

LUMBERTON TOWNSHIP SCHOOL DISTRICT

Lumberton, New Jersey
County of Burlington

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

LUMBERTON TOWNSHIP SCHOOL DISTRICT

LUMBERTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Lumberton Township School District
Finance Department**

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TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	9
Roster of Officials	11
Consultants and Advisors	13
FINANCIAL SECTION	
Independent Auditor's Report	17
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	23
BASIC FINANCIAL STATEMENTS	
A. Government-wide Financial Statements:	
A-1 Statement of Net Position	35
A-2 Statement of Activities	36
B. Fund Financial Statements:	
B-1 Balance Sheet	39
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	40
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Proprietary Funds:	
B-4 Statement of Net Position	42
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	43
B-6 Statement of Cash Flows	44
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	45
B-8 Statement of Changes in Fiduciary Net Position	46
Notes to Financial Statements	49
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	87
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual (if applicable)	N/A
C-1b Community Development Block Grant – Budget & Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	93
Notes to the Required Supplementary Information - Part II	PAGE
C-3 Budget-to-GAAP Reconciliation	94
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	99
L-2 Schedule of the District's Contributions	100
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	101

TABLE OF CONTENTS

	PAGE
L-4 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	102
Notes to the Required Supplementary Information - Part III	103
 OTHER SUPPLEMENTARY INFORMATION	
D. School Based Budget Schedules Fund (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
 E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	109
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
 F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	113
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	114
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Lumberton - Solar Project	115
F-2b Schedule of Revenues, Expenditures Project Balance & Project Status – Projected Status - Budgetary Basis Ashbrook Elementary School Various Capital Improvements	116
F-2c Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status - Budgetary Basis Bobby's Run Elementary School - Various Capital Improvements	117
F-2d Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status - Budgetary Basis Florence L. Walther Elementary School - Various Capital Improvements	118
F-2e Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status - Budgetary Basis Lumberton Middle School - Various Capital Improvements	119
 G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	123
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Position	124
G-3 Combining Schedule of Cash Flows	125
Internal Service Fund –	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
 H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	129
H-2 Combining Statement of Changes in Fiduciary Net Position	130
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	131
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	131

TABLE OF CONTENTS

	PAGE
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	135
I-2 Schedule of Obligations Under Capital Leases	136
I-3 Debt Service Fund Budgetary Comparison Schedule	137
I-4 Schedule of Early Retirement Incentive Plan Loans Payable	N/A
STATISTICAL SECTION	
Financial Trends:	
J-1 Net Position by Component	143
J-2 Changes in Net Position	144
J-3 Fund Balances – Governmental Funds	146
J-4 Changes in Fund Balances – Governmental Funds	147
J-5 General Fund Other Local Revenue by Source	148
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	151
J-7 Direct & Overlapping Property Tax Rates	152
J-8 Principal Property Taxpayers	153
J-9 Property Tax Levies & Collections	154
J-10 Ratios of Outstanding Debt by Type	154
Debt Capacity:	
J-11 Ratios of General Bonded Debt Outstanding	157
J-12 Direct & Overlapping Governmental Activities Debt	157
J-13 Legal Debt Margin Information	158
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	161
J-15 Principal Employers	161
Operating Information:	
J-17 Operating Statistics	165
J-18 School Building Information	166
J-19 Schedule of Required Maintenance	167
J-20 Insurance Schedule	168
SINGLE AUDIT SECTION	
K-1 Independent Auditors Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	171
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required By the Uniform Guidance and New Jersey OMB Circular Letter 15-08	173
K-3 Schedule of Expenditures of Federal Awards, Schedule A	177
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	178
K-5 Notes to Schedules of Awards and Financial Assistance	179
K-6 Schedule of Findings and Questioned Costs Section I	181
K-7 Schedule of Findings and Questioned Costs Section II and Section III	183
K-8 Summary Schedule of Prior Audit Findings	185

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INTRODUCTORY SECTION

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

Joseph Langowski
Superintendent

Thomas J. Fanuka
Business Administrator

November 20, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Lumberton Township School 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 Lumberton Township School District. 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, 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 district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Lumberton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,355	-1.38%
2015-2016	1,374	-8.46%
2014-2015	1,501	0.54%
2013-2014	1,493	-2.42%
2012-2013	1,530	-6.76%
2011-2012	1,641	-1.50%
2010-2011	1,666	-1.24%
2009-2010	1,687	-1.17%
2008-2009	1,707	-0.41%
2007-2008	1,714	-2.00%

In the 2016-2017 school year, the NSLS for Science were fully implemented in middle school classrooms. This entailed a major curriculum revision, which was completed during the summer of 2016, and the purchase of a comprehensive core Science program that delivered content digitally and emphasized scientific inquiry. The extensive professional development that teachers had received during the previous year, along with a well-aligned program, resulted in a highly successful implementation and

significantly increased 8th grade scores on the NJ ASK. Other revised curricula that were approved for the 2016-2017 school year include: Comprehensive Health and Physical Education; Music and Chorus; World Language; Social Studies (minor revision).

Professional Development continues to be a priority for our district. During the 2016-2017 school year, Major focus was given to: professional development to prepare elementary teachers for implementation of the NJSLs for Science in September of 2017; and continued refinement of literacy and math instruction through collaborative data analysis and professional learning as well as work with staff developers from Teachers College Reading and Writing Project and a math consultant affiliated with Student Achievement Partners. The district-wide Science Leadership Team and Math Leadership Team continued to guide much of this work and to articulate among the team in order to ensure vertical as well as horizontal consistency and coherence. The district also continued its participation in the Rider SELECT grant, enabling a group of teachers and the Supervisor of Curriculum and Instruction to study elements of designing science assessments that evaluate the three dimensions of the NJSLs standards. During the 2016-2017 year, the elementary Science Leadership Team also piloted and ultimately selected the updated FOSS NGSS edition for science instruction to align to the new standards.

An area of need that was identified through data analysis was word study instruction. It was determined that the common practices were not sufficiently explicit in teaching key word features and did not facilitate transfer of the skills that had been learned in isolation to reading in context. Accordingly, several teacher leaders were given the opportunity to attend conferences and institutes at Columbia University that specifically addressed these issues and then turn-keyed their learning in the district during in-services and teacher collaboration time. There was also increased emphasis on using literacy learning progressions to assess student skill proficiency, support goal-setting that includes the student, and monitor growth. This was led primarily by district reading specialists who had studied the progressions at Columbia University. In the school that focused most heavily on this work, there were significant gains in student achievement as measured by PARCC.

Another major initiative, informed by Strategic Planning, was increased innovation in use of technology as a learning tool in our classrooms. Accordingly, the district selected the SAMR scale as our model for evaluating the level of innovation and began the year with a blended learning workshop that provided teachers with an overview of the SAMR scale and opportunities to view various related resources that were made available through a Google Classroom. After evaluating themselves against the scale, teachers set personal improvement goals. The goals informed staff development planning for the rest of the year, and a modified Ed Camp was utilized to leverage the existing expertise in the district in support of teachers' goals. This initiative resulted in measurable growth in effective technology integration.

ECONOMIC CONDITION AND OUTLOOK

Lumberton Township has experienced an end to the development and expansion of the township, there are still a few developments that may result in some additional housing. These parcels of undeveloped land are starting to be discussed with developer interest. There is one development that will result in approximately 25 single family homes that will be completed within the next 6 months. The other parcels of land have no definite plans at this time. There has been little to no new business development in Lumberton Township. Lumberton Township is continuing to attempt to attract additional businesses to its previously rural and residential town. To attract the businesses in the town, the officials have agreed to

abate taxes for a period. Several businesses have begun to pay their full amount of taxes to the town. The Township Officials are still working to attract businesses to move/develop within Lumberton Township.

MAJOR INITIATIVES

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

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

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

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

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INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

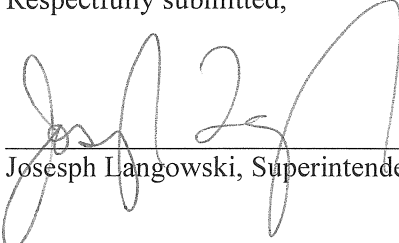
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.


ACKNOWLEDGEMENTS

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

Respectfully submitted,



Joseph Langowski, Superintendent

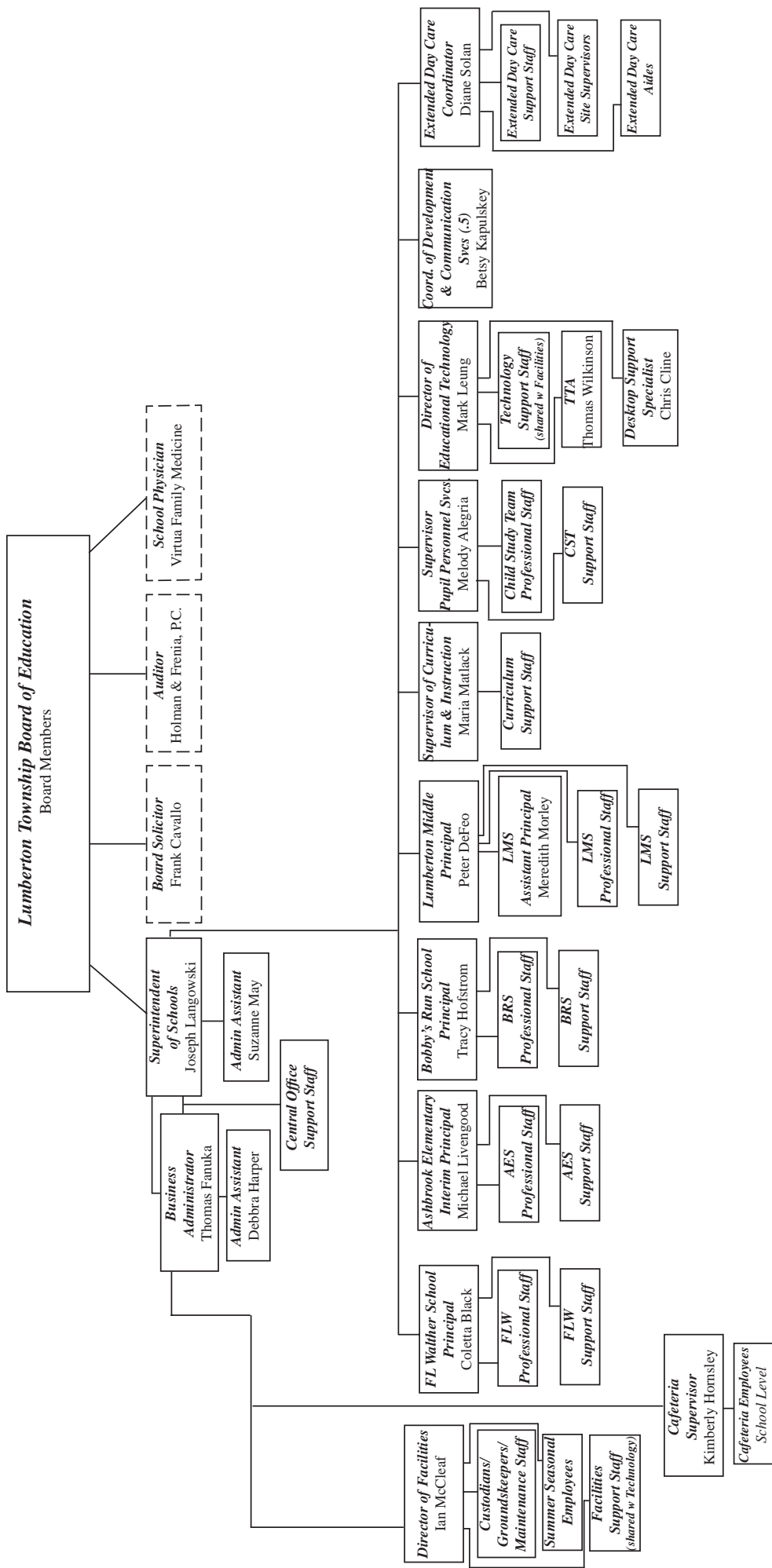


Thomas J. Fanuka, School Business Administrator/Board Secretary

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Lumberton Township Board of Education

33 Municipal Drive
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(609) 267-1406



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LUMBERTON TOWNSHIP SCHOOL DISTRICT
Lumberton, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Rachel Paulin, President	2017
Margaret Bupp, Vice President	2019
Melissa Cirli	2017
Jill Clevenger	2017
Thomas Colling, III	2018
Jennifer DeJoseph	2017
Mike Dinneen	2017
Chris Stridiron	2017
Nate Wood	2017

