	<u>48,152</u>	<u>6,791,655</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	964,973		964,973
Difference between Expected and Actual Experience - Pensions	86,632		86,632
Changes in Proportion - Pensions	87,540		87,540
Net Difference between Projected and Actual Interest Earnings - Pensions	177,629		177,629
District Contribution Subsequent to Measurement Date	154,761		154,761
Total Deferred Outflows of Resources	<u>1,471,535</u>		<u>1,471,535</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	154,761	2,469	157,230
Unearned Revenue		1,429	1,429
Noncurrent Liabilities:			
Due Within One Year	35,170		35,170
Due Beyond One Year	5,103,843		5,103,843
Total Liabilities	<u>5,293,774</u>	<u>3,898</u>	<u>5,297,672</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	74,043		74,043
Total Deferred Inflows of Resources	<u>74,043</u>		<u>74,043</u>
NET POSITION			
Net Investment in Capital Assets	4,931,637	14,059	4,945,696
Restricted for:			
Capital Projects	271,283		271,283
Excess Surplus	1,401,727		1,401,727
Unrestricted/(Deficit)	(3,757,426)	30,195	(3,727,231)
Total Net Position	<u>\$ 2,847,221</u>	<u>\$ 44,254</u>	<u>\$ 2,891,475</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 8,223,052	\$ 48,180	\$ 1,059,847		\$ (7,115,025)		\$ (7,115,025)
Special Education	1,416,490		847,535		(568,955)		(568,955)
Other Instruction	78,675				(78,675)		(78,675)
School Sponsored Instruction	1,161,457		124,344		(1,037,113)		(1,037,113)
Support Services:							
Tuition	1,123,175				(1,123,175)		(1,123,175)
Student & Instruction Related Services	2,846,494		235,641		(2,610,853)		(2,610,853)
General Administration Services	546,225		42,240		(503,985)		(503,985)
School Administration Services	793,596		72,997		(720,599)		(720,599)
Central Services	759,214				(759,214)		(759,214)
Administration Information Technology	140,084		2,929		(137,155)		(137,155)
Plant Operations and Maintenance	1,539,453		37,163		(1,502,290)		(1,502,290)
Pupil Transportation	1,021,008		91,120		(929,888)		(929,888)
Total Governmental Activities	19,648,923	48,180	2,513,816	\$ -0-	(17,086,927)	\$ -0-	(17,086,927)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities: Food Service	\$ 200,629	\$ 148,583	\$ 45,936	\$ (6,110)	\$ (6,110)	\$ (6,110)
Total Primary Government	\$ 19,849,552	\$ 196,763	\$ 2,559,752	\$ (17,086,927)	\$ (6,110)	\$ (17,093,037)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				10,279,958		10,279,958
Federal and State Aid not Restricted				7,144,624		7,144,624
Investment Earnings				5,157	88	5,245
Miscellaneous Income				3,929		3,929
Total General Revenue				17,433,668	88	17,433,756
Change in Net Position				346,741	(6,022)	340,719
Net Position - Beginning				2,500,480	50,276	2,550,756
Net Position - Ending				\$ 2,847,221	\$ 44,254	\$ 2,891,475

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

FUND FINANCIAL STATEMENTS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,282,776		\$ 1,282,776
Interfunds Receivable	1,123		1,123
Receivable from State Government	99,772		99,772
Receivable from Local Government	84,428		84,428
Restricted Cash and Cash Equivalents	271,283		271,283
Total Assets	<u>\$ 1,739,382</u>	<u>\$ -0-</u>	<u>\$ 1,739,382</u>
FUND BALANCES:			
Fund Balances:			
Restricted:			
Excess Surplus	\$ 623,129		\$ 623,129
Excess Surplus - Designated for Subsequent Year's Expenditures	778,598		778,598
Capital Reserve Account	271,283		271,283
Assigned:			
Designated for Subsequent Year's Expenditures	66,372		66,372
Total Fund Balances	<u>1,739,382</u>	<u>-0-</u>	<u>1,739,382</u>
Total Fund Balances	<u>\$ 1,739,382</u>	<u>\$ -0-</u>	<u>\$ 1,739,382</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 \$13,193,033 and the accumulated depreciation is \$8,188,912.	5,004,121
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(4,658,406)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows:	
Changes in Assumptions - Pensions	964,973
Difference between Expected and Actual Experience - Pensions	86,632
Changes in Proportions - Pensions	87,540
Net Difference between Projected and Actual Interest Earnings- Pensions	177,629
Deferred Inflows	
Changes in Proportions - Pensions	(74,043)
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(480,607)</u>
Net Position of Governmental Activities	<u>\$ 2,847,221</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax Levy	\$ 10,279,958		\$ 10,279,958
Tuition from Other LEA's Within the State	48,180		48,180
Interest Earned on Capital Reserve Funds	542		542
Miscellaneous	8,544		8,544
Total - Local Sources	10,337,224		10,337,224
State Sources	6,516,128		6,516,128
Federal Sources		\$ 205,084	\$ 205,084
Total Revenue	16,853,352	205,084	17,058,436
EXPENDITURES:			
Current:			
Regular Instruction	4,290,497	45,644	4,336,141
Special Education Instruction	603,297	159,440	762,737
Other Instruction	78,675		78,675
School Sponsored Instruction	675,145		675,145
Support Services and Undistributed Costs:			
Tuition	1,123,175		1,123,175
Student & Instruction Related Services	1,735,429		1,735,429
General Administration Services	335,394		335,394
School Administration Services	405,750		405,750
Central Services	393,190		393,190
Administrative Information Technology	125,167		125,167
Plant Operations and Maintenance	1,250,991		1,250,991
Pupil Transportation	896,039		896,039
Unallocated Benefits	3,932,919		3,932,919

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
EXPENDITURES (Cont'd):			
Capital Outlay	\$ 1,005,972		\$ 1,005,972
Total Expenditures	<u>16,851,640</u>	<u>\$ 205,084</u>	<u>17,056,724</u>
Excess of Revenue over Expenditures	<u>1,712</u>		<u>1,712</u>
OTHER FINANCING SOURCES:			
Capital Leases (Non-Budgeted)	30,634		30,634
Total Other Financing Sources	<u>30,634</u>		<u>30,634</u>
Net Change in Fund Balances	32,346		32,346
Fund Balance—July 1	<u>1,707,036</u>		<u>1,707,036</u>
Fund Balance—June 30	<u>\$ 1,739,382</u>	<u>\$ -0-</u>	<u>\$ 1,739,382</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 32,346

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (383,872)	
	Capital Outlays	995,676	
		611,804	

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

Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 3,150

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (30,634)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds. 35,585

Change in Net Pension Liability	(1,169,578)	
Deferred Outflows:		
Changes in Assumptions	590,301	
Difference Between Expected and Actual Experience - Pensions	3,401	
Changes in Proportion	15,119	
Net Difference Between Projected and Actual Investment Earnings - Pensions	233,723	
Deferred Inflows:		
Changes in Proportion	21,524	
Change in Net Position of Governmental Activities (A-2)	\$ 346,741	

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 30,869
Intergovernmental Accounts Receivable:	
State	26
Federal	1,097
Inventories	3,224
	35,216
Total Current Assets	35,216
Non-Current Assets:	
Capital Assets:	
Depreciable Furniture, Machinery and Equipment	68,295
Less: Accumulated Depreciation	(54,236)
	14,059
Total Non-Current Assets	14,059
Total Assets	49,275
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	2,469
Unearned Revenue	1,429
Interfund Payable - General Fund	1,123
	5,021
Total Liabilities	5,021
<u>NET POSITION:</u>	
Investment in Capital Assets	14,059
Unrestricted	30,195
	44,254
Total Net Position	\$ 44,254

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 85,344
Daily Sales - Non-Reimbursable Programs	55,596
Miscellaneous	7,643
	<hr/>
Total Operating Revenue	148,583
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	51,462
Cost of Sales - Nonreimbursable Programs	40,418
Salaries, Benefits & Payroll Taxes	76,653
Supplies, Insurance & Other Costs	10,537
Management Fee	9,270
Miscellaneous Expense	10,557
Depreciation Expense	1,732
	<hr/>
Total Operating Expenses	200,629
	<hr/>
Operating Loss	(52,046)
Non-Operating Income:	
Interest Income	88
State Sources:	
State School Lunch Program	1,090
Federal Sources:	
National School Lunch Program	31,396
School Breakfast Program	4,057
Food Distribution Program	9,393
	<hr/>
Total Non-Operating Income	46,024
	<hr/>
Change in Net Position	(6,022)
Net Position - Beginning of Year	50,276
	<hr/>
Net Position - End of Year	\$ 44,254
	<hr/> <hr/>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 148,583
Payments to Food Service Vendor	(176,230)
Payments for Miscellaneous Expenses	(10,557)
Net Cash Used for Operating Activities	<u>(38,204)</u>
Cash Flows from Investing Activities:	
Interest Income	88
Net Cash Provided by Investing Activities	<u>88</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interfund Advanced - General Fund	395
School Breakfast and National Lunch Program Reimbursements	35,066
State School Program Reimbursements	1,083
Net Cash Provided by Noncapital Financing Activities	<u>36,544</u>
Net Decrease in Cash and Cash Equivalents	(1,572)
Cash and Cash Equivalents, July 1	<u>32,441</u>
Cash and Cash Equivalents, June 30	<u>\$ 30,869</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (52,046)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,732
Food Distribution Program	9,393
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,181)
Increase in Deferred Revenue	1,429
Increase in Accounts Payable	2,469
Net Cash Used for Operating Activities	<u>\$ (38,204)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$10,822 and \$9,393, respectively, for the fiscal year ended June 30, 2017.

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 204,484	\$ 3,742	\$ 51,766
Interfund Receivable		14,246	
Total Assets	<u>204,484</u>	<u>17,988</u>	<u>51,766</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	82,642		
Due to Student Groups	107,596		
Interfund Payable	14,246		
Total Liabilities	<u>204,484</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims		17,988	
Scholarships			51,766
Total Net Position	<u>\$ -0-</u>	<u>\$ 17,988</u>	<u>\$ 51,766</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 12,422	
Other		\$ 3,165
Total Contributions	<u>12,422</u>	<u>3,165</u>
Investment Earnings:		
Interest	<u>17</u>	<u>82</u>
Net Investment Earnings	<u>17</u>	<u>82</u>
Total Additions	<u>12,439</u>	<u>3,247</u>
DEDUCTIONS:		
Unemployment Compensation Claims	9,763	
Scholarship Payments		6,400
Total Deductions	<u>9,763</u>	<u>6,400</u>
Change in Net Position	2,676	(3,153)
Net Position - Beginning of the Year	<u>15,312</u>	<u>54,919</u>
Net Position - End of the Year	<u>\$ 17,988</u>	<u>\$ 51,766</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 16,855,669	\$ 205,084
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	470,326	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(472,643)</u>	
Total Revenues as reported on the Statement of Revenues,		
Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 16,853,352</u>	<u>\$ 205,084</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,851,640	\$ 205,084
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$ 16,851,640	\$ 205,084

E. Cash and Cash Equivalents, and Investments:

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

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

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

F. Interfund Transactions:

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets: (Cont'd)

	Estimated Useful Life
Buildings	50 Years
Buildings and Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

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

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,739,382 General Fund balance at June 30, 2017, \$271,283 is restricted in the capital reserve account; \$1,401,727 is restricted as excess surplus (\$778,598 from the prior year and \$623,129 from the current year which must be included as anticipated revenue for the fiscal years ending June 30, 2018 and June 30, 2019, respectively) in accordance with N.J.S.A. 18A:7F-7 as amended; and \$66,372 is assigned fund balance which has been included as anticipated revenue for the fiscal year ending June 30, 2017. The assigned fund balance is \$91,803 less than the assigned fund balance on the budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017, on a GAAP basis. Additionally, there is \$380,840 of unassigned fund balance which is not reported on a GAAP basis due to the final two state aid payments not being recognized until the next fiscal year.

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

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$472,643 (\$380,840 in unassigned fund balance and \$91,803 in fund balance assigned for subsequent year's expenditures), as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the related state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Q. Net Position: (Cont'd)

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

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

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

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

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

R. Deficit Net Position:

There is a deficit in unrestricted governmental activities net position in the amount of \$3,757,426. The deficit is due to compensated absences payable of \$408,123, net pension liability of \$4,658,406, and proportion in pensions of \$74,043, offset by \$66,372 of assigned General Fund fund balance, net investment between projected and actual interest earnings for pensions of \$177,629, a \$86,632 difference between expected and actual experience in pensions, a \$87,540 in pension proportions and by \$964,973 in pension assumption.

This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus and a capital reserve account.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District did not have any committed resources at June 30, 2017.

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

T. Revenue - Exchange and Non-exchange Transactions:

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Reserve	Total
Checking Accounts	\$ 1,573,637	\$ 271,283	\$ 1,844,920
	<u>\$ 1,573,637</u>	<u>\$ 271,283</u>	<u>\$ 1,844,920</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,844,920 and the bank balance was \$2,165,288.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 98,915			\$ 98,915
Construction in Progress	648,459		\$ (648,459)	
Total Capital Assets not being Depreciated	<u>747,374</u>		<u>(648,459)</u>	<u>98,915</u>
Capital Assets being Depreciated:				
Site Improvements	82,940			82,940
Buildings and Building Improvements	8,690,644	\$ 809,796	648,459	10,148,899
Machinery and Equipment	2,676,399	185,880		2,862,279
Total Capital Assets being Depreciated	<u>11,449,983</u>	<u>995,676</u>	<u>648,459</u>	<u>13,094,118</u>
Governmental Activities Capital Assets	<u>12,197,357</u>	<u>995,676</u>		<u>13,193,033</u>
Less Accumulated Depreciation for:				
Site Improvements	(70,500)	(1,658)		(72,158)
Buildings and Building Improvements	(5,842,851)	(268,134)		(6,110,985)
Machinery and Equipment	(1,891,689)	(114,080)		(2,005,769)
Total Accumulated Depreciation	<u>(7,805,040)</u>	<u>(383,872)</u>		<u>(8,188,912)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,392,317</u>	<u>\$ 611,804</u>	<u>\$ - 0 -</u>	<u>\$ 5,004,121</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 68,295			\$ 68,295
Less Accumulated Depreciation	(52,504)	\$ (1,732)		(54,236)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,791</u>	<u>\$ (1,732)</u>	<u>\$ - 0 -</u>	<u>\$ 14,059</u>
Total Governmental and Business-Type Activities	<u>\$ 4,408,108</u>	<u>\$ 610,072</u>	<u>\$ - 0 -</u>	<u>\$ 5,018,180</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 138,255
Special Education Instruction	19,440
Other Instruction	24,291
Student and Instruction Related Services	92,115
General Administrative Services	10,808
School Administrative Services	13,075
Central Services	12,670
Administrative Information Technology	4,033
Plant Operations and Maintenance	40,311
Pupil Transportation	28,874
	<hr/>
Total Depreciation	<u>\$ 383,872</u>

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred \$27,533 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Lenape Valley Regional High School District by inclusion of \$5,000 on August 13, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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 fiscal year ending June 30, 2017 is as follows:

Beginning Balance at July 1, 2016	\$ 270,741
Interest Earnings	<u>542</u>
Ending Balance at June 30, 2017	<u>\$ 271,283</u>

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. OPERATING LEASES

The District has commitments to lease copying equipment, postage equipment and computers under operating leases which expire in 2020. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 24,791
2019	6,113
2020	6,410
Total	<u>\$ 37,314</u>

NOTE 8. LONG-TERM LIABILITIES

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

	<u>Balance 6/30/2016</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance 6/30/2017</u>
Capital Lease Payable	\$ 77,435	\$ 30,634	\$ 35,585	\$ 72,484
Net Pension Liability	3,488,828	1,169,578		4,658,406
Compensated Absences Payable	411,273	19,200	22,350	408,123
	<u>\$ 3,977,536</u>	<u>\$ 1,219,412</u>	<u>\$ 57,935</u>	<u>\$ 5,139,013</u>

A. Bonds Payable:

The District had no bonds outstanding as of June 30, 2017.

B. Bonds Authorized But Not Issued:

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

C. Capital Leases Payable:

The District is leasing buses and technology equipment totaling \$77,215 under capital leases. All capital leases are for terms of five years. The District has entered into capital leases totaling \$224,246 of which \$152,762 has been liquidated as of June 30, 2017. The General Fund will be used to liquidate capital leases payable. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2017:

Year Ending June 30,	Amount
2018	\$ 37,594
2019	26,175
2020	6,723
2021	6,723
	77,215
Less: Amount representing interest	(4,731)
Present Value of Net Minimum Lease Payments	\$ 72,484

The current portion is \$35,170 and the long-term portion is \$37,314.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$-0- and the long-term portion is \$408,123.

The District had no liability at June 30, 2017 for compensated absences associated with its Food Service Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$4,658,406. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$140,624 for fiscal year 2017.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

At June 30, 2017, the District reported a liability of \$4,658,406 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0157%, which was an increase of 0.0002% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$445,234. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 58,558	
	2015	5.72	239,277	
	2016	5.57	667,138	
			<u>964,973</u>	
Difference Between Expected and Actual Experience	2015	5.72	66,386	
	2016	5.57	20,246	
			<u>86,632</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(87,749)	
	2015	5.00	56,141	
	2016	5.00	209,237	
			<u>177,629</u>	
Changes in Proportion	2014	6.44		\$ 74,043
	2015	5.72	57,078	
	2016	5.57	30,462	
			<u>87,540</u>	<u>74,043</u>
District Contribution Subsequent to Measurement Date	2016	1.00	154,761	
			<u>\$ 1,471,535</u>	<u>\$ 74,043</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 276,751
2018	276,751
2019	320,625
2020	269,372
2021	85,735
	\$ 1,229,234

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

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

Discount Rate

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 5,708,332	\$ 4,658,406	\$ 3,791,600

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Contributions

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$646,977 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,584,206.

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$47,702,842. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.061%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>47,702,842</u>
Total	\$	<u><u>47,702,842</u></u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$3,584,206 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the table on the following page.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	5.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	8.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 53,796,570	\$ 47,702,842	\$ 37,902,433

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$3,977 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$7,290 for the fiscal year ended June 30, 2017.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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, c62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

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

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were \$558,612, \$578,100, and \$538,179, for 2017, 2016, and 2015, respectively.

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, Liability and Health Benefits

The District maintains commercial insurance coverage for student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

The Board is a member of the School Alliance Insurance Fund ("SAIF). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SAIF is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF's liabilities.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The financial information for the fiscal year ending June 30, 2017 was not available as of the date of the audit. Selected financial information for the SAIF as of June 30, 2016 is as follows:

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

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District's contributions, employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

Fiscal Year	Contributions and Interest	Amount Reimbursed	Ending Balance
2016-2017	\$ 12,439	\$ 9,763	\$ 17,988
2015-2016	31,011	24,948	15,312
2014-2015	20,011	23,143	9,249

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivable and payable at June 30, 2017.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,123	
Enterprise Fund		\$ 1,123
Fiduciary Funds:		
Unemployment Compensation Trust	14,246	
Payroll Agency		14,246
	\$ 15,369	\$ 15,369

The interfund receivable in the Unemployment Compensation Trust Fund represents employee unemployment contributions not remitted to the trust fund. The interfund receivable in the General Fund and the interfund payable in the Food Service Fund represent a prepayment of lunch reimbursements receivable.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

- Equitable Life Assurance
- Metropolitan Life Insurance Company
- Lincoln Investment
- Variable Annuity Life Insurance Company (V.A.L.I.C.)

NOTE 15. TAX CALENDAR

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

Taxes are collected by the constituent municipalities and are remitted to the regional school district on predetermined, agreed-upon schedules.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

The District did not have any encumbrances at June 30, 2017.

NOTE 17. ACCOUNTS PAYABLE

	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
Due to State of New Jersey Vendors	\$ 154,760	\$ 154,760	\$ 3,898
	<u>\$ 154,760</u>	<u>\$ 154,760</u>	<u>\$ 3,898</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0150859020%	0.0155418236%	0.0157287536%
District's proportionate share of the Net Pension Liability	\$ 2,824,493	\$ 3,488,828	\$ 4,658,406
District's covered employee payroll	\$ 1,057,741	\$ 1,052,588	\$ 968,707
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	268.34%	331.45%	480.89%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	52.08%	52.08%

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 124,366	\$ 133,618	\$ 140,624
Contributions in relation to the contractually Required Contribution	<u>(124,366)</u>	<u>(133,618)</u>	<u>(140,624)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,062,423	\$ 1,057,741	\$ 1,052,588
Contributions as a percentage of covered employee payroll	11.71%	12.63%	13.36%

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0675761920%	0.0627055215%	0.0606394365%
State's proportionate share of the net pension liability attributable to the District	\$ 36,117,275	\$ 39,632,567	\$ 39,632,530
District's covered employee payroll	\$ 6,172,786	\$ 5,962,659	\$ 6,080,949
State's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	585.10%	664.68%	651.75%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTION'S
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contributions	\$ 1,943,449	\$ 2,419,925	\$ 3,584,206
Contributions in relation to the contractually required contribution	<u>(339,009)</u>	<u>(336,996)</u>	<u>(646,977)</u>
Contribution deficiency/(excess)	<u>\$ 1,604,440</u>	<u>\$ 2,082,929</u>	<u>\$ 2,937,229</u>
District's covered employee payroll	\$ 6,172,786	\$ 5,962,659	\$ 6,080,949
Contributions as a percentage of covered employee payroll	25.99%	34.93%	48.30%

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

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

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

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

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

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

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Changes of Assumptions (Cont'd)

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

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

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

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

BUDGETARY COMPARISON SCHEDULES

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,279,958		\$ 10,279,958	\$ 10,279,958	
Tuition from Other LEAs Within the State				48,180	\$ 48,180
Interest Earned on Capital Reserve Funds	1,000		1,000	542	(458)
Unrestricted Miscellaneous Revenues	30,000		30,000	8,544	(21,456)
Total - Local Sources	10,310,958		10,310,958	10,337,224	26,266
State Sources:					
Categorical Special Education Aid	464,408		464,408	464,408	
Equalization Aid	3,509,370		3,509,370	3,509,370	
Categorical Security Aid	20,481		20,481	20,481	
Adjustment Aid	19,496		19,496	19,496	
Categorical Transportation Aid	88,936		88,936	88,936	
School Choice Aid	633,620		633,620	633,620	
Per Pupil Growth Aid	8,230		8,230	8,230	
PARCC Readiness Aid	8,230		8,230	8,230	
Professional Learning Community Aid	8,330		8,330	8,330	
Extraordinary Aid				74,700	74,700
Additional Non-public Transportation Aid				3,306	3,306
On-behalf NCGI Premium (non-budgeted)				23,441	23,441
On-behalf TPAF Pension Contributions (non-budgeted)				646,977	646,977
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				558,612	558,612
On-behalf TPAF Non Contributory Insurance (non-budgeted)				1,720	1,720
Reimbursed TPAF Social Security Contributions (non-budgeted)				448,588	448,588
Total State Sources	4,761,101		4,761,101	6,518,445	1,757,344
TOTAL REVENUES	15,072,059		15,072,059	16,855,669	1,783,610