OTHER OFFICIALS

Joseph Langowski, Superintendent

Thomas J. Fanuka, Business Administrator/Board Secretary

Frank P. Cavallo, Solicitor

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
Lumberton, New Jersey

CONSULTANTS AND ADVISORS

INSURANCE AGENT

Burlington County Insurance Pool
Marlton, New Jersey

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, New Jersey

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lumberton Township School District
County of Burlington
Lumberton, 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 Lumberton Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lumberton Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
November 20, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Lumberton Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund and Extended Day Care Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund and Extended Day Care Fund) are listed individually and is considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 6,361,738	\$ 5,757,111	\$ 604,627	10.5%
Capital Assets, Net	<u>20,547,993</u>	<u>21,575,546</u>	<u>(1,027,553)</u>	-4.8%
Total Assets	<u>26,909,731</u>	<u>27,332,657</u>	<u>(422,926)</u>	-1.5%
Deferred Outflow of Resources	<u>3,231,568</u>	<u>1,050,405</u>	<u>2,181,163</u>	207.6%
Current and other Liabilities	1,058,594	775,463	283,131	36.5%
Noncurrent Liabilities	<u>17,888,915</u>	<u>16,393,550</u>	<u>1,495,365</u>	9.1%
Total Liabilities	<u>18,947,509</u>	<u>17,169,013</u>	<u>1,778,496</u>	10.4%
Deferred Inflow of Resources	<u>241,309</u>	<u>423,586</u>	<u>(182,277)</u>	-43.0%
Net Position:				
Net Investment in Capital Assets	13,911,913	12,968,197	943,716	7.3%
Restricted	4,121,635	3,778,568	343,067	9.1%
Unrestricted (Deficit)	<u>(7,081,067)</u>	<u>(5,956,302)</u>	<u>(1,124,765)</u>	18.9%
Total Net Position	<u>\$ 10,952,481</u>	<u>\$ 10,790,463</u>	<u>\$ 162,018</u>	1.5%

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 769,512	\$ 708,324	\$ 61,188	8.6%
Operating Grants & Contributions	3,643,310	3,250,987	392,323	12.1%
General Revenues:				
Property Taxes	14,209,132	14,166,759	42,373	0.3%
Federal & State Aid	8,889,736	8,996,152	(106,416)	-1.2%
Other General Revenues	657,861	710,307	(52,446)	-7.4%
Special Items:				
Gain/(Loss) on Capital Asset Adjustment	116,182		116,182	100.0%
Total Revenues	28,285,733	27,832,529	453,204	1.6%
Function/Program Expenditures:				
Regular Instruction	6,146,521	6,162,092	(15,571)	-0.3%
Special Education Instruction	3,004,548	3,157,159	(152,611)	-4.8%
Other Instruction	582,093	547,251	34,842	6.4%
Tuition	858,921	729,211	129,710	17.8%
Student & Instruction Related Services	2,538,659	2,298,839	239,820	10.4%
General Administrative	421,419	392,838	28,581	7.3%
School Administrative Services	704,436	790,153	(85,717)	-10.8%
Central Services	432,147	455,818	(23,671)	-5.2%
Administrative Info. Technology	363,561	352,850	10,711	3.0%
Plant Operations & Maintenance	1,961,728	2,147,694	(185,966)	-8.7%
Pupil Transportation	968,116	1,013,986	(45,870)	-4.5%
Unallocated Benefits	4,813,865	4,046,006	767,859	19.0%
On Behalf TPAF Pension and Social				
Security Contributions	2,852,109	2,536,014	316,095	12.5%
Interest & Other Charges	250,266	285,699	(35,433)	-12.4%
Unallocated Depreciation	1,319,105	1,320,464	(1,359)	-0.1%
Food Service	479,717	484,972	(5,255)	-1.1%
Extended Daycare	426,504	414,856	11,648	2.8%
Total Expenditures	28,123,715	27,135,902	987,813	3.6%
Change In Net Position	162,018	696,627	(534,609)	-76.7%
Net Position - Beginning	10,790,463	10,093,836	696,627	6.9%
Net Position - Ending	\$ 10,952,481	\$ 10,790,463	\$ 162,018	1.5%

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$68,532 or .69%. The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$10,005,358, with an unrestricted deficit balance of \$7,916,034. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District’s governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(7,916,034)
Add back: PERS Pension Liability		9,697,166
Less: Deferred Outflows related to pensions		(3,210,546)
Add back: Deferred Inflows related to pensions		<u>241,309</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(1,188,105)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$93,486 or 10.95%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$947,123.

General Fund Budgeting Highlights

Final budgeted revenues was \$21,721,799, which was equal to the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$589,546.

Final budgeted appropriations was \$23,773,040, which was an increase of \$1,900 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted revenues, the School District’s budget appropriations exceeded actual expenditures by \$2,118,547.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$5,376,676 at June 30, 2017, an increase of \$656,852 from the prior year.

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$4,843,859, an increase of \$498,680 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$647,663 to \$4,589,101 at June 30, 2017, compared to an increase of \$319,355 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The district attempted to hold the line on expenditures for the 2016-2017 school year
- There were a few less out-of-district special education placements

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$148,983 to \$204,211 at June 30, 2017, compared to a decrease of \$419,411 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- The Regular Operating District Grants have concluded

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$0 to \$50,547 at June 30, 2017, compared to an increase of \$50,546 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$65,343 to \$217,248 at June 30, 2017, compared to an increase of \$26,460 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The district's breakfast program is beginning to see much higher participation rates than last year
- The district has also advertised the breakfast program to obtain additional participation

Extended Day Care - During the current fiscal year, the net position of the School District's extended day care fund increased by \$28,143 to \$729,875 at June 30, 2017, compared to a decrease of \$5,746 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- Increased enrollments in the Extended Day Care Program over the previous year
- Additional Burlington County Community Action Program (BCCAP) for those parents that cannot afford daycare

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$20,547,993 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District’s investment in capital assets for the current fiscal year in the amount of 943,716. This increase is primarily due to unspent proceeds of the debt in for the Solar Project removed from the net investment calculation. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 1,236,485	\$ 1,236,485	\$ -	0.0%
Land Improvements	3,911,594	4,200,857	(289,263)	-6.9%
Building and Improvements	14,298,249	15,270,197	(971,948)	-6.4%
Equipment	1,101,665	868,007	233,658	26.9%
	<u>\$ 20,547,993</u>	<u>\$ 21,575,546</u>	<u>\$ (1,027,553)</u>	-4.8%

Depreciation expense for the year was \$1,330,505. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$7,175,000, which is a decrease of \$1,245,000 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District’s Future

The District anticipates that the approved 2018-2019 budget will be adequate to satisfy all 2018-2019 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

LUMBERTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Contacting the School Districts Financial Management

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

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash & Cash Equivalents	\$ 3,834,727	\$ 824,767	\$ 4,659,494
Receivables, Net (Note 4)	506,493	14,231	520,724
Inventory		4,169	4,169
Restricted Cash & Cash Equivalents	1,177,351	-	1,177,351
Capital Assets, Net (Note 5)			
Non-depreciable	1,236,485	-	1,236,485
Depreciable	19,199,352	112,156	19,311,508
	<hr/>		
Total Assets	25,954,408	955,323	26,909,731
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,210,546	-	3,210,546
Related to Loss on Debt Refunding	21,022	-	21,022
	<hr/>		
Total Deferred Outflow of Resources	3,231,568	-	3,231,568
<hr/>			
LIABILITIES:			
Accounts Payable	682,912	-	682,912
Due to Other Governments	295,261	-	295,261
Accrued Interest	80,421	-	80,421
Internal Balances	(8,200)	8,200	-
Noncurrent Liabilities (Note 7):			
Due within one year	1,361,090	-	1,361,090
Due in more than one year	16,527,825	-	16,527,825
	<hr/>		
Total Liabilities	18,939,309	8,200	18,947,509
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	241,309	-	241,309
	<hr/>		
Total Deferred Inflow of Resources	241,309	-	241,309
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	13,799,757	112,156	13,911,913
Restricted for:			
Capital Projects	1,316,562	-	1,316,562
Debt Service	50,547	-	50,547
Excess Surplus	2,754,526	-	2,754,526
Unrestricted (Deficit)	(7,916,034)	834,967	(7,081,067)
	<hr/>		
Total Net Position	\$ 10,005,358	\$ 947,123	\$ 10,952,481
	<hr/>		

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

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

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 6,146,521	\$ -	-	-	(6,146,521)	\$ -	(6,146,521)
Special Education Instruction	3,004,548	498,399	-	-	(2,506,149)	-	(2,506,149)
Other Special Instruction	476,231	-	-	-	(476,231)	-	(476,231)
Other Instruction	105,862	-	-	-	(105,862)	-	(105,862)
Support Services:							
Tuition	858,921	-	-	-	(858,921)	-	(858,921)
Health Services	247,904	-	-	-	(247,904)	-	(247,904)
Student & Instruction Related Services	1,989,227	36,304	-	-	(1,952,923)	-	(1,952,923)
Educational Media Services / School Library	301,528	-	-	-	(301,528)	-	(301,528)
General Administrative	421,419	-	-	-	(421,419)	-	(421,419)
School Administrative Services	704,436	-	-	-	(704,436)	-	(704,436)
Central Services	432,147	-	-	-	(432,147)	-	(432,147)
Administrative Info. Technology	363,561	-	-	-	(363,561)	-	(363,561)
Plant Operations & Maintenance	1,961,728	-	-	-	(1,961,728)	-	(1,961,728)
Pupil Transportation	968,116	-	-	-	(968,116)	-	(968,116)
Unallocated Benefits	4,813,865	27,078	-	-	(4,786,787)	-	(4,786,787)
On Behalf TPAF Pension and Social Security Contributions	2,852,109	-	2,852,109	-	-	-	-
Special Schools	-	-	-	-	-	-	-
Transfer to Charter Schools	-	-	-	-	-	-	-
Interest & Other Charges	250,266	-	-	-	(250,266)	-	(250,266)
Unallocated Depreciation	1,319,105	-	-	-	(1,319,105)	-	(1,319,105)
Total Governmental Activities	27,217,494	-	3,413,890	-	(23,803,604)	-	(23,803,604)
Business-Type Activities:							
Food Service	479,717	315,611	229,420	-	-	65,314	65,314
Extended Day Care	426,504	453,901	-	-	-	27,397	27,397
Total Business-Type Activities	906,221	769,512	229,420	-	-	92,711	92,711
Total Primary Government	\$ 28,123,715	\$ 769,512	\$ 3,643,310	\$ -	(23,803,604)	92,711	(23,710,893)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					13,305,006		13,305,006
Property Taxes, Levied for Debt Service					904,126		904,126
Federal & State Aid Restricted					549,672		549,672
Federal & State Aid Not Restricted					8,340,064		8,340,064
Tuition Charges					141,816		141,816
Miscellaneous					515,270	775	516,045
Special Items:							
Adjustment to Capital Assets					116,182		116,182
Total General Revenues and Special Items					23,872,136	775	23,872,911
Change in Net Position					68,532	93,486	162,018
Net Position - Beginning					9,936,826	853,637	10,790,463
Net Position - Ending					\$ 10,005,358	\$ 947,123	\$ 10,952,481

B. Fund Financial Statements

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 3,729,619	\$ -	\$ 114,662	\$ 75,924	\$ 3,920,205
Receivables, Net:					
Interfund Receivable	38,577	14,760	-	-	53,337
Due from Other Governments:					
State	125,670	-	89,549	-	215,219
Federal	1,489	67,047	-	-	68,536
Other Receivables	214,067	3,671	-	-	217,738
Restricted Cash & Cash Equivalents	1,177,351	-	-	-	1,177,351
	5,286,773	85,478	204,211	75,924	5,652,386
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit		85,478			85,478
Accounts Payable	682,912	-	-	-	682,912
Interfund Payable	14,760	-	-	25,377	40,137
	697,672	85,478	-	25,377	808,527
Fund Balances:					
Restricted for:					
Capital Reserve	1,177,351	-	-	-	1,177,351
Excess Surplus - Current year	1,560,355	-	-	-	1,560,355
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,194,171	-	-	-	1,194,171
Capital Projects	-	-	139,211	-	139,211
Debt Service	-	-	-	50,547	50,547
Assigned to:					
Designated for Subsequent Year's Expenditures	850,589	-	65,000	-	915,589
Designated for Subsequent Year's Expenditures - SEMI	2,271	-	-	-	2,271
Other Purposes	65,594	-	-	-	65,594
Unassigned	(261,230)	-	-	-	(261,230)
	4,589,101	-	204,211	50,547	4,843,859
Total Liabilities & Fund Balances	\$ 5,286,773	\$ 85,478	\$ 204,211	\$ 75,924	\$ 5,652,386