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Undistributed Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 4,140,899	\$ (133,331)	\$ 4,007,568	\$ 3,907,898	\$ 99,670
Regular Programs - Home Instruction:					
Salaries of Teachers	45,000		45,000	23,995	21,005
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	30,000		30,000	29,396	604
Purchased Technical Services	500	500	1,000	1,000	
Other Purchased Services (400-500 Series)	134,200	(31,960)	102,240	90,848	11,392
Communications/Telephone		32,000	32,000	32,000	
General Supplies	186,900	387	187,287	167,636	19,651
Textbooks	50,600	(13,484)	37,116	36,467	649
Other Objects	1,000	550	1,550	1,257	293
Total Regular Programs - Instruction	4,589,099	(145,338)	4,443,761	4,290,497	153,264
Special Education - Instruction:					
Cognitive - Mild:					
Salaries of Teachers	70,167		70,167	70,167	
Other Salaries for Instruction	27,619		27,619	25,619	2,000
General Supplies	1,200	100	1,300	1,080	220
Textbooks	1,000	(100)	900	517	383
Total Cognitive - Mild	99,986		99,986	97,383	2,603
Behavioral Disabilities:					
Salaries of Teachers	71,000	6,010	77,010	77,000	10
Other Salaries for Instruction	34,815		34,815	34,815	
General Supplies	600	260	860	785	75
Total Behavioral Disabilities	106,415	6,270	112,685	112,600	85

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 378,768	\$ 14,345	\$ 393,113	\$ 393,113	
General Supplies	1,000	(260)	740	201	\$ 539
Total Resource Room/Resource Center	<u>379,768</u>	<u>14,085</u>	<u>393,853</u>	<u>393,314</u>	<u>539</u>
Total Special Education Instruction	<u>586,169</u>	<u>20,355</u>	<u>606,524</u>	<u>603,297</u>	<u>3,227</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	65,558	135	65,693	65,693	
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	<u>66,058</u>	<u>135</u>	<u>66,193</u>	<u>65,693</u>	<u>500</u>
Bilingual Education - Instruction:					
Salaries of Teachers	7,413		7,413	7,413	
General Supplies	200		200	69	131
Total Bilingual Education - Instruction	<u>7,613</u>		<u>7,613</u>	<u>7,482</u>	<u>131</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	133,341	436	133,777	133,777	
Purchased Services (300-500 Series)	29,000	4,721	33,721	30,831	2,890
Supplies and Materials	8,000	750	8,750	8,742	8
Other Objects	7,000	(4,471)	2,529	2,529	
Total School-Sponsored Cocurricular Activities - Instruction	<u>177,341</u>	<u>1,436</u>	<u>178,777</u>	<u>175,879</u>	<u>2,898</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 364,111	\$ (436)	\$ 363,675	\$ 351,861	\$ 11,814
Purchased Services (300-500 Series)	35,000		35,000	31,210	3,790
Supplies and Materials	65,900		65,900	62,425	3,475
Other Objects	6,100		6,100	5,770	330
Transfer to Cover Deficit (Agency Funds)	48,000		48,000	48,000	
Total School-Sponsored Athletics - Instruction	519,111	(436)	518,675	499,266	19,410
Other Instructional Programs - Instruction:					
Salaries	5,500		5,500	5,500	
Total Other Instructional Programs - Instruction	5,500		5,500	5,500	
Total Instruction	5,950,891	(123,848)	5,827,043	5,647,614	179,429
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within State - Special	144,100	49,095	193,195	189,164	4,031
Tuition to County Vocational School District - Regular	202,581	5	202,586	202,583	3
Tuition to County Vocational School District - Special	23,562	(5)	23,557	18,389	5,168
Tuition to Private Schools for the Handicapped - Within State	820,029	(112,540)	707,489	680,733	26,756
Tuition to State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction:	1,222,578	(63,445)	1,159,133	1,123,175	35,958
Attendance and Social Work:					
Salaries	50,600	24,623	75,223	75,223	
Total Attendance and Social Work	50,600	24,623	75,223	75,223	

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 104,100		\$ 104,100	\$ 101,100	\$ 3,000
Purchased Professional and Technical Services	5,100	\$ (1,150)	3,950	3,367	583
Other Purchased Services (400-500 Series)	100		100	98	2
Supplies and Materials	2,900	(1,850)	1,050	842	208
Total Health Services	112,200	(3,000)	109,200	105,407	3,793
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	28,000	(28,000)			
Purchased Professional - Educational Services	94,200	69,900	164,100	159,689	4,411
Supplies and Materials	600		600	155	445
Total Other Support Services - Speech, OT, PT and Related Services	122,800	41,900	164,700	159,844	4,856
Other Support Services - Students - Extraordinary Services:					
Salaries	179,564	19,900	199,464	170,535	28,929
Total Other Support Services - Students - Extraordinary Services	179,564	19,900	199,464	170,535	28,929
Other Support Services - Guidance:					
Salaries of Other Professional Staff	398,270		398,270	394,720	3,550
Salaries of Secretarial and Clerical Assistants	55,569		55,569	52,250	3,319
Other Purchased Professional and Technical Services	17,500	300	17,800	17,727	73
Other Purchased Services (400-500 Series)	10,500	(1,407)	9,093	6,959	2,134
Supplies and Materials	4,500		4,500	3,832	668
Other Objects	875		875	720	155
Total Other Support Services - Guidance	487,214	(1,107)	486,107	476,207	9,900

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	\$ 201,550	\$ 14,600	\$ 216,150	\$ 213,300	\$ 2,850
Salaries of Secretarial and Clerical Assistants	28,875	9,375	38,250	38,250	
Other Purchased Professional and Technical Services	30,500	(3,268)	27,232	25,302	1,931
Miscellaneous Purchased Services (400-500 series)	1,100	300	1,400	1,400	
Supplies and Materials	2,500	625	3,125	2,964	161
Total Other Support Services - Child Study Team	264,525	21,632	286,157	281,215	4,942
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	237,178		237,178	237,178	0
Salaries of Other Professional Staff	16,000	(50)	15,950	51,895	15,950
Salaries of Secretarial and Clerical Assistants	49,921	2,019	51,940	51,895	45
Salaries of Facilitators, Math & AMP; Literacy Coaches	34,800	50	34,850	34,850	
Other Objects	4,300		4,300	2,535	1,765
Total Improvement of Instructional Services	342,199	2,019	344,218	326,458	17,760
Educational Media Services/School Library:					
Salaries	90,900	(19,900)	71,000	71,000	
Supplies and Materials	77,700	(5,000)	72,700	64,640	8,060
Total Educational Media Services/School Library	168,600	(24,900)	143,700	135,640	8,060
Instructional Staff Training Services:					
Purchased Professional - Educational Services	5,000		5,000	4,900	100
Total Instructional Staff Training Services	5,000		5,000	4,900	100

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 224,811	\$ (11,394)	\$ 213,417	\$ 213,150	\$ 267
Legal Services	20,000	8,350	28,350	25,373	2,977
Audit Fees	16,150	50	16,200	16,200	
Purchased Technical Services	28,000	6,300	34,300	5,427	873
Communications/Telephone	4,000	3,500	7,500	26,297	5,203
BOE Other Purchased Services	33,600	(70)	33,530	3,258	672
Miscellaneous Purchased Services (400-500 Series)	2,400	(3,275)	(875)	29,207	1,118
General Supplies	9,600	1,250	10,850	3,336	314
BOE Membership Dues and Fees	338,561	8,280	346,841	335,394	11,447
Total Support Services - General Administration	248,618	248,618	57,531	67,320	1
Support Services - School Administration:	57,531	67,320	16,000	15,922	134
Salaries of Principals/Assistant Principals	67,320	16,000	83,320	40	78
Salaries of Other Professional Staff	16,400	(16,000)	400	14,700	360
Salaries of Secretarial and Clerical Assistants	15,000	5,000	20,000	5,300	5,300
Purchased Professional and Technical Services	1,800	1,800	3,600	1,754	46
Other Purchased Services (400-500 Series)	406,669	5,000	411,669	405,750	5,919
Supplies and Materials	315,600	315,600	315,600	315,529	71
Other Objects	14,000	14,000	14,000	42,191	3,309
Total Support Services - School Administration	13,000	(360)	12,640	12,324	316
Central Services:	16,000	1,060	17,060	17,058	2
Salaries	3,000	2,000	5,000	4,873	127
Purchased Professional Services	1,500	1,500	3,000	1,215	285
Purchased Technical Services	363,100	34,200	397,300	393,190	4,110
Miscellaneous Purchased Services (400-500 Series)					
Supplies and Materials					
Miscellaneous Expenditures					
Total Central Services					

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 127,610	\$ 3,419	\$ 131,029	\$ 125,167	\$ 5,862
Total Administrative Information Technology	<u>127,610</u>	<u>3,419</u>	<u>131,029</u>	<u>125,167</u>	<u>5,862</u>
Required Maintenance of School Facilities:					
Salaries	85,112	(10,190)	74,922	70,992	3,930
Cleaning, Repair and Maintenance Services	283,027	(44,951)	238,076	218,008	20,068
General Supplies	9,000	19,000	28,000	22,266	5,734
Total Required Maintenance of School Facilities	<u>377,139</u>	<u>(36,141)</u>	<u>340,998</u>	<u>311,266</u>	<u>29,732</u>
Custodial Services:					
Salaries	251,237	5,904	257,141	255,882	1,259
Purchased Professional and Technical Services	2,000	9,802	11,802	11,502	300
Cleaning, Repair and Maintenance Services	24,000	(4,640)	19,360	18,995	365
Other Purchased Property Services	18,000	(2,962)	15,038	12,877	2,161
Insurance	128,463	1,000	129,463	129,461	2
Miscellaneous Purchased Services	1,000		1,000	626	374
General Supplies	85,000		85,000	76,862	8,138
Energy (Electricity)	220,000	(20,000)	200,000	187,351	12,649
Energy (Oil)	160,000	(53,500)	106,500	76,977	29,523
Other Objects	500		500		500
Total Custodial Services	<u>890,200</u>	<u>(64,396)</u>	<u>825,804</u>	<u>770,533</u>	<u>55,271</u>
Care and Upkeep of Grounds:					
Salaries	108,935	6,586	115,521	108,860	6,661
Purchased Professional and Technical Services	6,000	300	6,300	6,269	31
Cleaning, Repair and Maintenance Services	30,000	(11,800)	18,200	15,699	2,501
General Supplies	27,000	12,500	39,500	38,364	1,136
Total Care and Upkeep of Grounds	<u>171,935</u>	<u>7,586</u>	<u>179,521</u>	<u>169,192</u>	<u>10,329</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salary for Pupil Transportation (Between Home & School) - Non-Public Schools	\$ 91,000	\$ (1,000)	\$ 90,000	\$ 85,131	\$ 4,869
Mechanics	16,000	3,000	3,000	1,400	1,600
Management Fee - ESC & CTSA Transportation Program	15,000	1,877	17,877	17,877	
Cleaning, Repair and Maintenance Services	79,160	(2,500)	12,500	4,973	7,527
Lease Purchase Payments - School Buses		2,874	82,034	82,033	1
Contracted Services:					
Between Home and School - Vendors	421,000	37,462	458,462	458,462	
Other than Between Home and School - Vendors	7,000	(5,751)	1,249		1,249
Special Education Students - Vendors	149,000	74,854	223,854	219,022	4,832
Aid in Lieu Payments - Nonpublic School	13,500	4,300	17,800	17,798	2
Miscellaneous Purchased Services - Transportation	1,500	500	2,000	1,813	187
General Supplies	28,000	(3,871)	24,129	7,530	16,598
Total Student Transportation Services	821,160	111,745	932,905	896,039	36,866
Unallocated Benefits:					
Social Security Contributions	165,000		165,000	161,272	3,728
Other Retirement Contribution - PERS	143,000		143,000	140,624	2,376
Other Retirement Contribution - Regular	4,300		4,300	4,300	
Unemployment Compensation	20,000		20,000		20,000
Workmen's Compensation	102,000		102,000	100,657	1,343
Health Benefits	1,685,615	25,966	1,711,581	1,711,218	363
Tuition Reimbursement	28,000	(3,192)	24,808	18,472	6,336
Other Employee Benefits	101,600	(13,774)	87,826	87,826	
Unused Sick Payment to Terminated/Retired Staff	30,000		30,000	29,212	788
Total Unallocated Benefits	2,279,515	9,000	2,288,515	2,253,581	34,934