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 \$41,158,400 and the accumulated depreciation is \$20,722,563	20,435,837
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	3,210,546
Deferred Inflows related to pensions	(241,309)
Deferred Outflow related to the loss on bond refunding of debt	21,022
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(80,421)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position	(295,261)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	(17,888,915)
Net Position of Governmental Activities	\$ 10,005,358

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

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 13,305,006	\$ -	\$ -	\$ 904,126	\$ 14,209,132
Tuition Charges	141,816	-	-	-	141,816
Miscellaneous	515,270	-	-	-	515,270
Total Local Sources	<u>13,962,092</u>	<u>-</u>	<u>-</u>	<u>904,126</u>	<u>14,866,218</u>
State Sources	11,144,672	-	24,167	525,505	11,694,344
Federal Sources	47,501	561,781	-	-	609,282
Total Revenues	<u>25,154,265</u>	<u>561,781</u>	<u>24,167</u>	<u>1,429,631</u>	<u>27,169,844</u>
Expenditures:					
Instruction:					
Regular Instruction	6,146,521	-	-	-	6,146,521
Special Education Instruction	2,506,149	498,399	-	-	3,004,548
Other Special Instruction	476,231	-	-	-	476,231
Other Instruction	105,862	-	-	-	105,862
Support Services:					
Tuition	858,921	-	-	-	858,921
Health Services	247,904	-	-	-	247,904
Student & Instruction Related Services	1,952,923	36,304	-	-	1,989,227
Educational Media Services / School Library	301,528	-	-	-	301,528
General Administrative	421,419	-	-	-	421,419
School Administrative Services	704,436	-	-	-	704,436
Central Services	432,147	-	-	-	432,147
Administrative Info. Technology	363,561	-	-	-	363,561
Plant Operations & Maintenance	1,961,728	-	-	-	1,961,728
Pupil Transportation	968,116	-	-	-	968,116
Unallocated Benefits	4,047,275	27,078	-	-	4,074,353
On Behalf TPAF Pension and Social Security Contributions	2,852,109	-	-	-	2,852,109
Capital Outlay	78,620	-	108,150	-	186,770
Debt Service:					
Principal	35,363	-	-	1,245,000	1,280,363
Interest & Other Charges	45,789	-	-	249,631	295,420
Total Expenditures	<u>24,506,602</u>	<u>561,781</u>	<u>108,150</u>	<u>1,494,631</u>	<u>26,671,164</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>647,663</u>	<u>-</u>	<u>(83,983)</u>	<u>(65,000)</u>	<u>498,680</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	65,000	65,000
Transfers out	-	-	(65,000)	-	(65,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
Net changes in fund balances	647,663	-	(148,983)	-	498,680
Fund Balance, July 1	3,941,438	-	353,194	50,547	4,345,179
Fund Balance, June 30	<u>\$ 4,589,101</u>	<u>\$ -</u>	<u>\$ 204,211</u>	<u>\$ 50,547</u>	<u>\$ 4,843,859</u>

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

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

Total Net Changes in Fund Balances - Governmental Funds (B-2)		498,680
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation capital outlays exceeded in the period</p>		
	Depreciation Expense (1,319,105) Adjustment to Capital Assets 116,182 Capital Outlays 186,770 <hr style="width: 100%;"/>	(1,016,153)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		(646,979)
<p>Repayment of long-term debt principal and obligation of lease purchase agreements are 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.</p>		
		1,280,363
<p>Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:</p>		
	Amortization of premium on bonds 39,971 Amortization of loss on Bond Refunding (8,008) <hr style="width: 100%;"/>	31,963
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).</p>		
		13,191
<p>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 (+).</p>		
		(92,533)
Change in Net Position of Governmental Activities	\$	<u><u>68,532</u></u>

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

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		<u>TOTAL</u>
	<u>EXTENDED DAY CARE</u>	<u>FOOD SERVICE</u>	
Current Assets:			
Cash & Cash Equivalents	\$ 617,719	\$ 207,048	\$ 824,767
Accounts Receivable:			
State	-	372	372
Federal	-	13,859	13,859
Inventories	-	4,169	4,169
Total Current Assets	<u>617,719</u>	<u>225,448</u>	<u>843,167</u>
Noncurrent Assets:			
Equipment	269,039	4,696	273,735
Less: Accumulated Depreciation	<u>(156,883)</u>	<u>(4,696)</u>	<u>(161,579)</u>
Total Noncurrent Assets	<u>112,156</u>	<u>-</u>	<u>112,156</u>
Total Assets	<u>729,875</u>	<u>225,448</u>	<u>955,323</u>
LIABILITIES			
Current Liabilities:			
Interfund Payables	-	8,200	8,200
Total Current Liabilities	<u>-</u>	<u>8,200</u>	<u>8,200</u>
Total Liabilities	<u>-</u>	<u>8,200</u>	<u>8,200</u>
NET POSITION			
Investment in Capital Assets	112,156	-	112,156
Unrestricted	<u>617,719</u>	<u>217,248</u>	<u>834,967</u>
Total Net Position	<u>\$ 729,875</u>	<u>\$ 217,248</u>	<u>\$ 947,123</u>

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	EXTENDED	FOOD	TOTAL
	<u>DAY CARE</u>	<u>SERVICE</u>	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs:	\$ -	\$ 201,242	\$ 201,242
Daily Sales - Nonreimbursable Programs	-	104,300	104,300
Special Functions	-	7,996	7,996
Enrollment Fees	453,851	-	453,851
Miscellaneous	50	2,073	2,123
	<hr/>		
Total Operating Revenue	453,901	315,611	769,512
	<hr/>		
Operating Expenses:			
Cost of Sales - Reimbursable Programs	-	123,786	123,786
Cost of Sales - Nonreimbursable Programs	-	74,219	74,219
Salaries	308,868	150,352	459,220
Employee Benefits	27,218	34,900	62,118
Supplies and Materials	40,810	21,198	62,008
Management Fee	-	60,900	60,900
Miscellaneous	38,208	14,362	52,570
Depreciation	11,400	-	11,400
	<hr/>		
Total Operating Expenses	426,504	479,717	906,221
	<hr/>		
Operating Income/(Loss)	27,397	(164,106)	(136,709)
	<hr/>		
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	-	4,869	4,869
Federal Sources:			
National School Lunch Program	-	143,476	143,476
School Breakfast Program	-	35,670	35,670
Special Milk Program	-	325	325
Healthy Hungry Kids Act	-	6,413	6,413
Food Distribution Program	-	38,667	38,667
Interest and Investment Revenue	746	29	775
	<hr/>		
Total Nonoperating Revenues/(Expenses)	746	229,449	230,195
	<hr/>		
Change in Net Position	28,143	65,343	93,486
Total Net Position - July 1	701,732	151,905	853,637
	<hr/>		
Total Net Position - June 30	\$ 729,875	\$ 217,248	\$ 947,123
	<hr/>		

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	EXTENDED	FOOD	TOTAL
	<u>DAY CARE</u>	<u>SERVICE</u>	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 453,901	\$ 315,611	\$ 769,512
Payments to Employees	(308,868)	(150,352)	(459,220)
Payment to Employee Benefits	(27,218)	(34,900)	(62,118)
Payments to Suppliers	(79,256)	(253,589)	(332,845)
Net Cash Provided/(Used) by Operating Activities	<u>38,559</u>	<u>(123,230)</u>	<u>(84,671)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	-	4,870	4,870
Federal Sources	-	185,613	185,613
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>190,483</u>	<u>190,483</u>
Cash Flows From Investing Activities:			
Interest on Investments	746	29	775
Net Cash Provided by Investing Activities	<u>746</u>	<u>29</u>	<u>775</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	39,305	67,282	106,587
Cash & Cash Equivalents, July 1	578,414	139,766	718,180
Cash & Cash Equivalents, June 30	<u>\$ 617,719</u>	<u>\$ 207,048</u>	<u>\$ 824,767</u>

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

Operating Income/(Loss)	\$ 27,397	\$ (164,106)	\$ (136,709)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	11,400	-	11,400
Food Distribution Program	-	38,667	38,667
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	-	2,209	2,209
(Decrease)/Increase in Accounts Payable	(238)	-	(238)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 38,559</u>	<u>\$ (123,230)</u>	<u>\$ (84,671)</u>

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

ASSETS	PRIVATE PURPOSE <u>TRUST FUNDS</u>	AGENCY <u>FUNDS</u>	<u>TOTAL</u>
Cash & Cash Equivalents	\$ 78,129	\$ 56,474	\$ 134,603
Total Assets	<u>78,129</u>	<u>56,474</u>	<u>134,603</u>
 LIABILITIES 			
Payroll Deductions & Withholdings	-	1,195	1,195
Accounts Payable	5,175	2,734	7,909
Interfund Payable	-	5,000	5,000
Due to Student Groups	-	47,545	47,545
Total Liabilities	<u>5,175</u>	<u>56,474</u>	<u>61,649</u>
 NET POSITION 			
Held in Trust For:			
Unemployment Claims	70,663	-	70,663
Scholarships	2,291	-	2,291
Total Net Position	<u>\$ 72,954</u>	<u>\$ -</u>	<u>\$ 72,954</u>

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS:	
Contributions:	
Payroll Deductions	\$ 23,995
Total Contributions	<u>23,995</u>
Investment Earnings:	
Interest on Investments	<u>38</u>
Total Investment Earnings	<u>38</u>
Total Additions	<u>24,033</u>
 DEDUCTIONS:	
Unemployment Claims	22,120
Scholarships Awarded	<u>165</u>
Total Deductions	<u>22,285</u>
Change in Net Position	1,748
Net Position - Beginning of Year	<u>71,206</u>
Net Position - End of Year	<u><u>\$ 72,954</u></u>

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Lumberton Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Lumberton Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through eighth at its three schools. The School District has an approximate enrollment at June 30, 2017 of 1,355 students.

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

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

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

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are 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 expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

Extended Day Care Fund – The extended day care fund accounts for the financial transactions related to the extended day care operations of the School District.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

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

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

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

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Budgets/Budgetary Control

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

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

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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

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

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$5,076,746 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	5,050,016
Uninsured and Uncollateralized		26,730
		<hr/>
	\$	5,076,746
		<hr/>

Investments

The School District had no investments at June 30, 2017.

Note 3. Reserve Accounts

Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued)

Capital Reserve (continued)

Beginning Balance, July 1, 2016	\$	976,129
Increased by:		
Interest Earnings		1,222
Deposits approved by Board		200,000
		200,000
Ending Balance, June 30, 2017	\$	1,177,351

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>				<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ 1,489	\$ 67,047	\$ -	\$ 68,536	\$ 13,859	\$ 13,859
State Awards	125,670	-	89,549	215,219	372	372
Tuition	214,067	-	-	214,067	-	-
Other	5,000	3,671	-	8,671	-	-
Total	\$ 346,226	\$ 70,718	\$ 89,549	\$ 506,493	\$ 14,231	\$ 14,231

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets

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

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,236,485	\$ -	\$ -	\$ 1,236,485
Total Capital Assets not being depreciated	1,236,485	-	-	1,236,485
Capital Assets being depreciated:				
Land Improvements	6,336,687			6,336,687
Buildings and Improvements	30,732,848	108,150	(214,675)	30,626,323
Equipment	2,487,187	78,620	393,098	2,958,905
Total Capital Assets being depreciated	39,556,722	186,770	178,423	39,921,915
Less: Accumulated Depreciation:				
Land Improvements	(2,135,830)	(289,263)		(2,425,093)
Buildings and Improvements	(15,586,207)	(791,782)	(62,241)	(16,440,230)
Equipment	(1,619,180)	(238,060)		(1,857,240)
Total Accumulated Depreciation	(19,341,217)	(1,319,105)	(62,241)	(20,722,563)
Total Capital Assets being depreciated, net	20,215,505	(1,132,335)	116,182	19,199,352
Total Governmental Activities Capital Assets, net	\$ 21,451,990	\$ (1,132,335)	\$ 116,182	\$ 20,435,837
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Buildings and Improvements	\$ 269,039	\$ -	\$ -	\$ 269,039
Equipment	4,696	-	-	4,696
	273,735	-	-	273,735
Less: Accumulated Depreciation:				
Buildings and Improvements	(145,483)	(11,400)	-	(156,883)
Equipment	(4,696)	-	-	(4,696)
	(150,179)	(11,400)	-	(161,579)
Total Business-Type Activities Capital Assets, net	\$ 123,556	\$ (11,400)	\$ -	\$ 112,156

Depreciation expense was not allocated among the various functions/programs of the School District.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 38,577	\$ 14,760
Special Revenue Fund	14,760	
Debt Service Fund		25,377
Food Service Fund		8,200
Payroll Fund		5,000
	<u>\$ 53,337</u>	<u>\$ 53,337</u>

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund		\$ 65,000
Debt Service Fund	\$ 65,000	
	<u>\$ 65,000</u>	<u>\$ 65,000</u>

The purpose of the interfund transfer was for the remaining unspent proceeds on completed capital projects to be used for current and future debt service payments related to the completed capital projects.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 8,420,000	\$ -	\$ 1,245,000	\$ 7,175,000	\$ 1,285,000
Capital Leases	71,482	-	35,363	36,119	36,119
Unamortized Bond Premiums	144,896	-	39,971	104,925	39,971
Compensated Absences	783,172	92,533		875,705	-
Net Pension Liability	6,974,000	4,276,724	1,553,558	9,697,166	-
	<u>\$ 16,393,550</u>	<u>\$ 4,369,257</u>	<u>\$ 2,873,892</u>	<u>\$ 17,888,915</u>	<u>\$ 1,361,090</u>

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued)

For governmental activities, the bonds payable are liquidated from the School District’s debt service fund. Compensated absences, capital leases, unamortized bond premiums and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On August 4, 2010, the School District issued \$7,000,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.500% to 3.375% and mature on February 15, 2026.