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-behalf NCGI Premium (non-budgeted)				\$ 23,441	\$ (23,441)
On-behalf TPAF Pension Contributions (non-budgeted)				646,977	(646,977)
On-behalf TPAF Non Contributory Insurance (non-budgeted)				1,720	(1,720)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				558,612	(558,612)
Reimbursed TPAF Social Security Contributions (non-budgeted)				448,588	(448,588)
Total On-Behalf and Reimbursed Contributions				1,679,338	(1,679,338)
Total Undistributed Expenses	\$ 8,731,169	\$ 96,315	\$ 8,827,484	10,198,055	(1,370,571)
TOTAL GENERAL CURRENT EXPENSE	14,682,060	(27,533)	14,654,527	15,845,668	(1,191,141)
CAPITAL OUTLAY:					
Equipment:					
Special Ed. - Equipment - Athletics		10,112	10,112	10,103	9
Support Service - Health		2,750	2,750	2,750	
Administrative Information Technology	85,000	(12,279)	72,721	59,156	13,565
Care and Upkeep of Grounds		26,951	26,951	26,363	588
Total Equipment	85,000	27,533	112,533	98,372	14,161
Facilities Acquisition and Construction Services:					
Construction Services	985,000		985,000	811,277	173,723
Architectural/Engineering Services	70,000		70,000	63,350	6,650
Assessment for Debt Service on SDA Funding	2,339		2,339	2,339	
Total Facilities Acquisition and Construction Services	1,057,339		1,057,339	876,966	180,373
Assets Acquired Under Capital Leases (non-budgeted):					
Transportation - School Buses - Regular				30,634	(30,634)
Total Assets Acquired Under Capital Leases (non-budgeted)				30,634	(30,634)
TOTAL CAPITAL OUTLAY	1,142,339	27,533	1,169,872	1,005,972	163,900
TOTAL EXPENDITURES	15,824,399		15,824,399	16,851,640	(1,027,241)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (752,340)		\$ (752,340)	\$ 4,029	\$ 756,369
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				30,634	30,634
Total Other Financing Sources/(Uses)				30,634	30,634
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(752,340)		(752,340)	34,663	787,003
Fund Balance, July 1	2,177,362		2,177,362	2,177,362	
Fund Balance, June 30	<u>\$ 1,425,022</u>	<u>\$ -0-</u>	<u>\$ 1,425,022</u>	<u>\$ 2,212,025</u>	<u>\$ 787,003</u>

Recapitulation:

Restricted:	
Excess Surplus	\$ 623,129
Excess Surplus - Designated for Subsequent Year's Expenditures	778,598
Capital Reserve	271,283
Assigned:	
Designated for Subsequent Year's Expenditures	158,175
Unassigned Fund Balance	380,840
	<u>2,212,025</u>
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	(472,643)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,739,382</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 206,990		\$ 206,990	\$ 205,084	\$ (1,906)
Total Revenues	206,990		206,990	205,084	(1,906)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	153,355		153,355	153,355	
Total Instruction	153,355		153,355	153,355	
Support Services:					
Personal Services - Employee Benefits	42,280		42,280	42,280	
Other Purchased Services	11,355		11,355	9,449	1,906
Total Support Services	53,635		53,635	51,729	1,906
Total Expenditures	\$ 206,990	\$ -0-	\$ 206,990	\$ 205,084	\$ 1,906

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,855,669	\$ 205,084
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	470,326	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(472,643)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 16,853,352	\$ 205,084
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 16,851,640	\$ 205,084
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 16,851,640	\$ 205,084

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote by the Board of Education in March, 2016. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>No Child Left Behind</u>		<u>I.D.E.A.</u>	<u>Totals</u>
	<u>Title I</u>	<u>Title II, Part A</u>	<u>Part B, Basic</u>	<u>June 30, 2017</u>
REVENUE:				
Federal Sources	\$ 36,195	\$ 9,449	\$ 159,440	\$ 205,084
Total Revenue	<u>36,195</u>	<u>9,449</u>	<u>159,440</u>	<u>205,084</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	28,373		124,982	153,355
Total Instruction	<u>28,373</u>		<u>124,982</u>	<u>153,355</u>
Support Services:				
Personal Services - Employee Benefits	7,822		34,458	42,280
Other Purchased Services		9,449		9,449
Total Support Services	<u>7,822</u>	<u>9,449</u>	<u>34,458</u>	<u>51,729</u>
Total Expenditures	<u>\$ 36,195</u>	<u>\$ 9,449</u>	<u>\$ 159,440</u>	<u>\$ 205,084</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 30,869
Intergovernmental Accounts Receivable:	
State	26
Federal	1,097
Inventories	3,224
	<hr/>
Total Current Assets	35,216
	<hr/>

Non-Current Assets:

Capital Assets:

Depreciable Furniture, Machinery & Equipment	68,295
Less: Accumulated Depreciation	(54,236)
	<hr/>

Total Non-Current Assets	14,059
	<hr/>

Total Assets	49,275
	<hr/>

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	2,469
Unearned Revenue	1,429
Interfund Payable - General Fund	1,123
	<hr/>

Total Liabilities	5,021
	<hr/>

NET POSITION:

Investment in Capital Assets	14,059
Unrestricted	30,195
	<hr/>

Total Net Position	\$ 44,254
	<hr/> <hr/>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 85,344
Daily Sales - Non-Reimbursable Programs	55,596
Miscellaneous	7,643
	<hr/>
Total Operating Revenue	148,583
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	51,462
Cost of Sales - Non-Reimbursable Programs	40,418
Salaries, Benefits & Payroll Taxes	76,653
Supplies, Insurance & Other Costs	10,537
Management Fee	9,270
Miscellaneous Expense	10,557
Depreciation Expense	1,732
	<hr/>
Total Operating Expenses	200,629
	<hr/>
Operating Loss	(52,046)
Non-Operating Income:	
Interest Income	88
State Sources:	
State School Lunch Program	1,090
Federal Sources:	
National School Lunch Program	31,396
School Breakfast Program	4,057
Food Distribution Program	9,393
	<hr/>
Total Non-Operating Income	46,024
	<hr/>
Change in Net Position	(6,022)
Net Position - Beginning of Year	50,276
	<hr/>
Net Position - End of Year	\$ 44,254
	<hr/> <hr/>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 148,583
Payments to Food Service Vendor	(176,230)
Payments for Miscellaneous Expenses	(10,557)
Net Cash Used for Operating Activities	<u>(38,204)</u>
Cash Flows from Investing Activities:	
Interest Income	88
Net Cash Provided by Investing Activities	<u>88</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interfund Advanced - General Fund	396
School Breakfast and National Lunch Program Reimbursements	35,065
State School Program Reimbursements	1,083
Net Cash Provided by Noncapital Financing Activities	<u>36,544</u>
Net Decrease in Cash and Cash Equivalents	(1,572)
Cash and Cash Equivalents, July 1	<u>32,441</u>
Cash and Cash Equivalents, June 30	<u>\$ 30,869</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (52,046)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Depreciation	1,732
Food Distribution Program	9,393
Changes in Assets and Liabilities:	
(Increase) in Inventory	(1,181)
Increase in Unearned Revenue	1,429
Increase in Accounts Payable	2,469
Net Cash Used for Operating Activities	<u>\$ (38,204)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$10,822 and \$9,393, respectively, for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Agency		Total	Unemployment	Private	Totals
	Student	Payroll	Agency	Compensation	Scholarship	
	Activities			Trust	Trust	Totals
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 107,596	\$ 96,888	\$ 204,484	\$ 3,742	\$ 51,766	\$ 259,992
Interfund Receivable				14,246		14,246
Total Assets	107,596	96,888	204,484	17,988	51,766	274,238
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		82,642	82,642			82,642
Due to Student Groups	107,596		107,596			107,596
Interfund Payable		14,246	14,246			14,246
Total Liabilities	107,596	96,888	204,484			204,484
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				17,988		17,988
Scholarships					51,766	51,766
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 17,988	\$ 51,766	\$ 69,754

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 12,422	
Other		\$ 3,165
Total Contributions	<u>12,422</u>	<u>3,165</u>
Investment Earnings:		
Interest	<u>17</u>	<u>82</u>
Net Investment Earnings	<u>17</u>	<u>82</u>
Total Additions	<u>12,439</u>	<u>3,247</u>
DEDUCTIONS:		
Unemployment Compensation Claims	9,763	
Scholarship Payments		6,400
Total Deductions	<u>9,763</u>	<u>6,400</u>
Change in Net Position	2,676	(3,153)
Net Position - Beginning of the Year	<u>15,312</u>	<u>54,919</u>
Net Position - End of the Year	<u>\$ 17,988</u>	<u>\$ 51,766</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 109,007	\$ 292,851	\$ 294,262	\$ 107,596
Total Assets	<u>\$ 109,007</u>	<u>\$ 292,851</u>	<u>\$ 294,262</u>	<u>\$ 107,596</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 109,007	\$ 292,851	\$ 294,262	\$ 107,596
Total Liabilities	<u>\$ 109,007</u>	<u>\$ 292,851</u>	<u>\$ 294,262</u>	<u>\$ 107,596</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Senior High School:				
Lenape Valley Regional Activities	\$ 103,034	\$ 220,361	\$ 216,660	\$ 106,735
Lenape Valley Regional Athletics	<u>5,973</u>	<u>72,490</u>	<u>77,602</u>	<u>861</u>
Total All Schools	<u>\$ 109,007</u>	<u>\$ 292,851</u>	<u>\$ 294,262</u>	<u>\$ 107,596</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 7,553	\$ 14,866,510	\$ 14,777,175	\$ 96,888
Total Assets	<u>\$ 7,553</u>	<u>\$ 14,866,510</u>	<u>\$ 14,777,175</u>	<u>\$ 96,888</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 5,729	\$ 14,854,088	\$ 14,777,175	\$ 82,642
Interfund Payable - Unemployment Compensation Trust	<u>1,824</u>	<u>12,422</u>	<u> </u>	<u>14,246</u>
Total Liabilities	<u>\$ 7,553</u>	<u>\$ 14,866,510</u>	<u>\$ 14,777,175</u>	<u>\$ 96,888</u>

LONG-TERM DEBT

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance June 30, 2016	Issued	Matured	Balance June 30, 2017
Passenger Bus	2.65%	\$ 96,645	\$ 21,975		\$ 10,846	\$ 11,129
Passenger Bus	2.59%	96,967	55,460		18,016	37,444
Passenger Bus	4.88%	30,634		\$ 30,634	6,723	23,911
			<u>\$ 77,435</u>	<u>\$ 30,634</u>	<u>\$ 35,585</u>	<u>\$ 72,484</u>

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	June 30,			
	2008	2009	2010	2011
Governmental Activities:				
Net Investment in Capital Assets	\$ 2,443,990	\$ 2,335,034	\$ 1,606,896	\$ 1,328,713
Restricted	364,118	462,173	447,825	764,094
Unrestricted/(Deficit)	(270,292)	(468,343)	(344,079)	(223,188)
Total Governmental Activities Net Position	<u>\$ 2,537,816</u>	<u>\$ 2,328,864</u>	<u>\$ 1,710,642</u>	<u>\$ 1,869,619</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 7,936	\$ 10,091	\$ 8,965	\$ 7,894
Unrestricted	25,901	19,689	10,961	5,517
Total Business-Type Activities Net Position	<u>\$ 33,836</u>	<u>\$ 29,780</u>	<u>\$ 19,926</u>	<u>\$ 13,411</u>
District-Wide:				
Investment in Capital Assets	\$ 2,451,926	\$ 2,345,125	\$ 1,615,861	\$ 1,336,607
Restricted	364,118	462,173	447,825	764,094
Unrestricted/(Deficit)	(244,391)	(448,654)	(333,118)	(217,671)
Total District Net Position	<u>\$ 2,571,652</u>	<u>\$ 2,358,644</u>	<u>\$ 1,730,568</u>	<u>\$ 1,883,030</u>
				<u>\$ 2,002,829</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	June 30,				
	2013	2014	2015	2016	2017
Governmental Activities:					
Net Investment in Capital Assets	\$ 1,579,751	\$ 2,148,755	\$ 3,427,112	\$ 4,314,882	\$ 4,931,637
Restricted	1,215,441	2,025,335	1,901,747	1,655,810	1,673,010
Unrestricted/(Deficit)	(223,777)	(3,182,305)	(3,370,580)	(3,470,212)	(3,757,426)
Total Governmental Activities Net Position	<u>\$ 2,571,415</u>	<u>\$ 991,785</u>	<u>\$ 1,958,279</u>	<u>\$ 2,500,480</u>	<u>\$ 2,847,221</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 6,517	\$ 5,460	\$ 17,769	\$ 15,791	\$ 14,059
Unrestricted	3,456	22,607	33,618	34,485	30,195
Total Business-Type Activities Net Position	<u>\$ 9,973</u>	<u>\$ 28,067</u>	<u>\$ 51,387</u>	<u>\$ 50,276</u>	<u>\$ 44,254</u>
District-Wide:					
Net Investment in Capital Assets	\$ 1,586,268	\$ 2,154,215	\$ 3,444,881	\$ 4,330,673	\$ 4,945,696
Restricted	1,215,441	2,025,335	1,901,747	1,655,810	1,673,010
Unrestricted/(Deficit)	(220,321)	(3,159,698)	(3,336,962)	(3,435,727)	(3,727,231)
Total District Net Position	<u>\$ 2,581,388</u>	<u>\$ 1,019,852</u>	<u>\$ 2,009,666</u>	<u>\$ 2,550,756</u>	<u>\$ 2,891,475</u>

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 6,378,346	\$ 6,173,160	\$ 6,733,502	\$ 6,487,227	\$ 6,576,056
Special Education	543,798	773,623	965,455	844,954	892,891
Other Instruction	80,343	64,464	91,742	97,428	103,335
School Sponsored	743,434	746,566	657,550	656,597	780,555
Support Services:					
Tuition	831,619	646,558	619,516	665,130	916,865
Student & Instruction Related Services	2,144,795	2,129,257	2,183,873	1,798,734	1,934,543
General and Business Administrative Services	400,399	484,221	375,878	377,587	383,058
School Administrative Services	581,778	518,301	583,784	497,332	540,414
Central Services	568,505	448,007	378,104	400,098	403,585
Administrative Information Technology		96,376	99,483	108,597	113,249
Plant Operations and Maintenance	1,305,772	1,341,679	1,173,170	1,441,539	1,417,345
Pupil Transportation	706,234	639,467	664,866	648,247	766,468
Capital Outlay			(10,534)		
Total Governmental Activities Expenses	14,285,025	14,061,679	14,516,390	14,023,470	14,828,364
Business-Type Activities:					
Food Service	303,041	266,846	265,330	230,809	224,350
Total Business-type Activities Expense	303,041	266,846	265,330	230,809	224,350
Total District Expenses	\$ 14,588,066	\$ 14,328,525	\$ 14,781,720	\$ 14,254,279	\$ 15,052,714
Program Revenues					
Charges for Services - Tuition	\$ 2,099,165	\$ 1,792,009	\$ 2,019,810	\$ 1,469,318	\$ 1,988,142
Operating Grants and Contributions and Charges for Services					
Total Governmental Activities Program Revenues	2,099,165	1,792,009	2,019,810	1,469,318	1,988,142
Business-Type Activities:					
Charges for Services:					
Food Service	288,133	239,138	225,848	191,032	182,024
Operating Grants and Contributions	25,849	23,289	29,551	33,210	38,576
Total Business-type Activities Program Revenues	313,982	262,427	255,399	224,242	220,600

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Total District Program Revenues	\$ 2,413,147	\$ 2,054,436	\$ 2,275,209	\$ 1,693,560	\$ 2,208,742
Net (Expense)/Revenue	\$ (12,185,860)	\$ (12,269,670)	\$ (12,269,671)	\$ (12,554,152)	\$ (12,840,222)
Governmental Activities	10,941	(4,419)	(4,419)	(6,567)	(3,750)
Business-type Activities	\$ (12,174,919)	\$ (12,274,089)	\$ (12,274,090)	\$ (12,560,719)	\$ (12,843,972)
Total District-wide Net Expense					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 8,671,403	\$ 8,671,403	\$ 9,008,355	\$ 9,218,689	\$ 9,403,063
Federal and State Aid not Restricted	3,313,297	3,357,312	3,481,980	3,469,386	3,551,372
Investment Earnings	29,589	2,564	3,134	669	560
Miscellaneous Income	20,928	29,439	62,113	24,385	8,739
Other	(5,000)		(30,000)		
Adjustment to Capital Assets			(647,225)		
Total Governmental Activities	12,030,217	12,060,718	11,878,357	12,713,129	12,963,734
Business-Type Activities:					
Transfer In	5,000				
Investment Earnings	697	363	77	52	37
Special Item - Reappraisal of Capital Assets					
Total Business-Type Activities	5,697	363	77	52	37
Total District-Wide	\$ 12,035,914	\$ 12,061,081	\$ 11,878,434	\$ 12,713,181	\$ 12,963,771
Change in Net Position:					
Governmental Activities	\$ (155,643)	\$ (208,952)	\$ (208,953)	\$ 158,977	\$ 123,512
Business-type Activities	16,638	(4,056)	(4,056)	(6,515)	(3,713)
Total District	\$ (139,005)	\$ (213,008)	\$ (213,009)	\$ 152,462	\$ 119,799

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 6,616,121	\$ 6,364,383	\$ 7,303,831	\$ 7,898,802	\$ 8,223,052
Special Education	915,750	920,325	1,137,479	1,238,435	1,416,490
Other Instruction	75,631	76,425	75,022	77,462	78,675
School Sponsored	804,205	816,811	972,892	1,021,180	1,161,457
Support Services:					
Tuition	932,752	713,086	710,774	1,012,087	1,123,175
Student & Instruction Related Services	2,218,585	1,910,234	2,242,065	2,503,986	2,846,494
General and Business Administrative Services	342,376	408,332	427,695	563,419	546,225
School Administrative Services	524,301	626,763	749,867	605,788	793,596
Central Services	460,763	491,918	610,300	661,028	759,214
Administrative Information Technology	153,482	178,077	66,587	99,443	140,084
Plant Operations and Maintenance	1,570,504	1,379,793	1,890,693	1,500,744	1,539,453
Pupil Transportation	722,234	767,308	755,781	880,591	1,021,008
Capital Outlay		12,394			
Total Governmental Activities Expenses	15,336,704	14,665,849	16,942,986	18,062,965	19,648,923
Business-Type Activities:					
Food Service	202,811	203,048	220,248	215,798	200,629
Total Business-type Activities Expense	202,811	203,048	220,248	215,798	200,629
Total District Expenses	\$ 15,539,515	\$ 14,868,897	\$ 17,163,234	\$ 18,278,763	\$ 19,849,552
Program Revenues					
Charges for Services - Tuition	\$ 21,554	\$ 51,689	\$ 107,316	\$ 61,909	\$ 48,180
Operating Grants and Contributions and Charges for Services	2,214,468	2,018,267	2,118,337	2,320,307	2,513,816
Total Governmental Activities Program Revenues	2,236,022	2,069,956	2,225,653	2,382,216	2,561,996
Business-Type Activities:					
Charges for Services:					
Food Service	155,957	178,311	175,520	167,462	148,583
Operating Grants and Contributions	46,232	42,782	54,130	47,131	45,936
Total Business-type Activities Program Revenues	202,189	221,093	229,650	214,593	194,519

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Total District Program Revenues	\$ 2,438,211	\$ 2,291,049	\$ 2,455,303	\$ 2,596,809	\$ 2,756,515
Net (Expense)/Revenue					
Governmental Activities	\$ (13,100,682)	\$ (12,595,893)	\$ (14,717,333)	\$ (15,680,749)	\$ (17,086,927)
Business-type Activities	(622)	18,045	9,402	(1,205)	(6,110)
Total District-wide Net Expense	\$ (13,101,304)	\$ (12,577,848)	\$ (14,707,931)	\$ (15,681,954)	\$ (17,093,037)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 9,591,124	\$ 9,782,946	\$ 9,978,605	\$ 10,078,391	\$ 10,279,958
Federal and State Aid not Restricted	3,689,290	4,011,027	5,679,418	6,125,987	7,144,624
Investment Earnings	538	4,996	4,997	5,160	5,157
Miscellaneous Income	10,859	32,826	34,635	13,412	3,929
Other	356,281		(13,828)		
Adjustment to Capital Assets					
Total Governmental Activities	13,648,092	13,831,795	15,683,827	16,222,950	17,433,668
Business-Type Activities:					
Transfer In			13,828		
Investment Earnings	33	49	90	94	88
Special Item - Reappraisal of Capital Assets	864				
Total Business-Type Activities	897	49	13,918	94	88
Total District-Wide	\$ 13,648,989	\$ 13,831,844	\$ 15,697,745	\$ 16,223,044	\$ 17,433,756
Change in Net Position:					
Governmental Activities	\$ 547,410	\$ 1,235,902	\$ 966,494	\$ 542,201	\$ 346,741
Business-type Activities	275	18,094	23,320	(1,111)	(6,022)
Total District	\$ 547,685	\$ 1,253,996	\$ 989,814	\$ 541,090	\$ 340,719

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2008	2009	2010	2011	2012
General Fund:					
Reserved/Restricted	\$ 364,118	\$ 362,173	\$ 447,825	\$ 764,094	\$ 895,397
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures		100,000	4,509		
Undesignated/(Deficit)	40,253	(146,387)	(125,208)		
Unassigned/(Deficit)				(10,288)	(38,675)
Total General Fund	<u>\$ 404,371</u>	<u>\$ 315,786</u>	<u>\$ 327,126</u>	<u>\$ 753,806</u>	<u>\$ 856,722</u>
All Other Governmental Funds:					
Unreserved, Reported in:					
Capital Projects Fund					
Total All Other Governmental Funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
UNAUDITED

(modified accrual basis of accounting)

	June 30,				
	2013	2014	2015	2016	2017
General Fund:					
Reserved/Restricted	\$ 1,215,441	\$ 2,025,335	\$ 1,901,747	\$ 1,655,810	\$ 1,673,010
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures	124,726	165,323	49,799	51,226	66,372
Undesignated/(Deficit)					
Unassigned/(Deficit)					
Total General Fund	<u>\$ 1,340,167</u>	<u>\$ 2,190,658</u>	<u>\$ 1,951,546</u>	<u>\$ 1,707,036</u>	<u>\$ 1,739,382</u>
All Other Governmental Funds:					
Unreserved, Reported in:					
Capital Projects Fund					
Total All Other Governmental Funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues:					
Tax Levy	\$ 8,671,403	\$ 8,671,403	\$ 9,008,355	\$ 9,218,689	\$ 9,403,063
Tuition from Individuals				7,000	
Tuition from Other LEA's Within the State				38,268	35,241
Interest Earnings	29,589	10,904	3,134	669	560
Miscellaneous	20,928	21,099	62,113	24,385	8,739
State Sources	5,221,687	4,977,256	4,506,565	4,690,181	5,146,854
Federal Sources	190,775	172,066	995,225	203,255	357,419
Total Revenue	14,134,382	13,852,728	14,575,392	14,182,447	14,951,876
Expenditures					
Instruction:					
Regular Instruction	4,705,979	4,640,008	4,871,775	4,530,907	4,576,018
Special Education Instruction	401,940	579,709	776,679	657,462	671,183
Other Instruction	59,394	64,464	67,220	72,213	73,815
School Sponsored Instruction	580,624	613,299	568,384	495,799	572,714
Support Services:					
Tuition	831,619	646,558	619,516	665,130	916,865
Student & Instruction Related Services	1,638,005	1,727,939	1,917,134	1,512,958	1,616,875
General Administrative Services	333,550	334,679	331,906	321,804	329,127
School Administrative Services	437,205	452,678	466,826	385,876	407,458
Central Services and				342,385	334,466
Administrative Information Technology	432,994	428,521	405,863	88,619	90,314
Plant Operations and Maintenance	1,210,516	1,199,715	1,076,547	1,327,030	1,319,504
Student Transportation	674,726	671,899	703,561	686,447	819,134
Unallocated Benefits	2,881,261	2,554,312	2,694,129	2,622,807	3,078,575