On April 1, 2015, the School District issued \$4,205,000 of Refunding Bonds to refund the callable portion of the outstanding 2005 Bond Issue. The Refunding Bonds generated \$243,593 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$248,388, or a net annual present value savings of 5.906969%. The Refunding Bonds were issued at interest rates varying from 4.00% to 4.25% and mature on February 15, 2020.

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

Fiscal Year Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2018	\$	1,285,000	\$	214,456	\$	1,499,456
2019		1,320,000		178,156		1,498,156
2020		1,365,000		140,856		1,505,856
2021		490,000		101,094		591,094
2022		505,000		86,394		591,394
2023-2026		2,210,000		184,425		2,394,425
		<u>\$</u>		<u>7,175,000</u>		<u>\$</u>
			<u>\$</u>	<u>905,381</u>		<u>\$</u>
					<u>\$</u>	<u>8,080,381</u>

Capital Lease Payable

On July 15, 2013, the School District entered into a lease purchase agreement in the amount of \$175,000 for Technology Equipment. The lease obligation was issued at an interest rate of 2.178% and matures on July 15, 2017.

The future minimum lease payments for this lease is as follows:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued)

Capital Lease Payable (continued)

Fiscal Year Ending <u>June 30,</u>	
2018	\$ <u>36,892</u>
Total Minimum Lease Payments	36,892
Less: Amount Representing Interest	<u>(773)</u>
Present Value of Minimum Lease Payments	<u>\$ 36,119</u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

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

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$9,697,166 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .032742% which was an increase of .00167% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$949,308 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 180,338	\$ -
Changes of Assumptions	2,008,735	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	369,762	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	356,450	241,309
School District contributions subsequent to measurement date	295,261	
	\$ 3,210,546	\$ 241,309

\$295,261 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 579,612
2019	579,612
2020	664,411
2021	596,578
2022	253,763
	\$ 2,673,976

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the 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 scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	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. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and 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.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 11,882,745	\$ 9,697,166	\$ 7,892,781

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.03274%	 0.03107%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$80,497,849. The School District's proportionate share was \$0.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

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 State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .10233%, which was an increase of .008123% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$6,048,293 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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 generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

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

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

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's 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:

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 96,132,421	\$ 80,497,849	\$ 67,730,203
	\$ 96,132,421	\$ 80,497,849	\$ 67,730,203

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$58,979, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$20,816.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

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 Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

LUMBERTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,161,406, \$967,715 and \$785, respectively.

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 23,995	\$ 36	\$ 22,120	\$ 70,663
2015-2016	22,936	54	48,585	68,752
2014-2015	22,833	68	19,906	94,347

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

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

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
AXA Equitable

Note 14. Compensated Absences

The School 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.

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$875,705 and \$0, respectively.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$65,594.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$1,560,355.

Note 18. Fund Balances

General Fund – Of the \$4,589,101 General Fund fund balance at June 30, 2017, \$1,177,351 has been restricted for the Capital Reserve Account; \$1,560,355 has been restricted for current year excess surplus; \$1,194,171 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$65,594 has been assigned to other purposes; \$852,860 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$(261,230) has been unassigned.

Capital Projects Fund – Of the \$204,211 Capital Projects Fund fund balance at June 30, 2017, \$139,211 is restricted for future capital projects approved by the School District and \$65,000 has been assigned and included as anticipated revenue in the debt service fund for the year ending June 30, 2018

Debt Service Fund – Of the \$50,547 Debt Service Fund fund balance at June 30, 2017, \$50,547 is restricted for future debt service payments.

LUMBERTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 19. Deficit Fund Balance

The School District has a deficit fund balance of \$261,230 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$261,230 is less than the last state aid payment.

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$7,916,034 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 13,305,006	\$ -	\$ 13,305,006	\$ 13,305,006	\$ -
Tuition - Other LEA's Within State	10-1300-000-000	-	-	-	141,816	141,816
Interest on Capital Reserve	10-1000-000-000	600	-	600	1,222	622
Miscellaneous	10-1000-000-000	170,000	-	170,000	514,048	344,048
Total Local Sources		13,475,606	-	13,475,606	13,962,092	486,486
State Sources:						
Categorical Transportation Aid	10-3121-000-000	208,437	-	208,437	208,437	-
Categorical Special Education Aid	10-3132-000-000	903,723	-	903,723	903,723	-
Equalization Aid	10-3176-000-000	6,879,838	-	6,879,838	6,879,838	-
Categorical Security Aid	10-3177-000-000	141,349	-	141,349	141,349	-
Adjustment Aid	10-3178-000-000	31,980	-	31,980	31,980	-
PARCC Readiness Aid	10-3181-000-000	14,840	-	14,840	14,840	-
Per Pupil Growth Aid	10-3182-000-000	14,840	-	14,840	14,840	-
Professional Learning Community Aid	10-3183000-000	13,490	-	13,490	13,490	-
Non Public School Transportation Aid	10-3000-000-000	-	-	-	20,010	20,010
Extraordinary Aid	10-3131-000-000	-	-	-	73,245	73,245
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	967,715	967,715
Normal Pension Contributions		-	-	-	1,161,406	1,161,406
Long Term Disability Insurance		-	-	-	785	785
Reimbursed TPAF Social Security		-	-	-	722,203	722,203
Total State Sources		8,208,497	-	8,208,497	11,153,861	2,945,364
Federal Sources:						
Special Education Medicaid Initiative (SEMI)	10-4200-000-000	37,696	-	37,696	39,019	1,323
Medical Assistance Program (SEMI) - Cost Settlement	10-4200-000-000	-	-	-	6,211	6,211
Special Education Medicaid Initiative (SEMI) ARRA	10-4210-000-000	-	-	-	2,271	2,271
Total Federal Sources		37,696	-	37,696	47,501	9,805
Total Revenues		21,721,799	-	21,721,799	25,163,454	3,441,655
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	345,255	26,000	371,255	370,477	778
Grades 1 - 5	11-120-100-101	2,966,922	(46,000)	2,920,922	2,841,283	79,639
Grades 6 - 8	11-130-100-101	2,237,037	20,000	2,257,037	2,252,022	5,015
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	20,250	(8,000)	12,250	9,561	2,689
Purchased Professional - Educational Services	11-150-100-320	5,000	(4,000)	1,000	347	653
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	226,646	(201,328)	25,318	8,381	16,937
Purchased Professional - Educational Services	11-190-100-320	45,000	223,328	268,328	268,126	202
Purchased Technical Services	11-190-100-340	3,550	2,410	5,960	5,960	-
General Supplies	11-190-100-610	438,661	10,500	449,161	378,067	71,094
Textbooks	11-190-100-640	25,725	(11,100)	14,625	11,778	2,847
Other Objects	11-190-100-890	1,200	-	1,200	519	681
Total Regular Programs		6,315,246	11,810	6,327,056	6,146,521	180,535
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	376,715	(109,750)	266,965	263,458	3,507

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Salaries for Instruction	11-204-100-106	258,249	(14,000)	244,249	200,457	43,792
General Supplies	11-204-100-610	8,800	-	8,800	5,448	3,352
Textbooks	11-204-100-640	500	-	500	-	500
Total Learning &/or Language Disabilities		644,264	(123,750)	520,514	469,363	51,151
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	33,136	-	33,136	28,135	5,001
Other Salaries for Instruction	11-212-100-106	56,692	-	56,692	25,061	31,631
General Supplies	11-212-100-610	1,300	-	1,300	377	923
Total Multiple Disabilities		91,128	-	91,128	53,573	37,555
Resource Room / Resource Center:						
Salaries of Teachers	11-213-100-101	1,575,671	20,000	1,595,671	1,557,680	37,991
Other Salaries for Instruction	11-213-100-106	351,054	-	351,054	302,247	48,807
General Supplies	11-213-100-610	15,662	-	15,662	11,177	4,485
Textbooks	11-213-100-640	500	-	500	-	500
Total Resource Room/Resource Center		1,942,887	20,000	1,962,887	1,871,104	91,783
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	79,171	-	79,171	79,171	-
Other Salaries for Instruction	11-215-100-106	28,369	4,500	32,869	32,377	492
General Supplies	11-215-100-610	1,100	-	1,100	561	539
Total Preschool Disabilities - Part-Time		108,640	4,500	113,140	112,109	1,031
Total Special Education		2,786,919	(99,250)	2,687,669	2,506,149	181,520
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	199,837	4,250	204,087	199,424	4,663
Other Salaries for Instruction	11-230-100-106	167,862	14,000	181,862	176,447	5,415
General Supplies	11-230-100-610	11,574	-	11,574	9,825	1,749
Total Basic Skills/Remedial - Instruction		379,273	18,250	397,523	385,696	11,827
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	91,276	-	91,276	88,855	2,421
General Supplies	11-240-100-610	1,900	-	1,900	1,095	805
Textbooks	11-240-100-640	700	-	700	585	115
Total Bilingual Education - Instruction		93,876	-	93,876	90,535	3,341
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	79,811	2,700	82,511	65,799	16,712
General Supplies	11-401-100-610	6,677	-	6,677	5,273	1,404
Total School Sponsored Cocurricular - Activities		86,488	2,700	89,188	71,072	18,116
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	27,000	2,300	29,300	29,205	95
General Supplies	11-402-100-610	5,170	(2,000)	3,170	1,323	1,847
Other Objects	11-402-100-800	4,600	-	4,600	4,262	338
Total School Sponsored Athletics - Instruction		36,770	300	37,070	34,790	2,280
Total - Instruction		9,698,572	(66,190)	9,632,382	9,234,763	397,619
Undistributed Expenditures						
Instruction:						