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
Expenditures				2012
Capital Outlay	\$ 31,473	\$ 27,533	\$ 97,460	\$ 130,552
Total Expenditures	<u>14,219,285</u>	<u>13,941,314</u>	<u>14,597,000</u>	<u>13,839,989</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>(84,903)</u>	<u>(84,903)</u>	<u>(21,608)</u>	<u>342,458</u>
Other Financing Sources/(Uses):				
Capital Leases (Non-Budgeted)			62,948	84,222
Insurance Reimbursements for Losses due to Hurricane Sandy				
Transfers Out	<u>(5,000)</u>		<u>(30,000)</u>	
Total Other Financing Sources/(Uses)	<u>(5,000)</u>		<u>32,948</u>	<u>84,222</u>
Net Change in Fund Balances	<u>\$ (89,903)</u>	<u>\$ (84,903)</u>	<u>\$ 11,340</u>	<u>\$ 426,680</u>
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%
			<u>\$ 102,916</u>	<u>\$ 102,916</u>

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Revenues:					
Tax Levy	\$ 9,591,124	\$ 9,782,946	\$ 9,978,605	\$ 10,078,391	\$ 10,279,958
Tuition from Individuals	21,554	51,689	107,316	61,909	48,180
Tuition from Other LEA's Within the State	538	537	538	545	542
Interest Earnings	10,859	37,285	39,094	18,027	8,544
Miscellaneous	5,656,942	5,831,377	5,987,231	6,296,700	6,516,128
State Sources	246,816	197,917	206,084	215,172	205,084
Federal Sources					
Total Revenue	15,527,833	15,901,751	16,318,868	16,670,744	17,058,436
Expenditures					
Instruction:					
Regular Instruction	4,741,761	4,589,627	4,584,166	4,867,079	4,336,141
Special Education Instruction	664,101	672,064	725,867	734,628	762,737
Other Instruction	75,631	76,425	75,022	77,462	78,675
School Sponsored Instruction	592,099	603,849	648,906	644,529	675,145
Support Services:					
Tuition	932,752	713,086	710,774	1,012,087	1,123,175
Student & Instruction Related Services	1,691,602	1,468,356	1,523,384	1,652,685	1,735,429
General Administrative Services	271,339	324,270	305,428	398,332	335,394
School Administrative Services	355,023	445,273	458,080	312,169	405,750
Central Services and	348,062	341,552	370,205	381,885	393,190
Administrative Information Technology	109,109	126,199	118,312	123,955	125,167
Plant Operations and Maintenance	1,282,834	1,243,141	1,369,647	1,205,019	1,250,991
Student Transportation	739,677	670,586	756,633	821,311	896,039
Unallocated Benefits	3,212,226	3,082,303	3,197,475	3,488,283	3,932,919

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Expenditures					
Capital Outlay	\$ 384,453	\$ 900,827	\$ 1,797,220	\$ 1,195,830	\$ 1,005,972
Total Expenditures	<u>15,400,669</u>	<u>15,257,558</u>	<u>16,641,119</u>	<u>16,915,254</u>	<u>17,056,724</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>127,164</u>	<u>644,193</u>	<u>(322,251)</u>	<u>(244,510)</u>	<u>1,712</u>
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)		206,298	96,967		30,634
Insurance Reimbursements for Losses due to Hurricane Sandy	356,281		(13,828)		
Transfers Out					
Total Other Financing Sources/(Uses)	<u>356,281</u>	<u>206,298</u>	<u>83,139</u>		<u>30,634</u>
Net Change in Fund Balances	<u>\$ 483,445</u>	<u>\$ 850,491</u>	<u>\$ (239,112)</u>	<u>\$ (244,510)</u>	<u>\$ 32,346</u>
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2008	\$ 29,589		\$ 20,928		\$ 50,517
2009	10,904		21,099		32,003
2010	3,134	\$ 24,420	33,448	\$ 4,245	65,247
2011	669	45,268	24,385		70,322
2012	560	35,241	8,739		44,540
2013	538	21,554	10,859		32,951
2014	4,996	51,689	32,826		89,511
2015	5,384	107,316	34,248		146,948
2016	5,160	61,909	13,412		80,481
2017	4,339	48,180	4,747		57,266

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Byram Township

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2007	\$ 10,889,000	\$ 464,460,700	\$ 7,340,100	\$ 274,230	\$ 43,859,100	\$ 1,594,000	\$ 643,600	\$ 529,060,730	\$ 36,528,900	\$ 687,019	\$ 529,747,749	\$ 0.93	\$ 1,155,200,736
2008	12,114,800	464,612,100	7,462,100	284,330	43,587,500	1,139,000	643,600	529,843,430	34,772,700	681,320	530,524,750	0.95	1,174,693,765
2009	* 22,317,900	973,495,200	19,217,700	742,700	92,633,900	2,395,200	1,288,700	1,112,091,300	67,604,100	1,602,366	1,113,693,666	0.47	1,187,662,199
2010	21,245,900	971,973,300	17,110,400	739,500	91,769,700	2,395,200	1,288,700	1,106,522,700	66,879,200	1,619,451	1,108,142,151	0.49	1,158,651,730
2011	20,595,500	969,486,200	16,733,900	725,500	91,981,000	2,134,900	1,288,700	1,102,945,700	67,835,000	1,360,870	1,104,306,570	0.51	1,133,421,802
2012	* 18,175,900	814,978,400	14,256,700	725,300	79,756,200	1,881,100	1,115,600	930,889,200	67,197,300	1,367,521	932,256,721	0.63	1,022,304,686
2013	17,057,400	814,021,000	14,850,300	729,900	80,556,400	1,881,100	1,115,600	930,211,700	65,555,900	1,69,287	930,380,987	0.65	1,014,784,450
2014	15,872,700	815,375,600	15,346,800	738,600	79,509,100	1,881,100	1,115,600	929,839,500	65,338,100	170,951	930,010,451	0.67	983,104,528
2015	16,159,100	812,932,400	15,834,200	740,800	77,996,100	1,881,100	1,115,600	926,659,300	66,725,200		926,659,300	0.67	961,176,097
2016	15,654,400	813,991,600	14,976,800	723,400	77,065,800	1,881,100	1,115,600	925,408,700	67,800,200		925,408,700	0.67	965,576,690

Netcong Borough

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2007	\$ 6,504,500	\$ 239,878,700			\$ 43,595,500	\$ 21,202,500	\$ 32,118,300	\$ 343,299,500	\$ 20,827,100	\$ 3,063,631	\$ 346,363,131	\$ 0.45	\$ 327,186,674
2008	6,520,600	240,262,300			44,059,600	20,396,900	27,085,700	338,325,100	20,644,400	3,132,783	341,457,883	0.45	330,607,298
2009	6,240,200	240,485,300			43,745,600	20,196,900	27,085,700	337,753,700	20,966,400	3,159,554	340,913,254	0.45	342,948,236
2010	6,002,600	240,302,400			43,259,800	18,796,900	25,781,800	334,143,500	21,259,300	3,085,763	337,229,263	0.48	318,940,713
2011	5,892,600	240,069,800			43,115,700	18,746,800	25,781,800	333,606,700	21,583,300	3,043,835	336,650,535	0.50	321,029,391
2012	5,892,600	239,449,400			43,109,000	18,746,800	25,781,800	332,979,600	21,567,700	3,117,096	336,096,696	0.51	303,147,024
2013	6,072,900	238,253,100			42,694,000	17,413,500	25,781,800	330,215,300	21,735,000		330,215,300	0.50	273,815,716
2014	6,000,500	237,191,500			42,855,300	17,413,500	25,781,800	329,242,600	21,735,000		329,242,600	0.50	276,798,948
2015	5,840,000	236,807,700			41,890,700	17,413,500	25,781,800	327,733,700	21,435,500		327,733,700	0.51	257,290,637
2016	6,359,000	234,351,300			41,198,400	17,413,500	25,781,800	325,104,000	22,047,400		325,104,000	0.61	264,140,396

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Stanhope Borough

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2007	\$ 5,067,100	\$ 394,458,500		\$ 18,400	\$ 23,181,600	\$ 5,624,800	\$ 3,744,200	\$ 432,094,600	\$ 49,468,700	\$ 476,760	\$ 432,571,360	\$ 0.45	\$ 410,232,962
2008	4,543,000	395,609,500		18,400	22,010,700	5,624,300	3,744,200	431,550,100	51,420,000	485,828	432,035,928	0.47	425,333,309
2009	4,699,100	396,061,600		18,100	23,357,300	5,624,300	3,744,200	433,504,600	50,133,200	498,534	434,003,134	0.48	442,899,919
2010	* 3,867,500	315,145,600		18,100	22,409,100	5,490,300	3,430,500	350,361,100	48,923,400	494,678	350,855,778	0.60	419,493,289
2011	3,967,300	314,060,400		18,100	22,753,200	5,194,500	3,429,700	349,423,200	47,555,100	392,954	349,816,154	0.57	386,336,984
2012	3,670,600	307,560,200		18,100	22,724,800	4,598,900	3,376,100	341,948,700	47,545,100	388,422	342,337,122	0.55	370,101,092
2013	* 3,311,700	261,262,300		18,100	22,274,800	4,445,500	3,191,900	294,504,300	40,970,500	880	294,505,180	0.68	323,968,901
2014	2,744,000	261,244,700		18,100	22,286,500	4,445,500	3,191,900	293,930,700	41,704,100	758	293,931,458	0.69	329,032,732
2015	2,809,100	261,017,000		18,100	22,087,800	4,445,500	3,194,200	293,571,700	41,230,300	828	293,572,528	0.75	329,682,772
2016	2,881,600	261,375,600		18,100	22,087,800	4,445,500	3,194,200	294,002,800	41,157,800	711	294,003,511	0.81	318,979,554

* Revaluation became effective.

Source: Municipal Tax Assessors and State of New Jersey Website

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Byram Township

Year Ended December 31,	Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Municipality	County	
2007	\$ 0.930	\$ 0.930	\$ 1.161	\$ 0.890	\$ 1.759	\$ 4.740
2008	0.950	0.950	1.264	0.874	1.810	4.898
2009 *	0.470	0.470	0.640	0.410	0.900	2.420
2010	0.490	0.490	0.679	0.422	0.950	2.541
2011	0.512	0.512	0.697	0.444	0.982	2.635
2012 *	0.631	0.631	0.851	0.508	1.185	3.175
2013	0.648	0.648	0.874	0.539	1.210	3.271
2014	0.665	0.665	0.864	0.552	1.227	3.308
2015	0.668	0.668	0.888	0.534	1.249	3.339
2016	0.666	0.666	0.913	0.578	0.863	3.020

Netcong Borough

Year Ended December 31,	Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Municipality	County	
2007	\$ 0.450	\$ 0.450	\$ 0.570	\$ 0.230	\$ 0.770	\$ 2.020
2008	0.450	0.450	0.630	0.226	0.770	2.076
2009	0.450	0.450	0.660	0.230	0.770	2.110
2010	0.480	0.480	0.681	0.216	0.789	2.166
2011	0.496	0.496	0.701	0.225	0.813	2.235
2012	0.507	0.507	0.714	0.221	0.815	2.257
2013	0.503	0.503	0.738	0.208	0.908	2.357
2014	0.502	0.502	0.756	0.215	0.898	2.371
2015	0.511	0.511	0.775	0.197	0.996	2.479
2016	0.614	0.614	0.797	0.197	0.981	2.589

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Municipality		County		
			Total Direct	Local School	County	Local School	
2007	\$ 0.449		\$ 0.449	\$ 0.612	\$ 0.390	\$ 0.798	\$ 2.249
2008	0.470		0.470	0.690	0.390	0.810	2.360
2009	0.480		0.480	0.690	0.390	0.830	2.390
2010 *	0.600		0.600	0.874	0.480	1.070	3.024
2011	0.566		0.566	0.894	0.478	1.089	3.027
2012	0.554		0.554	0.928	0.503	1.139	3.124
2013 *	0.675		0.675	1.094	0.543	1.344	3.656
2014	0.692		0.692	1.103	0.585	1.378	3.758
2015	0.747		0.747	1.115	0.578	1.423	3.863
2016	0.811		0.811	1.131	0.612	1.042	3.596

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.

* Revaluation became effective.

Source: Municipal Tax Collectors and School Business Administrator

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		Byram Township					
		2017		2008			
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Gordon Byram Associates, LLC	\$ 17,712,100	1	1.91%	Gordon Byram Associates, LLC	\$ 11,957,000	1	2.30%
Byram Land Development, LLC	5,043,700	2	0.54%	Byram Land Development, LLC	2,214,100	2	0.43%
Byram Self Storage, LLC	4,250,000	3	0.46%	Byram Self Storage, LLC	2,125,200	3	0.41%
YK Realty Co LLC	4,233,500	4	0.46%	Lynnes Nissan	1,907,500	4	0.37%
Lynnes Nissan	2,875,000	5	0.31%	Panther Lake Camping Resort, Inc	1,448,100	5	0.28%
Panther Lake Camping Resort, Inc	2,717,300	6	0.29%	206 Acorn Development Corp	1,394,800	6	0.27%
206 Acorn Development Corp	2,296,600	7	0.25%	Lake Lackawanna Investment Co	1,223,100	7	0.24%
Lake Lackawanna Investment Co	1,909,500	8	0.21%	One Main Street Sparta, LLC	1,025,100	8	0.20%
Individual Taxpayer #1	1,674,100	9	0.18%	Individual Taxpayer #1	986,600	9	0.19%
Individual Taxpayer #2	1,668,300	10	0.18%	S C Realty, LLC	823,400	10	0.16%
Total	\$ 44,380,100		4.79%		\$ 25,104,900		4.85%

		Netcong Borough					
		2017		2008			
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Netcong Heights	\$ 16,575,988	1	5.06%	Netcong Heights	\$ 21,500,000	1	6.30%
Dowel-Netcong, LLC	5,952,047	2	1.82%	Dowel-Netcong, LLC	10,100,000	2	2.96%
Sempre Development Group, LLC	2,698,417	3	0.82%	Sempre Development Group, LLC	4,803,900	3	1.41%
Individual Taxpayer #1	2,448,069	4	0.75%	US Mineral Wool Products	3,188,300	4	0.93%
Netcong 201 LLC Morris Canal Plaza	2,159,685	5	0.66%	Pruden, Timothy	3,167,000	5	0.93%
US Mineral Wool Products	2,073,717	6	0.63%	Verizon-NJ	3,130,820	6	0.92%
Individual Taxpayer #2	1,942,609	7	0.59%	P E C D Realty Associates	2,761,500	7	0.81%
Quirk Realty, LLC	1,895,869	8	0.58%	Pruden, Timothy & Karen	2,513,100	8	0.74%
Bell Atlantic-NJ	1,593,467	9	0.49%	Quirk Realty, LLC	2,427,300	9	0.71%
Mark Appraisals, LLC	1,318,022	10	0.40%	Bell Atlantic-NJ	2,037,500	10	0.60%
Total	\$ 38,657,890		11.80%		\$ 55,629,420		16.31%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		Stanhope Borough							
		2017		2008					
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		
Stanhope Storage, LLC	\$ 3,611,600	1	1.23%	Paramount Self Storage LLC	\$ 3,229,400.00	1	0.75%		
US Mineral Products Co	1,701,900	2	0.58%	US Mineral Products Co	2,256,600.00	2	0.52%		
Netcong Development, LLC	1,308,000	3	0.44%	Netcong Development LLC	1,412,800.00	3	0.33%		
Heritage, Crossing, LLC	1,270,800	4	0.43%	Individual Taxpayer #1	1,358,700.00	4	0.31%		
Individual Taxpayer #1	1,140,000	5	0.39%	AHS Enterprises, LLC	1,320,600.00	5	0.31%		
Individual Taxpayer #2	1,129,000	6	0.38%	Individual Taxpayer #2	1,247,300.00	6	0.29%		
AHS Enterprises, LLC	979,300	7	0.33%	Lakeland Bank	1,103,300.00	7	0.26%		
Lakeland Bank	953,600	8	0.32%	Patrician Barba Co	792,000.00	8	0.18%		
Andrew Benjamin, LLC	851,500	9	0.29%	Heritage Crossing LLC	750,200.00	9	0.17%		
Normandie Lane, LLC	685,300	10	0.23%	Gentile Aurora LLC	702,200.00	10	0.16%		
Total	\$ 13,631,000		3.39%		\$ 14,173,100.00		3.28%		

Note: Individual taxpayers may be different in 2017 and 2008.

Source: Municipal Tax Assessor

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 8,671,403	\$ 8,671,403	100.00%	- 0 -
2009	8,671,403	8,671,403	100.00%	- 0 -
2010	9,008,355	9,008,355	100.00%	- 0 -
2011	9,218,689	9,218,689	100.00%	- 0 -
2012	9,403,063	9,403,063	100.00%	- 0 -
2013	9,591,124	9,591,124	100.00%	- 0 -
2014	9,782,946	9,782,946	100.00%	- 0 -
2015	9,978,605	9,978,605	100.00%	- 0 -
2016	10,078,391	10,078,391	100.00%	- 0 -
2017	10,279,958	10,279,958	100.00%	- 0 -

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2008		\$ 179,926		\$ 179,926	0.02%	\$ 11.78
2009		137,870		137,870	0.02%	9.04
2010		142,556		142,556	0.02%	9.38
2011		153,589		153,589	0.02%	10.14
2012		113,388		113,388	0.01%	7.54
2013		128,050		128,050	0.02%	8.57
2014		211,219		211,219	0.02%	14.22
2015		155,291		155,291	0.02%	10.57
2016		77,435		77,435	0.01%	5.30
2017		72,484		72,484	0.01%	4.96

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

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

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

NOT APPLICABLE

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Township of Byram	\$ 3,488,573	100.00%	\$ 3,488,573
Borough of Netcong	2,665,508	100.00%	2,665,508
Borough of Stanhope	2,278,450	100.00%	2,278,450
Morris County County General Obligation Debt (All Constituent Municipalities) (1)	221,180,986	0.28%	626,246
Sussex County County General Obligation Debt (All Constituent Municipalities) (2)	111,347,324	7.62%	<u>8,488,063</u>
Subtotal, Overlapping Debt			17,546,840
Lenape Valley Regional School District Direct Debt			<u>72,484</u>
Total Direct and Overlapping Debt			<u><u>\$ 17,619,324</u></u>

(2) Township of Byram/County of Sussex -	5.71%
(1) Borough of Netcong/County of Morris -	0.28%
(2) Borough of Stanhope/County of Sussex -	1.91%

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 that is borne by the residents and businesses of Byram, Netcong, and Stanhope. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

Year	Township of Byram	Borough of Netcong	Borough of Stanhope	Total Equalized Valuation Basis
2014	\$ 963,464,408	\$ 256,639,333	\$ 328,818,324	\$1,548,922,065
2015	969,410,294	254,195,067	323,601,962	1,547,207,323
2016	965,576,690	264,140,396	318,978,843	1,548,695,929
	<u>\$ 2,898,451,392</u>	<u>\$ 774,974,796</u>	<u>\$ 971,399,129</u>	<u>\$4,644,825,317</u>
Average Equalized Valuation of Taxable Property				<u>\$1,548,275,106</u>
Debt Limit (4% of average equalization value) ^a				\$ 61,931,004
Net Bonded School Debt as of June 30, 2017				-0-
Legal Debt Margin				<u>\$ 61,931,004</u>

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012
Debt Limit	\$ 72,508,957	\$ 77,225,375	\$ 77,495,351	\$ 75,738,603	\$ 73,500,976
Total Net Debt Applicable to Limit					
Legal Debt Margin	<u>\$ 72,508,957</u>	<u>\$ 77,225,375</u>	<u>\$ 77,495,351</u>	<u>\$ 75,738,603</u>	<u>\$ 73,500,976</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017
Debt Limit	\$ 70,099,707	\$ 66,772,267	\$ 63,653,897	\$ 62,434,615	\$ 61,931,004
Total Net Debt Applicable to Limit					
Legal Debt Margin	<u>\$ 70,099,707</u>	<u>\$ 66,772,267</u>	<u>\$ 63,653,897</u>	<u>\$ 62,434,615</u>	<u>\$ 61,931,004</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Byram Township

Year	Population ^a	Personal Income ^b	Sussex County Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2008	8,486	\$ 402,372,176	\$ 47,416		5.50%
2009	8,478	390,166,038	46,021		9.20%
2010	8,350	389,602,650	46,659		9.80%
2011	8,308	402,697,068	48,471		9.50%
2012	8,234	413,091,546	50,169		9.50%
2013	8,167	412,711,178	50,534		5.70%
2014	8,106	428,410,206	52,851		6.20%
2015	8,031	445,696,407	55,497		5.10%
2016	8,008	444,419,976	55,497 *		5.50%
2017	8,008 **	444,419,976 ***	55,497 *		N/A

Netcong Borough

Year	Population ^a	Personal Income ^b	Morris County Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2008	3,207	\$ 239,357,652	\$ 74,636		3.90%
2009	3,211	226,426,876	70,516		6.70%
2010	3,234	235,370,520	72,780		6.80%
2011	3,247	247,401,918	76,194		6.60%
2012	3,253	255,988,329	78,693		6.80%
2013	3,255	257,450,970	79,094		7.10%
2014	3,255	269,546,550	82,810		7.40%
2015	3,253	281,651,246	86,582		6.20%
2016	3,234	280,006,188	86,582 *		5.70%
2017	3,234 **	280,006,188 ***	86,582 *		N/A

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Stanhope Borough

Year	Population ^a	Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	3,577	\$ 169,607,032	\$ 47,416	4.70%
2009	3,566	164,110,886	46,021	7.80%
2010	3,608	168,345,672	46,659	8.40%
2011	3,587	173,865,477	48,471	8.10%
2012	3,557	178,451,133	50,169	8.10%
2013	3,521	177,930,214	50,534	5.60%
2014	3,494	184,661,394	52,851	5.90%
2015	3,410	189,244,770	55,497	5.50%
2016	3,364	186,691,908	55,497 *	5.30%
2017	3,364 **	186,691,908 ***	55,497 *	N/A

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

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

*** - Latest Township/Borough personal income available (2016) was used for calculation purposes.

N/A - Information not available

Source:

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

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

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

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2017			2008		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
	Crystal Springs Gold & Spa Resort	2,000	N/A	Mountain Creek Resort	1,247	1.53%
	Newton Memorial Hospital	1,200	N/A	Crystal Springs Gold & Spa Resort	1,154	1.42%
	Selective Insurance	900	N/A	Newton Memorial Hospital	1,109	1.36%
	Mountain Creek Resort	800	N/A	Selective Insurance	954	1.17%
	County of Sussex	500	N/A	Ronetco Supermarkets	672	0.83%
	Ames Rubber Corp.	445	N/A	Vernon Township Board of Education	664	0.82%
	Shop Rite Supermarkets	301	N/A	Andover Subacute & Rehab Center	700	0.86%
	Andover Subacute & Rehab Center	300	N/A	Sparta Board of Education	557	0.68%
	Sussex County Community College	300	N/A	Sussex County Community College	516	0.63%
	Raider Express of Andover	250	N/A	Wal-Mart	426	0.52%
	Total	6,996	N/A		7,999	9.82%