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Tuition to Other LEAs Within State Special	11-000-100-562	300,000	(34,795)	265,205	238,277	26,928
Tuition to CSSD & Regional Day School	11-000-100-565	154,000	225,200	379,200	376,392	2,808
Tuition to Private Schools for Disabled Within the State	11-000-100-566	595,000	(190,405)	404,595	242,571	162,024
Tuition Other	11-000-100-569	2,000	-	2,000	1,681	319
Total Undistributed Expenditures - Instruction		1,051,000	-	1,051,000	858,921	192,079
Attendance and Social Work Services:						
Salaries	11-000-211-100	7,500	-	7,500	7,088	412
Purchased Technical Services	11-000-211-340	1,000	-	1,000	-	1,000
General Supplies	11-000-211-610	1,000	-	1,000	-	1,000
Total Attendance and Social Work Services		9,500	-	9,500	7,088	2,412
Health Services:						
Salaries	11-000-213-100	238,134	(2,000)	236,134	234,484	1,650
Purchased Professional & Technical Services	11-000-213-300	16,000	(1,000)	15,000	8,703	6,297
Supplies and Materials	11-000-213-600	6,649	-	6,649	4,717	1,932
Total Health Services		260,783	(3,000)	257,783	247,904	9,879
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	459,626	-	459,626	437,376	22,250
Purchased Professional - Educational Services	11-000-216-320	156,000	81,600	237,600	233,151	4,449
Supplies and Materials	11-000-216-600	5,706	2,400	8,106	7,337	769
Total Other Support Services - Students - Related Services		621,332	84,000	705,332	677,864	27,468
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	344,342	(100)	344,242	308,980	35,262
Salaries of Secretarial & Clerical Assistants	11-000-218-105	25,891	100	25,991	25,897	94
Total Other Support Services - Students - Regular		370,233	-	370,233	334,877	35,356
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	604,966	(11,500)	593,466	573,219	20,247
Salaries of Secretarial & Clerical Assistants	11-000-219-105	53,038	-	53,038	51,058	1,980
Purchased Professional - Educational Services	11-000-219-320	14,000	11,500	25,500	25,471	29
Supplies and Materials	11-000-219-600	9,000	-	9,000	5,092	3,908
Other Objects	11-000-219-800	1,120	-	1,120	820	300
Total Other Support Services - Students - Special Services		682,124	-	682,124	655,660	26,464
Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	156,188	-	156,188	152,475	3,713
Total Improvement of Instruction Services		156,188	-	156,188	152,475	3,713
Educational Media Services/School Library:						
Salaries	11-000-222-100	230,199	-	230,199	230,197	2
Purchased Professional & Technical Services	11-000-222-300	24,040	-	24,040	23,168	872
Supplies and Materials	11-000-222-600	70,458	(4,500)	65,958	48,163	17,795
Total Educational Media Services/School Library		324,697	(4,500)	320,197	301,528	18,669
Instructional Staff Training Services:						
Salaries of Supervisors of Instruction	11-000-223-102	25,178	-	25,178	25,177	1
Salaries of Other Professional Staff	11-000-223-104	14,000	(615)	13,385	13,250	135
Salaries of Secretarial & Clerical Assistants	11-000-223-105	51,010	-	51,010	51,009	1

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Purchased Professional - Educational Services	11-000-223-320	27,000	1,500	28,500	19,988	8,512
Purchased Professional & Technical Services	11-000-223-390	7,100	(3,000)	4,100	3,353	747
Other Purchased Services	11-000-223-500	20,427	(9,795)	10,632	9,957	675
Supplies and Materials	11-000-223-600	500	-	500	382	118
Other Objects	11-000-223-800	2,000	-	2,000	1,843	157
Total Instructional Staff Training Services		147,215	(11,910)	135,305	124,959	10,346
Support Services General Administration:						
Salaries	11-000-230-100	220,531	-	220,531	210,300	10,231
Legal Services	11-000-230-331	70,000	(4,500)	65,500	51,225	14,275
Audit Services	11-000-230-332	25,800	500	26,300	26,280	20
Other Purchased Professional Services	11-000-230-339	2,500	-	2,500	1,088	1,412
Purchased Technical Services	11-000-230-340	8,000	222	8,222	8,107	115
Communications/Telephone	11-000-230-530	65,240	7,178	72,418	72,418	-
BOE Other Purchased Services	11-000-230-585	8,000	-	8,000	7,909	91
Other Purchased Services (400-500Series)	11-000-230-590	7,000	(350)	6,650	4,134	2,516
General Supplies	11-000-230-610	23,000	650	23,650	21,699	1,951
Miscellaneous Expenditures	11-000-230-890	2,650	-	2,650	2,560	90
BOE Membership Dues & Fees	11-000-230-895	16,000	-	16,000	15,699	301
Total Support Services General Administration		448,721	3,700	452,421	421,419	31,002
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	465,019	-	465,019	452,236	12,783
Salaries of Secretarial & Clerical Assistants	11-000-240-105	301,920	-	301,920	240,257	61,663
Supplies and Materials	11-000-240-600	8,900	-	8,900	7,167	1,733
Other Objects	11-000-240-800	6,150	-	6,150	4,776	1,374
Total Support Services School Administration		781,989	-	781,989	704,436	77,553
Central Services:						
Salaries	11-000-251-100	418,731	(291)	418,440	404,493	13,947
Purchased Professional Services	11-000-251-330	19,000	1,500	20,500	18,976	1,524
Other Purchased Services	11-000-251-592	5,200	-	5,200	2,333	2,867
Supplies and Materials	11-000-251-600	4,540	-	4,540	3,000	1,540
Interest for Lease Purchase Agreement	11-000-251-832	3,530	-	3,530	1,530	2,000
Miscellaneous Expenditures	11-000-251-890	2,029	-	2,029	1,815	214
Total Central Services		453,030	1,209	454,239	432,147	22,092
Administration Information Technology:						
Salaries	11-000-252-100	156,977	291	157,268	156,797	471
Purchased Technical Services	11-000-252-340	67,000	-	67,000	64,472	2,528
Supplies and Materials	11-000-252-600	146,500	(3,700)	142,800	141,472	1,328
Miscellaneous Expenditures	11-000-252-800	1,100	-	1,100	820	280
Total Administration Information Technology		371,577	(3,409)	368,168	363,561	4,607
Allowable Maintenance for School Facilities:						
Salaries	11-000-261-100	5,000	(1,500)	3,500	3,114	386
Cleaning, Repair & Maintenance Services	11-000-261-420	128,025	19,800	147,825	147,417	408
General Supplies	11-000-261-610	56,350	(9,399)	46,951	45,149	1,802
Other Objects	11-000-261-800	11,250	400	11,650	6,628	5,022
Total Allowable Maintenance for School Facilities		200,625	9,301	209,926	202,308	7,618
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	856,608	(33,000)	823,608	778,706	44,902
Purchased Professional & Technical Services	11-000-262-300	15,883	16,000	31,883	30,833	1,050
Cleaning, Repair & Maintenance Services	11-000-262-420	230,484	(15,200)	215,284	202,127	13,157

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Rental of Land & Building	11-000-262-441	2,000	(1,800)	200	-	200
Other Purchased Property Services	11-000-262-490	140,000	41,500	181,500	86,577	94,923
Insurance	11-000-262-520	78,400	(4,450)	73,950	69,693	4,257
General Supplies	11-000-262-610	80,500	750	81,250	79,003	2,247
Energy (Natural Gas)	11-000-262-621	125,000	(30,000)	95,000	82,711	12,289
Energy (Electricity)	11-000-262-622	385,000	-	385,000	342,975	42,025
Energy (Gasoline)	11-000-262-626	6,500	-	6,500	6,193	307
Other Objects	11-000-262-800	2,500	(1,000)	1,500	1,270	230
Total Other Operation & Maintenance of Plant		1,922,875	(27,200)	1,895,675	1,680,088	215,587
Care & Upkeep of Grounds:						
Other Purchased Professional Salaries	11-000-263-100	70,267	(6,000)	64,267	64,055	212
Technical Services	11-000-263-300	6,500	(5,000)	1,500	1,302	198
General Supplies	11-000-263-610	20,000	(6,000)	14,000	13,975	25
Total Care & Upkeep of Grounds		96,767	(17,000)	79,767	79,332	435
Student Transportation Services:						
Contracted Services (Aid in Lieu of Payments)	11-000-270-503	60,000	-	60,000	38,856	21,144
Contracted Services (Between Home & School) - Vendors	11-000-270-511	441,396	(19,000)	422,396	420,556	1,840
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	10,500	1,500	12,000	9,465	2,535
Contracted Services (Between Home & School) - Joint	11-000-270-513	10,000	-	10,000	2,224	7,776
Contracted Services (Special Education Students) - Vendors	11-000-270-514	80,000	-	80,000	69,490	10,510
Contracted Services (Special Education Students) - Joint	11-000-270-515	30,000	-	30,000	4,492	25,508
Contracted Services (Regular Students) - ESC's	11-000-270-517	95,000	-	95,000	86,265	8,735
Contracted Services (Special Education Students) - ESC's	11-000-270-518	375,000	19,000	394,000	336,768	57,232
Total Student Transportation Services		1,101,896	1,500	1,103,396	968,116	135,280
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	325,000	-	325,000	231,839	93,161
Other Retirement Contributions - Regular	11-000-291-241	340,550	-	340,550	313,701	26,849
Unemployment Compensation	11-000-291-250	30,000	-	30,000	606	29,394
Workmen's Compensation	11-000-291-260	86,414	-	86,414	84,479	1,935
Health Benefits	11-000-291-270	4,045,500	-	4,045,500	3,371,913	673,587
Tuition Reimbursements	11-000-291-280	30,000	-	30,000	1,337	28,663
Other Employee Benefits	11-000-291-290	75,000	(40,000)	35,000	3,400	31,600
Unused Vacation Payment to Term/Ret. Staff	11-000-291-299	-	40,000	40,000	40,000	-
Total Unallocated Benefits		4,932,464	-	4,932,464	4,047,275	885,189
Nonbudgeted:						
On-Behalf TPAF:						
Post-Retirement Medical Contributions		-	-	-	967,715	(967,715)
Normal Pension Contributions		-	-	-	1,161,406	(1,161,406)
Long Term Disability Insurance		-	-	-	785	(785)
Reimbursed TPAF Social Security		-	-	-	722,203	(722,203)
Total Undistributed Expenditures		13,933,016	32,691	13,965,707	15,112,067	(1,146,360)
Total Expenditures - Current Expense		23,631,588	(33,499)	23,598,089	24,346,830	(748,741)

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Interest Deposit to Capital Reserve	10-604-000-000	600	-	600	-	600
Total Increase in Capital Reserve		600	-	600	-	600
Equipment:						
Regular Programs - Instruction:						
Administrative Info Technology	12-000-252-730	23,000	-	23,000	22,975	25
Required Maintenance	12-000-261-730	-	47,899	47,899	47,198	701
Custodial Services	12-000-262-730	17,500	(15,191)	2,309	2,257	52
Care and Upkeep of Grounds	12-000-263-730	5,100	-	5,100	-	5,100
Security	12-000-266-730	5,000	-	5,000	-	5,000
Non-Instructional Services	12-000-300-730	7,200	(3,500)	3,700	-	3,700
Total Equipment		57,800	29,208	87,008	72,430	14,578
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	-	6,191	6,191	6,190	1
Lease Purchase Agreement	12-000-400-721	35,363	-	35,363	35,363	-
Assessment for Debt Service	12-000-400-896	45,789	-	45,789	45,789	-
Total Facilities Acquisition & Construction Services		81,152	6,191	87,343	87,342	1
Total Capital Outlay		139,552	35,399	174,951	159,772	15,179
Total Expenditures		23,771,140	1,900	23,773,040	24,506,602	(733,562)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(2,049,341)	(1,900)	(2,051,241)	656,852	2,708,093
Fund Balances, July 1		4,719,824	-	4,719,824	4,719,824	-
Fund Balances, June 30		\$ 2,670,483	\$ (1,900)	\$ 2,668,583	\$ 5,376,676	\$ 2,708,093

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 1,900
Total	\$ 1,900

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Reserved Excess Surplus Designated of Subsequent Year's Expenditures	\$ 1,194,171
Capital Reserve	1,177,351
Excess Surplus	1,560,355
Assigned Fund Balance:	
Year-End Encumbrances	65,594
Designated for Subsequent Year's Expenditures	850,589
Designated for Subsequent Year's Expenditures - ARRA	2,271
Unassigned Fund Balance	<u>526,345</u>
Subtotal	5,376,676
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(787,575)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,589,101</u>

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Federal Sources	\$ 561,781	\$ -	\$ 561,781	\$ 561,781	\$ -
Total Revenues	561,781	-	561,781	561,781	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	136,376	(2,104)	134,272	134,272	-
Tuition	351,728	-	351,728	351,728	-
General Supplies	10,297	2,102	12,399	12,399	-
Total Instruction	498,401	(2)	498,399	498,399	-
Support Services:					
Salaries	7,208	(2,491)	4,717	4,717	-
Personal Services - Employee Benefits	27,500	(422)	27,078	27,078	-
Purchased Professional Services	21,065	-	21,065	21,065	-
Other Purchased Services	6,860	(203)	6,657	6,657	-
Supplies & Materials	747	3,118	3,865	3,865	-
Total Support Services	63,380	2	63,382	63,382	-
Total Expenditures	561,781	-	561,781	561,781	-
Total Outflows	561,781	-	561,781	561,781	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI - PART II
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 25,163,454	\$ 561,781
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 778,386	 -
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (787,575)	 -
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 25,154,265</u>	<u>\$ 561,781</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>24,506,602</u>	<u>561,781</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 24,506,602</u>	<u>\$ 561,781</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.03274%	0.03107%	0.03040%	0.03276%
School District's proportionate share of the net pension liability \$	9,697,166	\$ 6,974,000	\$ 5,691,661	\$ 6,261,749
School District's covered payroll	\$ 2,149,630	\$ 2,192,147	\$ 2,144,986	\$ 2,074,797
School District's proportionate share of the net pension liability as a percentage of its covered payroll	451.11%	318.14%	265.35%	301.80%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 295,261	\$ 290,873	\$ 267,096	\$ 250,611
Contributions in relation to the contractually required contribution	<u>(295,261)</u>	<u>(290,873)</u>	<u>(267,096)</u>	<u>(250,611)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,092,961	\$ 2,149,630	\$ 2,192,147	\$ 2,144,986
Contributions as a percentage of covered payroll	14.11%	13.53%	12.18%	11.68%