N/A - Not Available

Source: Sussex County Area Chamber of Commerce and Sussex County Department of Administration and Finance

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

<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	62.0	68.0	62.0	57.0	57.0	57.0	55.0	55.0	55.0	55.0
Special Education	8.0	10.0	12.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0
Other	7.0	7.0	1.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Support Services:										
Student & Instruction Related Services	21.0	14.0	24.0	23.0	23.0	23.0	23.0	24.0	24.0	24.0
School Administrative Services	7.0	7.0	3.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
General and Business Administrative Services	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Plant Operations and Maintenance	10.0	10.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Pupil Transportation	5.0	5.0	3.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
Total	127.0	128.0	120.0	118.0	118.0	118.0	116.0	118.0	118.0	118.0

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2008	859	\$ 14,187,813	\$ 16,517	3.26%	88	10:1	10:1	859	819	0.59%	95.34%
2009	860	13,913,781	16,179	-2.05%	88	10:1	10:1	860	836	0.12%	97.21%
2010	846	14,499,540	17,139	5.93%	80	10:1	10:1	846	804	-1.63%	95.04%
2011	836	13,709,437	16,399	-4.32%	68	12:1	12:1	836	796	-1.18%	95.22%
2012	799	14,806,048	18,531	13.00%	66	12:1	12:1	799	766	-4.43%	95.87%
2013	785	15,016,216	19,129	3.23%	66	12:1	12:1	785	732	-1.75%	93.25%
2014	828	14,356,731	17,339	-9.36%	66	13:1	13:1	828	785	5.48%	94.81%
2015	806	14,843,899	18,417	6.22%	67	12:1	12:1	806	765	-2.66%	94.91%
2016	803	15,719,424	19,576	6.29%	66	12:1	12:1	803	778	-0.37%	96.89%
2017	772	16,050,752	20,791	6.21%	67	12:1	12:1	772	730	-3.86%	94.56%

Sources: School District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>High School</u>										
Square Feet	146,637	146,637	146,637	146,637	146,637	146,637	146,637	146,637	146,637	146,637
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	859	860	846	836	799	785	828	806	803	772

Number of Schools at June 30, 2017
 High School = 1

Source: School District Records

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

<u>Facility</u>	<u>Project #(s)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>School Facilities:</u>						
Lenape Valley High School District	N/A	<u>\$ 239,607</u>	<u>\$ 260,799</u>	<u>\$ 182,434</u>	<u>\$ 422,530</u>	<u>\$ 443,911</u>

<u>Facility</u>	<u>Project #(s)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>School Facilities:</u>						
Lenape Valley High School District	N/A	<u>\$ 384,627</u>	<u>\$ 209,007</u>	<u>\$ 434,057</u>	<u>\$ 303,518</u>	<u>\$ 311,266</u>

N/A - Not Applicable

Source: District records

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund:	\$250,000,000	
Building & Personal Property		\$2,500
Inland Marine - Auto Physical Damage		\$1,000
General Liability including Auto, Employee Benefits		
Each Occurrence	\$5,000,000	
General Aggregate	\$100,000,000	
Product/Completed Ops		
Personal Injury		
Fire Damage	\$2,500,000	
Medical Expenses	\$10,000	
(excluding students taking part in athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Environmental Impairment Liability	\$1,000,000	\$10,000
Fund Aggregate	\$25,000,000	\$100,000
Crime Coverage	\$50,000	\$1,000
Blanket Dishonesty Bond	\$500,000	\$1,000
Boiler and Machinery	\$100,000,000	\$2,500
Excess Liability (AL/GL)	\$5,000,000	
School Board Legal	\$5,000,000	\$5,000
Excess SLPL	\$5,000,000	
Workers' Compensation	NJ Statutory	
Employer's Liability	\$5,000,000	
Supplemental Indemnity	NJ Statutory	
Selective Insurance Company		
Bond for Assistant Superintendent for Business/Board Secretary	\$85,000	
Bond for Treasurer of School Moneys	\$250,000	
Student Accident - Monumental Life	\$5,000,000	

Source: School District Records

SINGLE AUDIT SECTION



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

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

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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lenape Valley Regional High School District
 County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lenape Valley Regional High School District, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 22, 2017.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
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Compliance and Other Matters

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

Purpose of this Report

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

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
County of Sussex, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
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Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

September 22, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2625
Certified Public Accountant

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2016		Budgetary Expenditures	Cancelled	Balance 6/30/2017		
					(Accounts Receivable)	Cash Received			Budgetary Unearned Revenue	Budgetary Accounts Receivable	Amount Provided to Subrecipients
U.S. Department of Education											
Special Revenue Fund:											
No Child Left Behind Consolidated Grant:											
Title I, Part A	84.010	NCLB261516	7/1/15-6/30/16	\$ 37,770	\$ (1,889)		\$ 1,889				
Title I, Part A	84.010	NCLB261517	7/1/16-6/30/17	38,101	\$ 36,195	\$ (36,195)					
Title II, Part A	84.367A	NCLB261517	7/1/16-6/30/17	9,449	9,449	(9,449)					
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA261516	7/1/16-6/30/17	159,440		(159,440)					
Total Special Education Cluster											
Total Special Revenue Fund											
U.S. Department of Agriculture											
Passed-Through State Department of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	10,822		(9,393)			\$ 1,429		
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	3,995	(157)						
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	4,057		(4,057)			\$ (240)		
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	32,973	(552)						
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	31,396		(31,396)				(857)	
Total Child Nutrition Cluster											
Total Federal Awards											
					(709)	45,887	(44,846)		1,429	(1,097)	
					\$ (2,598)	\$ 250,971	\$ (249,930)	\$ 1,889	\$ 1,429	\$ (1,097)	\$ -0-

N/A - Not Applicable

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance 6/30/2016		Cash Received	Budgetary Expenditures	Balance 6/30/2017		Memo		
				Budgetary (Accounts Receivable)				GAAP (Accounts Receivable)		Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
NJ Department of Education:												
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	07/01/16-6/30/17	\$ 448,588			\$ 426,822	\$ (448,588)	\$ (21,766)	\$ (21,766)	\$ 448,588	\$ 448,588	
Categorical Special Education Aid	17-495-034-5120-089	07/01/16-6/30/17	464,408			418,304	(464,408)	(46,104)	(46,104)	464,408	464,408	
Equalization Aid	17-495-034-5120-078	07/01/16-6/30/17	3,509,370			3,160,981	(3,509,370)	(348,389)	(348,389)	3,509,370	3,509,370	
Categorical Security Aid	17-495-034-5120-084	07/01/16-6/30/17	20,481			18,448	(20,481)	(2,033)	(2,033)	20,481	20,481	
Adjustment Aid	17-495-034-5120-085	07/01/16-6/30/17	19,496			17,561	(19,496)	(1,935)	(1,935)	19,496	19,496	
School Choice Aid	17-495-034-5120-068	07/01/16-6/30/17	633,620			570,718	(633,620)	(62,902)	(62,902)	633,620	633,620	
Transportation Aid	17-495-034-5120-014	07/01/16-6/30/17	88,936			80,107	(88,936)	(8,829)	(8,829)	88,936	88,936	
PARCC Readiness Aid	17-495-034-5120-098	07/01/16-6/30/17	8,230			7,413	(8,230)	(817)	(817)	8,230	8,230	
Per Pupil Growth Aid	17-495-034-5120-097	07/01/16-6/30/17	8,230			7,413	(8,230)	(817)	(817)	8,230	8,230	
Professional Learning Community Aid	17-495-034-5120-101	07/01/16-6/30/17	8,330			7,413	(8,330)	(917)	(917)	8,330	8,330	
Extraordinary Aid	17-495-034-5120-044	07/01/16-6/30/17	74,700				(74,700)	(74,700)	(74,700)	74,700	74,700	
Non-Public Transportation	17-495-034-5120-014	07/01/16-6/30/17	3,306				(3,306)	(3,306)	(3,306)	3,306	3,306	
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	07/01/16-6/30/17	558,612			558,612	(558,612)			558,612	558,612	
On-Behalf Long Term Disability Insurance Contributions	17-495-034-5094-004	07/01/16-6/30/17	1,720			1,720	(1,720)			1,720	1,720	
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	07/01/16-6/30/17	646,977			646,977	(646,977)			646,977	646,977	
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	07/01/16-6/30/17	23,441			23,441	(23,441)			23,441	23,441	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	07/01/15-6/30/16	437,171			22,257				437,171	437,171	
Categorical Special Education Aid	16-495-034-5120-089	07/01/14-6/30/15	456,040			45,270				456,040	456,040	
Equalization Aid	16-495-034-5120-078	07/01/14-6/30/15	3,515,987			349,028				3,515,987	3,515,987	
Categorical Security Aid	16-495-034-5120-084	07/01/14-6/30/15	18,662			1,853				18,662	18,662	
School Choice Aid	16-495-034-5120-068	07/01/14-6/30/15	526,392			64,834				526,392	526,392	
Transportation Aid	16-495-034-5120-014	07/01/14-6/30/15	77,634			7,707				77,634	77,634	
PARCC Readiness Aid	16-495-034-5120-098	07/01/14-6/30/15	8,230			817				8,230	8,230	
Per Pupil Growth Aid	16-495-034-5120-097	07/01/14-6/30/15	8,230			817				8,230	8,230	
Extraordinary Aid	16-495-034-5120-044	07/01/15-6/30/16	67,439			67,439				67,439	67,439	
Non-Public Transportation	16-495-034-5120-014	07/01/15-6/30/16	3,258			3,258				3,258	3,258	
Total General Fund State Aid						6,509,210	(6,518,445)	(99,772)	(572,515)	11,637,488	11,637,488	
Total NJ Department of Education						6,509,210	(6,518,445)	(99,772)	(572,515)	11,637,488	11,637,488	
State Department of Agriculture												
Enterprise Funds:												
State School Lunch Program	17-100-010-3350-023	07/01/16-6/30/17	1,090			1,064	(1,090)	(26)	(26)	1,090	1,090	
State School Lunch Program	16-100-010-3350-023	07/01/15-6/30/16	1,139			19				1,139	1,139	
Total Enterprise Fund						1,083	(1,090)	(26)	(26)	2,229	2,229	
Total State Awards						\$ 6,510,293	\$ (6,519,535)	\$ (99,798)	\$ (572,541)	\$ 11,639,717	\$ 11,639,717	

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Expenditures
Less: On-Behalf TPAF Pension System Contributions:				
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	07/01/16-6/30/17	\$ 558,612	\$ 558,612
On-Behalf Long Term Disability Insurance Contributions	17-495-034-5094-001	07/01/16-6/30/17	1,720	1,720
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	07/01/16-6/30/17	646,977	646,977
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	07/01/16-6/30/17	23,441	23,441
Subtotal - On-Behalf TPAF Pension System Contributions				<u>1,230,750</u>
Total State Awards - for Major Program Determination				<u>\$ (5,288,785)</u>

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,317) for the General Fund and \$-0- for the Special Revenue Fund. See Exhibits C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,516,128	\$ 6,516,128
Special Revenue Fund	\$ 205,084		205,084
Food Service Fund	44,846	1,090	45,936
Total Awards	<u>\$ 249,930</u>	<u>\$ 6,517,218</u>	<u>\$ 6,767,148</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid Public:				
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 464,408	\$ 464,408
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	3,509,370	3,509,370
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	20,481	20,481
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	633,620	633,620
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	19,496	19,496
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,230	8,230
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,230	8,230
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,330	8,330

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

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516a of the Uniform Guidance or NJ OMB 15-08.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.