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

LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	80,497,849	59,538,110	52,486,407	50,245,999
	<u>\$ 80,497,849</u>	<u>\$ 59,538,110</u>	<u>\$ 52,486,407</u>	<u>\$ 50,245,999</u>
School District's covered payroll	\$ 10,278,649	\$ 10,492,779	\$ 10,173,303	\$ 9,457,611
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June

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OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NO CHILD LEFT BEHIND</u>		<u>I.D.E.A. PART B BASIC</u>	<u>I.D.E.A. PART B PRESCHOOL</u>	<u>TOTAL</u>
	<u>TITLE I</u>	<u>TITLE II - PART A</u>			
Revenues:					
Federal Sources	\$ 159,020	\$ 29,456	\$ 344,238	\$ 29,067	\$ 561,781
Total Revenues	<u>\$ 159,020</u>	<u>\$ 29,456</u>	<u>\$ 344,238</u>	<u>\$ 29,067</u>	<u>\$ 561,781</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 115,032	\$ -	\$ 19,240	\$ -	\$ 134,272
Tuition	-	-	322,661	29,067	351,728
Supplies	12,399	-	-	-	12,399
Total Instruction	<u>127,431</u>	<u>-</u>	<u>341,901</u>	<u>29,067</u>	<u>498,399</u>
Support Services:					
Salaries	1,696	3,021	-	-	4,717
Employee Benefits	25,606	-	1,472	-	27,078
Other Purchased Professional Services	-	20,200	865	-	21,065
Other Purchased Services	3,385	3,272	-	-	6,657
Supplies	902	2,963	-	-	3,865
Total Support Services	<u>31,589</u>	<u>29,456</u>	<u>2,337</u>	<u>-</u>	<u>63,382</u>
Total Expenditures	<u>\$ 159,020</u>	<u>\$ 29,456</u>	<u>\$ 344,238</u>	<u>\$ 29,067</u>	<u>\$ 561,781</u>

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F. Capital Projects Fund

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		TRANSFER TO DEBT SERVICE FUND	CANCELLED GRANT RECEIVABLE	UNEXPENDED BALANCE JUNE 30, 2017
			PRIOR YEARS	CURRENT YEAR			
To undertake the acquisition & installation of solar energy panels at the Ashbrook Elementary School, Florence L. Walther Elementary School, Lumberton Middle School and Bobby's Run Elementary School as well as related work for acquisition and installation of the panels.	8/4/2011	\$ 7,000,000	\$ 6,136,847	\$ -	\$ 658,942	\$ -	\$ 204,211
Various Capital Improvements - AES	3/26/2014	272,255	164,105	108,150	-	-	-
Various Capital Improvements - BRE	3/26/2014	174,942	174,942	11,079	-	(11,079)	-
Various Capital Improvements - FLW	3/26/2014	463,497	463,497	8,969	-	(8,969)	-
Various Capital Improvements - LMS	3/26/2014	365,564	365,564	12,207	-	(12,207)	-
Total		\$ 8,276,258	\$ 7,304,955	\$ 140,405	\$ 658,942	\$ (32,255)	\$ 204,211

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Expenditures & Other Financing Uses:	
Construction Services	\$ 108,150
Transfer to Debt Service	65,000
Cancellation of Receivable - Unspent ROD grant	<u>32,255</u>
 Total Expenditures & Other Financing Uses	 <u>205,405</u>
 Excess/(Deficiency) of Revenues & Other Financing Sources	
Over/(Under) Expenditures & Other Financing Uses	(205,405)
Fund Balances, July 1	<u>409,616</u>
 Fund Balances, June 30	 <u><u>\$ 204,211</u></u>

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LUMBERTON - SOLAR PROJECT
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
Bond Proceeds & Transfers	\$ 7,000,000	\$ -	\$ 7,000,000	\$ 7,000,000
Total Revenues	7,000,000	-	7,000,000	7,000,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	508,146	-	508,146	508,146
Construction Services	5,624,284	-	5,624,284	6,079,487
Other Objects	4,417	-	4,417	4,417
Total Expenditures	6,136,847	-	6,136,847	6,592,050
Transfer to Debt Service Fund	593,942	65,000	658,942	407,950
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 269,211	\$ (65,000)	\$ 204,211	\$ -

Additional Project Information:

DOE Project Number	N/A
SDA Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Authorization Date	8/4/2010
Bonds Authorization	7,000,000
Bonds Issued	7,000,000
Original Authorized Cost	7,000,000
Additional Authorized Cost	(407,950)
Revised Authorized Cost	6,592,050
Percentage Increase Over Original Authorized Cost	-5.83%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ASHBROOK ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 89,548	\$ -	\$ 89,548	\$ 89,548
Transfer from Capital Reserve	134,322	-	134,322	134,322
Transfer Local Portion to Other Projects	-	48,385	48,385	48,385
Total Revenues	223,870	48,385	272,255	272,255
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	12,342	-	12,342	12,342
Construction Services	151,763	108,150	259,913	259,913
Total Expenditures & Other Financing Uses	164,105	108,150	272,255	272,255
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 59,765	\$ (59,765)	\$ -	\$ -

Additional Project Information:

DOE Project Number	2850-010-14-1001
SDA Project Number	2850-010-14-G1JJ
Grant Number	G5-4989
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	223,870
Additional Authorized Cost	48,385
Revised Authorized Cost	272,255
Percentage Increase Over Original Authorized Cost	22%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BOBBY'S RUN ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 81,056	\$ -	\$ 81,056	\$ 69,977
Transfer from Capital Reserve	121,584	-	121,584	121,584
Transfer Local Portion to Other Projects	-	(16,619)	(16,619)	(16,619)
Total Revenues	202,640	(16,619)	186,021	174,942
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	3,945	-	3,945	3,945
Construction Services	170,997	-	170,997	170,997
Cancellation of Receivable		11,079	11,079	
Total Expenditures & Other Financing Uses	174,942	11,079	186,021	174,942
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 27,698	\$ (27,698)	\$ -	\$ -

Additional Project Information:

DOE Project Number	2850-020-14-1003
SDA Project Number	2850-020-14-G1JK
Grant Number	G5-4990
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	186,021
Additional Authorized Cost	(11,079)
Revised Authorized Cost	174,942
Percentage Increase Over Original Authorized Cost	-6%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FLORENCE L. WALTHER ELEMENTARY SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 194,368	\$ -	\$ 194,368	\$ 185,399
Transfer from Capital Reserve	291,553	-	291,553	291,553
Transfer Local Portion to Other Projects	-	(13,455)	(13,455)	(13,455)
Total Revenues	485,921	(13,455)	472,466	463,497
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	18,762	-	18,762	18,762
Construction Services	444,735	-	444,735	444,735
Cancellation of Receivable		8,969	8,969	
Total Expenditures & Other Financing Uses	463,497	8,969	472,466	463,497
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 22,424	\$ (22,424)	\$ -	\$ -

Additional Project Information:

DOE Project Number	2850-050-14-1005
SDA Project Number	2850-020-14-G1JL
Grant Number	G5-4991
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	472,466
Additional Authorized Cost	(8,969)
Revised Authorized Cost	463,497
Percentage Increase Over Original Authorized Cost	-2%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
LUMBERTON MIDDLE SCHOOL
VARIOUS CAPITAL IMPROVEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 158,433	\$ -	\$ 158,433	\$ 146,226
Transfer from Capital Reserve	237,649	-	237,649	237,649
Transfer Local Portion to Other Projects	-	(18,311)	(18,311)	(18,311)
Total Revenues	396,082	(18,311)	377,771	365,564
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	19,618	-	19,618	19,618
Construction Services	345,946	-	345,946	345,946
Cancellation of Receivable		12,207	12,207	
Total Expenditures & Other Financing Uses	365,564	12,207	377,771	365,564
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 30,518	\$ (30,518)	\$ -	\$ -

Additional Project Information:

DOE Project Number	2850-060-14-1007
SDA Project Number	2850-060-14-G1JM
Grant Number	G5-4992
Grant Date	3/26/2014
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	377,771
Additional Authorized Cost	(12,207)
Revised Authorized Cost	365,564
Percentage Increase Over Original Authorized Cost	-3%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

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G. Proprietary Funds

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF NET POSITION
 AS OF JUNE 30, 2017**

ASSETS	EXTENDED DAY <u>CARE</u>	FOOD SERVICE <u>FUND</u>	<u>TOTAL</u>
Current Assets:			
Cash & Cash Equivalents	\$ 617,719	\$ 207,048	\$ 824,767
Accounts Receivable:			
State	-	372	372
Federal	-	13,859	13,859
Inventories	-	4,169	4,169
Total Current Assets	<u>617,719</u>	<u>225,448</u>	<u>843,167</u>
Noncurrent Assets:			
Equipment	269,039	4,696	273,735
Less: Accumulated Depreciation	<u>(156,883)</u>	<u>(4,696)</u>	<u>(161,579)</u>
Total Noncurrent Assets	<u>112,156</u>	<u>-</u>	<u>112,156</u>
Total Assets	<u>729,875</u>	<u>225,448</u>	<u>955,323</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	-	8,200	8,200
Total Current Liabilities	<u>-</u>	<u>8,200</u>	<u>8,200</u>
NET POSITION			
Investment in Capital Assets	112,156	-	112,156
Unrestricted	<u>617,719</u>	<u>217,248</u>	<u>834,967</u>
Total Net Position	<u>\$ 729,875</u>	<u>\$ 217,248</u>	<u>\$ 947,123</u>

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 AS OF JUNE 30, 2017**

	<u>EXTENDED DAY CARE</u>	<u>FOOD SERVICE FUND</u>	<u>TOTAL</u>
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ -	\$ 201,242	\$ 201,242
Daily Sales - Nonreimbursable Programs	-	104,300	104,300
Special Functions	-	7,996	7,996
Enrollment Fees	453,851	-	453,851
Miscellaneous	50	2,073	2,123
	<hr/>		
Total Operating Revenue	453,901	315,611	769,512
<hr/>			
Operating Expenses:			
Salaries	308,868	150,352	459,220
Payroll Taxes & Benefits	27,218	34,900	62,118
Supplies and Materials	40,810	21,198	62,008
Management Fee	-	60,900	60,900
Depreciation	11,400	-	11,400
Miscellaneous	38,208	14,362	52,570
Cost of Sales - Reimbursable	-	123,786	123,786
Cost of Sales - Non Reimbursable	-	74,219	74,219
	<hr/>		
Total Operating Expenses	426,504	479,717	906,221
<hr/>			
Operating Income/(Loss)	27,397	(164,106)	(136,709)
<hr/>			
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	4,869	4,869
Federal Sources:			
National School Lunch Program	-	143,476	143,476
National School Breakfast Program	-	35,670	35,670
Special Milk Program	-	325	325
Healthy Hunger-Free Kids Act	-	6,413	6,413
Food Distribution Program	-	38,667	38,667
Interest Revenue	746	29	775
	<hr/>		
Total Nonoperating Revenues/(Expenses)	746	229,449	230,195
<hr/>			
Change in Net Position	28,143	65,343	93,486
Total Net Position - Beginning	701,732	151,905	853,637
<hr/>			
Total Net Position - Ending	\$ 729,875	\$ 217,248	\$ 947,123
<hr/>			

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2017**

	EXTENDED DAY CARE	FOOD SERVICE FUND	<u>TOTAL</u>
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 453,901	\$ 315,611	\$ 769,512
Payments to Employees	(308,868)	(150,352)	(459,220)
Payment to Employee Benefits	(27,218)	(34,900)	(62,118)
Payments to Suppliers	(79,256)	(253,589)	(332,845)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	38,559	(123,230)	(84,671)
	<hr/>	<hr/>	<hr/>
Cash Flows From Noncapital Financing			
State Sources	-	4,870	4,870
Federal Sources	-	185,613	185,613
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	-	190,483	190,483
	<hr/>	<hr/>	<hr/>
Cash Flows From Investing Activities:			
Interest on Investments	746	29	775
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Investing Activities	746	29	775
	<hr/>	<hr/>	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	39,305	67,282	106,587
Cash and Cash Equivalents, July 1	578,414	139,766	718,180
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents, June 30	<u>\$ 617,719</u>	<u>\$ 207,048</u>	<u>\$ 824,767</u>

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

Operating Income/(Loss)	\$ 27,397	\$ (164,106)	\$ (136,709)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	11,400	-	11,400
Food Distribution Program	-	38,667	38,667
(Increase)/Decrease in Inventory	-	2,209	2,209
(Decrease)/Increase in Accounts Payable	(238)	-	(238)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 38,559</u>	<u>\$ (123,230)</u>	<u>\$ (84,671)</u>

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H. Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		TOTAL
	UNEMPLOYMENT	SCHOLARSHIP	PAYROLL	STUDENT	
	COMPENSATION	TRUST			
	TRUST	TRUST			
Cash & Cash Equivalents	\$ 75,838	\$ 2,291	\$ 6,195	\$ 50,279	\$ 134,603
Total Assets	75,838	2,291	6,195	50,279	134,603
LIABILITIES					
Accounts Payable	5,175	-	-	2,734	7,909
Interfund Payable	-	-	5,000	-	5,000
Payroll Deductions & Withholdings	-	-	1,195	-	1,195
Due to Student Groups	-	-	-	47,545	47,545
Total Liabilities	5,175	-	6,195	50,279	61,649
NET POSITION					
Held in Trust For:					
Unemployment Claims	70,663	-			70,663
Scholarships	-	2,291			2,291
Total Net Position	\$ 70,663	\$ 2,291	\$ -	\$ -	\$ 72,954

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>SCHOLARSHIP TRUST</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Payroll Deductions	\$ 23,995	\$ -	\$ 23,995
Investment Earnings:			
Interest	36	2	38
 Total Additions	 24,031	 2	 24,033
 DEDUCTIONS:			
Unemployment Claims	22,120	-	22,120
Scholarships Awarded	-	165	165
 Total Deductions	 22,120	 165	 22,285
 Change in Net Position	 1,911	 (163)	 1,748
Net Position - Beginning of Year	68,752	2,454	71,206
 Net Position - End of Year	 \$ 70,663	 \$ 2,291	 \$ 72,954

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 37,310	\$ 63,135	\$ 50,166	\$ 50,279
Total All Schools	<u>\$ 37,310</u>	<u>\$ 63,135</u>	<u>\$ 50,166</u>	<u>\$ 50,279</u>

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 5,127	\$ 22,867,280	\$ 22,866,212	\$ 6,195
Total Assets	<u>\$ 5,127</u>	<u>\$ 22,867,280</u>	<u>\$ 22,866,212</u>	<u>\$ 6,195</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ -	\$ 14,909,698	\$ 14,908,630	\$ 1,068
Flexible Spending	127	24,118	24,118	127
Net Payroll	-	7,933,464	7,933,464	-
Interfund Payable	5,000			5,000
Total Liabilities	<u>\$ 5,127</u>	<u>\$ 22,867,280</u>	<u>\$ 22,866,212</u>	<u>\$ 6,195</u>

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I. Long-Term Debt

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**LUMBERTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2017**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>			<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>						
2010 School Bonds	8-4-2010	\$ 7,000,000	2-15-18	\$ 450,000	2.500%	\$ 5,025,000	\$ -	\$ 435,000	\$ 4,590,000	
			2-15-19	460,000	2.500%					
			2-15-20	475,000	2.750%					
			2-15-21	490,000	3.000%					
			2-15-22	505,000	3.000%					
			2-15-23	525,000	3.000%					
			2-15-24	540,000	3.250%					
2-15-25	560,000	3.250%								
2-15-26	585,000	3.375%								
2015 Refunding School Bonds	4-1-2015	4,205,000	2-15-18	835,000	3.000%	3,395,000	-	810,000	2,585,000	
			2-15-19	860,000	3.000%					
			2-15-20	890,000	3.000%					
Total							\$ 8,420,000	\$ 1,245,000	\$ 7,175,000	

LUMBERTON TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2017

<u>PURPOSE</u>	<u>INTEREST RATE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OUTSTANDING</u>		<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2017</u>
					<u>JUNE 30, 2016</u>	<u>JUNE 30, 2017</u>			
Technology Equipment	2.14%	5 Years	175,000	2.140%	\$ 71,482	\$ -	\$ 35,363	\$ 36,119	
Total					\$ 71,482	\$ -	\$ 35,363	\$ 36,119	

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

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO <u>ACTUAL</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 904,126	\$ -	\$ 904,126	\$ 904,126	\$ -
State Sources:					
Debt Service Aid Type II	525,505	-	525,505	525,505	-
Total Revenues	<u>1,429,631</u>	<u>-</u>	<u>1,429,631</u>	<u>1,429,631</u>	<u>-</u>
Expenditures					
Regular Debt Service:					
Interest	249,632	-	249,632	249,631	1
Redemption of Principal	1,245,000	-	1,245,000	1,245,000	-
Total Expenditures	<u>1,494,632</u>	<u>-</u>	<u>1,494,632</u>	<u>1,494,631</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources(Uses)	<u>(65,001)</u>	<u>-</u>	<u>(65,001)</u>	<u>(65,000)</u>	<u>1</u>
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):	65,000	-	65,000	65,000	-
Total Other Financing Uses	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures After Other Financing Sources/(Uses)	(1)	-	(1)	-	1
Fund Balance, July 1	<u>50,547</u>	<u>-</u>	<u>50,547</u>	<u>50,547</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 50,546</u>	<u>\$ -</u>	<u>\$ 50,546</u>	<u>\$ 50,547</u>	<u>\$ 1</u>

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

The Exhibits are presented for the last ten fiscal years.

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 13,799,757	\$ 12,844,641	\$ 12,176,611	\$ 12,792,421	\$ 11,723,958	\$ 9,319,583	\$ 6,908,701	\$ 7,564,837	\$ 6,039,226	\$ 4,361,242
Restricted	4,121,635	3,778,568	3,931,337	5,150,127	5,824,338	5,248,039	3,028,173	2,915,301	3,753,402	3,024,755
Unrestricted	(7,916,034)	(6,686,383)	(6,847,035)	(452,093)	(1,270,091)	(547,061)	1,077,225	(878,515)	(1,291,399)	(719,918)
Total Governmental Activities	\$ 10,005,358	\$ 9,936,826	\$ 9,260,913	\$ 17,490,455	\$ 16,278,205	\$ 14,020,561	\$ 11,014,099	\$ 9,601,623	\$ 8,501,229	\$ 6,666,079
Business-Type Activities:										
Net Investment in Capital Assets	\$ 112,156	\$ 123,556	\$ 79,232	\$ 195,414	\$ 202,891	\$ -	\$ 4,000	\$ 8,723	\$ 13,601	\$ 19,538
Unrestricted	834,967	730,081	753,691	656,660	547,231	665,217	619,486	591,816	581,739	600,846
Total Business-Type Activities	\$ 947,123	\$ 853,637	\$ 832,923	\$ 852,074	\$ 750,122	\$ 665,217	\$ 623,486	\$ 600,539	\$ 595,340	\$ 620,384
District-Wide:										
Net Investment in Capital Assets	\$ 13,911,913	\$ 12,968,197	\$ 12,255,843	\$ 12,987,835	\$ 11,926,849	\$ 9,319,583	\$ 6,912,701	\$ 7,573,560	\$ 6,052,827	\$ 4,380,780
Restricted	4,121,635	3,778,568	3,931,337	5,150,127	5,824,338	5,248,039	3,028,173	2,915,301	3,753,402	3,024,755
Unrestricted	(7,081,067)	(5,956,302)	(6,093,344)	204,567	(722,860)	118,156	1,696,711	(286,699)	(709,660)	(119,072)
Total District Net Position	\$ 10,952,481	\$ 10,790,463	\$ 10,093,836	\$ 18,342,529	\$ 17,028,327	\$ 14,685,778	\$ 11,637,585	\$ 10,202,162	\$ 9,096,569	\$ 7,286,463

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

	FISCAL YEAR ENDING JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	6,146,521	\$ 6,162,092	\$ 6,051,836	\$ 6,056,478	\$ 5,858,548	\$ 5,337,156	\$ 5,511,184	\$ 5,856,255	\$ 5,785,756	\$ 5,650,403
Special Education	3,004,548	3,157,159	3,221,113	3,142,819	3,101,092	2,925,821	2,970,403	3,030,581	2,848,107	2,645,347
Other Special Instruction	476,231	436,729	430,509	417,255	415,989	365,872	333,295	404,705	399,033	362,752
Other Instruction	105,862	110,522	104,256	104,264	89,957	87,157	74,268	121,527	114,943	101,736
Support Services & Undistributed Costs:										
Tuition	858,921	729,211	541,483	667,811	469,536	551,302	498,833	550,545	852,065	815,738
Health Services	247,904	249,208	247,986	252,321	237,883	226,704	189,020	249,763	239,601	241,727
Student & Instruction Related Services	1,989,227	1,810,057	1,851,245	1,737,838	1,693,204	1,548,778	1,473,423	1,631,718	1,430,890	1,471,481
Educational Media Services/School Library	301,528	239,574	280,741	227,599	228,077	197,283	203,554	263,063	254,759	243,400
School Administrative Services	704,436	898,050	967,348	975,756	912,921	926,003	888,345	897,360	955,857	941,835
Other Administrative Services	1,217,127	1,201,506	1,140,016	1,232,478	1,143,910	1,077,637	995,151	1,230,613	1,159,844	1,157,774
Plant Operations & Maintenance	1,961,728	2,147,694	1,896,008	1,806,854	1,617,858	1,843,832	2,067,268	2,121,507	2,114,781	2,060,916
Pupil Transportation	968,116	1,013,986	1,020,021	891,983	894,954	874,561	813,623	881,514	986,017	886,463
Employee Benefits	7,665,974	9,455,693	8,082,560	5,564,069	5,608,421	5,069,778	4,782,545	4,625,828	4,348,266	4,849,653
Transfers to Charter Schools		-	36,314	36,200	25,116	8,304	-	-	-	-
Interest & Other Charges	250,266	285,699	472,209	472,077	545,156	623,908	706,341	587,058	712,661	778,495
Reduction of Capital Leases	-	-	-	13,348	34,567	34,567	34,567	20,834	12,594	(48,312)
Amortization of Debt Costs	-	-	-	-	-	34,567	-	-	-	-
Increase in Compensated Absences - Unallocated	-	-	-	37,091	162,915	-	190,779	(291,299)	209,942	(64,704)
Unallocated Depreciation	1,319,105	1,320,464	1,317,145	1,020,858	1,007,469	1,000,626	(332,956)	766,064	(291,385)	(10,117)
Total Governmental Activities Expenses	27,217,494	29,217,644	30,639,867	24,824,740	24,005,785	22,699,289	23,259,025	22,947,636	22,886,536	22,860,863
Business-Type Activities:										
Food Service	479,717	484,972	502,815	477,165	489,951	564,696	551,004	544,820	588,419	583,602
Extended Day Care	426,504	414,856	425,550	406,180	441,588	413,671	442,940	495,785	555,646	434,681
Total Business-Type Activities Expense	906,221	899,828	928,365	883,345	931,539	978,367	993,944	1,040,605	1,144,065	1,018,283
Total District Expenses	\$ 28,123,715	\$ 30,117,472	\$ 31,568,232	\$ 25,708,085	\$ 24,937,324	\$ 23,677,656	\$ 24,252,969	\$ 23,988,241	\$ 24,030,601	\$ 23,879,146

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	FISCAL YEAR ENDING JUNE 30									
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 3,413,890	\$ 5,962,745	\$ 4,948,577	\$ 626,525	\$ 583,190	\$ 600,087	\$ 734,567	\$ 650,800	\$ 537,505	\$ 556,080
Total Governmental Activities Program Revenues	\$ 3,413,890	\$ 5,962,745	\$ 4,948,577	\$ 626,525	\$ 583,190	\$ 600,087	\$ 734,567	\$ 650,800	\$ 537,505	\$ 556,080
Business-Type Activities:										
Changes for Services:										
Food Service	315,611	299,214	305,520	326,640	332,655	399,890	412,885	417,580	421,107	408,904
Extended Day Care	453,901	409,110	479,302	478,293	477,286	451,586	440,920	479,676	556,238	566,794
Operating Grants & Contributions	229,420	212,198	231,296	180,041	170,902	166,185	159,133	146,738	138,404	134,239
Adjustment to Fixed Assets	-	-	(107,501)	-	35,093	-	-	-	-	-
Total Business Type Activities Program Revenues	\$ 998,932	\$ 920,522	\$ 908,617	\$ 984,974	\$ 984,974	\$ 980,843	\$ 1,017,661	\$ 1,012,938	\$ 1,043,994	\$ 1,115,749
Total District Program Revenues	\$ 4,412,822	\$ 6,883,267	\$ 5,857,194	\$ 1,611,499	\$ 1,568,164	\$ 1,580,930	\$ 1,752,228	\$ 1,663,738	\$ 1,581,499	\$ 1,671,829
Net/(Expense)/Revenue:										
Governmental Activities	\$ (23,803,604)	\$ (23,254,899)	\$ (25,691,290)	\$ (24,198,215)	\$ (23,422,595)	\$ (22,099,202)	\$ (22,524,458)	\$ (22,296,836)	\$ (22,349,031)	\$ (22,304,783)
Business-Type Activities	92,711	20,694	(19,748)	101,629	53,435	2,476	23,717	(27,667)	(100,071)	97,466
Total District-Wide Net Expense	\$ (23,710,893)	\$ (23,234,205)	\$ (25,711,038)	\$ (24,096,586)	\$ (23,369,160)	\$ (22,096,726)	\$ (22,500,741)	\$ (22,324,503)	\$ (22,449,102)	\$ (22,207,317)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,305,006	\$ 12,856,287	\$ 12,338,726	\$ 12,096,791	\$ 11,926,593	\$ 11,692,738	\$ 11,692,738	\$ 11,663,728	\$ 11,640,334	\$ 11,742,567
Taxes Levied for Debt Service	904,126	1,310,472	1,488,731	2,043,080	2,018,353	2,018,353	2,018,353	1,839,260	1,800,667	1,841,871
Unrestricted/Restricted Grants & Contributions	8,889,736	8,996,152	9,226,856	10,986,413	11,613,041	11,220,435	10,125,014	9,817,447	10,687,221	9,905,597
Tuition Received	141,816	94,030	113,187	80,659	27,045	27,449	10,408	7,039	7,891	10,024
Investment Earnings	-	-	-	-	-	27,328	60,793	29,984	36,052	138,141
Miscellaneous Income	515,270	616,257	429,572	289,231	95,207	111,760	29,628	39,772	12,016	22,395
Unallocated Amortization	-	-	45,243	-	-	-	-	-	-	-
Reduction in Compensated Absences	-	57,614	81,182	-	-	7,601	-	-	-	-
Special Items	116,182	-	-	-	-	-	-	-	-	-
Total Governmental Activities	\$ 23,872,136	\$ 23,930,812	\$ 23,723,497	\$ 25,496,174	\$ 25,680,239	\$ 25,105,664	\$ 23,936,934	\$ 23,397,230	\$ 24,184,181	\$ 23,660,595
Business-Type Activities:										
Investment Earnings	775	20	597	323	508	2,437	3,953	1,810	3,272	12,361
Total Business-Type Activities	775	20	597	323	508	2,437	3,953	1,810	3,272	12,361
Total District-Wide	\$ 23,872,911	\$ 23,930,832	\$ 23,724,094	\$ 25,496,497	\$ 25,680,747	\$ 25,108,101	\$ 23,940,887	\$ 23,399,040	\$ 24,187,453	\$ 23,672,956
Change in Net Position:										
Governmental Activities	\$ 68,532	\$ 675,913	\$ (1,967,793)	\$ 1,297,959	\$ 2,257,644	\$ 3,006,462	\$ 1,412,476	\$ 1,100,394	\$ 1,835,150	\$ 1,355,812
Business-Type Activities	93,486	20,714	(19,151)	101,952	53,943	4,913	27,670	(25,857)	(96,799)	109,827
Total District	\$ 162,018	\$ 696,627	\$ (1,986,944)	\$ 1,399,911	\$ 2,311,587	\$ 3,011,375	\$ 1,440,146	\$ 1,074,537	\$ 1,738,351	\$ 1,465,639

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 3,931,877	\$ 3,468,439	\$ 3,251,557	\$ 4,689,059	\$ 4,941,044	\$ 3,890,627	\$ 1,933,662	\$ 2,355,443	\$ 3,525,013	\$ 2,982,259
Committed	918,454	472,999	370,526	-	49,999	-	-	-	-	-
Assigned	(261,230)			(225,561)	(362,047)	418,021	1,378,353	108,301	(136,782)	97,567
Unassigned										
Total General Fund	\$ 4,589,101	\$ 3,941,438	\$ 3,622,083	\$ 4,463,498	\$ 3,312,014	\$ 2,463,744	\$ 3,388,231	\$ 3,079,826	\$ 3,125,748	\$ 3,426,720
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	390,786	383,237	-	-	-	-	-
Restricted, Reported in:										
Special Revenue Fund	204,211	353,194	772,605	-	-	-	-	-	-	(1,995)
Capital Projects Fund	50,547	-	-	210,888	450,057	1,133,906	1,580,950	-	-	-
Debt Service Fund		50,547	1	2	1	-	52,825	52,827	28,389	28,387
Total All Other Governmental Funds	\$ 254,758	\$ 403,741	\$ 772,606	\$ 601,676	\$ 833,295	\$ 1,133,906	\$ 1,633,775	\$ 52,827	\$ 28,389	\$ 26,392

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local Tax Levy	\$ 14,209,132	\$ 14,166,759	\$ 13,827,457	\$ 14,139,871	\$ 13,944,946	\$ 13,711,091	\$ 13,711,091	\$ 13,502,988	\$ 13,441,001	\$ 13,584,438
Tuition	141,816	94,030	113,187	80,659	27,045	27,449	10,408	7,039	7,891	10,024
Interest	-	-	-	-	-	26,443	56,634	28,332	36,033	138,119
Interest on Capital Reserve	-	-	-	-	-	885	4,159	1,652	19	22
Miscellaneous	515,270	616,257	429,572	289,231	95,207	111,760	29,628	39,772	12,016	22,395
State Sources	11,694,344	11,456,100	11,229,830	10,966,009	11,591,240	10,882,973	10,097,373	8,510,467	10,692,036	9,948,457
Federal Sources	609,282	686,738	630,619	646,929	604,991	937,549	762,208	1,957,780	532,690	513,220
Total Revenue	27,169,844	27,019,884	26,230,665	26,122,699	26,263,429	25,698,150	24,671,501	24,048,030	24,721,686	24,216,675
Expenditures:										
Instruction	9,733,162	9,866,502	9,807,714	9,720,816	9,465,586	8,716,006	8,889,150	9,413,068	9,147,839	8,760,238
Undistributed Instruction	15,175,449	14,657,652	13,740,688	13,356,709	12,806,764	12,315,878	11,911,762	12,451,911	12,342,080	12,668,987
Capital Outlay	186,770	533,693	1,258,052	621,910	375,845	860,597	5,491,925	183,308	89,349	17,196
Debt Service	1,575,783	2,011,547	2,052,744	2,959,181	3,570,381	3,550,588	2,949,446	2,899,792	2,832,016	2,817,011
Total Expenditures	26,671,164	27,069,394	26,859,198	26,658,616	26,218,576	25,443,069	29,242,283	24,948,079	24,411,284	24,263,432
Excess (Deficiency) of Revenues Over/(Under) Expenditures	498,680	(49,510)	(628,533)	(535,917)	44,853	255,081	(4,570,782)	(900,049)	310,402	(46,757)
Other Financing Sources/(Uses):										
Proceeds from Borrowing	-	-	-	-	-	-	7,000,000	-	-	-
Cancellation of Grant Receivable	-	-	(5,638)	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	175,000	-	249,988	-	-	-	-
Transfers to Charter Schools	-	-	(36,314)	(36,200)	(25,116)	(8,304)	-	-	-	-
Transfers in	65,000	185,992	-	-	407,950	349,750	-	-	-	28,384
Transfers Out	(65,000)	(185,992)	-	-	(407,950)	(349,750)	-	-	-	(28,384)
Total Other Financing Sources/ (Uses)	-	-	(41,952)	138,800	(25,116)	241,684	7,000,000	-	-	-
Net Change in Fund Balances	\$ 498,680	\$ (49,510)	\$ (670,485)	\$ (397,117)	\$ 19,737	\$ 496,765	\$ 2,429,218	\$ (900,049)	\$ 310,402	\$ (46,757)
Debt Service as a Percentage of Noncapital Expenditures	5.9%	7.4%	7.6%	11.1%	13.6%	14.0%	10.1%	11.6%	11.6%	11.6%

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

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

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>INTEREST ON INVESTMENTS</u>	<u>MISCELLANEOUS</u>	<u>TUITION</u>	<u>TOTAL</u>
2017	\$ 7,097	\$ 508,173	\$ 141,816	\$ 657,086
2016	4,701	611,556	94,030	710,287
2015	6,421	423,151	113,187	542,759
2014	7,907	268,305	80,659	356,871
2013	7,907	73,648	27,045	108,600
2016	27,328	111,760	27,449	166,537
2011	60,793	29,628	10,408	100,829
2010	29,984	39,772	7,039	76,795
2009	36,052	12,016	7,891	55,959
2008	138,141	22,395	10,024	170,560

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	\$12,824,500	\$ 1,119,987,200	\$ 19,457,100	\$ 1,886,140	\$ 132,703,400	\$ 65,927,623	\$ 29,091,200	\$ 1,381,877,163	\$1,883,508	\$1,383,760,671	1.491	\$ 1,359,561,595
2016	13,099,100	1,126,496,400	19,155,300	1,898,170	132,408,200	66,027,623	29,091,200	1,388,175,993	1,903,008	1,390,079,001	1.442	1,325,005,976
2015	9,972,300	1,130,249,300	19,771,000	1,983,400	132,675,900	65,632,623	29,091,200	1,389,375,723	1,997,273	1,391,372,996	1.417	1,396,504,323
2014	10,798,700	1,153,722,800	20,915,900	1,948,180	134,718,400	64,115,823	29,352,400	1,389,375,723	1,945,138	1,387,430,585	1.389	1,420,703,445
2013	10,631,900	1,168,180,400	20,715,800	2,446,300	134,628,400	63,115,823	29,352,400	1,415,572,203	1,838,276	1,413,733,927	1.364	1,539,364,038
2016	11,087,100	1,180,483,600	20,403,100	2,002,800	132,617,800	63,115,823	28,954,400	1,429,071,023	2,001,088	1,427,069,935	1.309	1,445,922,334
2011	11,698,400	1,187,781,700	20,484,200	1,902,800	131,564,300	64,304,600	28,954,400	1,438,664,623	2,285,933	1,436,378,690	1.301	1,523,480,241
2010	11,597,000	1,190,946,000	20,915,300	1,923,700	127,543,600	64,941,400	28,954,400	1,446,690,400	2,245,784	1,444,444,616	1.251	1,566,514,606
2009	11,963,500	1,191,093,800	20,850,000	1,997,980	143,617,300	57,756,100	28,954,400	1,446,821,400	2,213,653	1,444,607,747	1.255	1,433,155,780
2008	12,793,600	1,194,523,300	19,555,800	1,980,100	115,446,100	57,422,000	30,929,800	1,456,233,080	2,115,070	1,454,118,010	1.269	1,301,375,968

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

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

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	LUMBERTON TOWNSHIP	MUNICIPAL OPEN SPACE	BURLINGTON COUNTY	
2017	1.061	0.430	1.491	0.411	0.010	0.398	2.310
2016	1.023	0.419	1.442	0.421	0.010	0.387	2.260
2015	1.019	0.398	1.417	0.416	0.010	0.400	2.243
2014	0.997	0.392	1.389	0.365	0.010	0.378	2.142
2013	0.974	0.390	1.364	0.348	0.010	0.406	2.128
2012	0.951	0.358	1.309	0.331	0.010	0.381	2.031
2011	0.947	0.354	1.301	0.314	0.009	0.400	2.024
2014	0.932	0.319	1.251	0.298	0.009	0.411	1.969
2009	0.937	0.318	1.255	0.258	0.010	0.408	1.931
2008	0.948	0.321	1.269	0.400	0.010	0.383	2.062

Source: Municipal Tax Collector

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

TAXPAYER	2017		
	TAXABLE ASSESSED <u>VALUE</u>	RANK <u>(OPTIONAL)</u>	% OF TOTAL DISTRICT NET ASSESSED <u>VALUE</u>
CVS New York	\$ 31,950,000	1	2.31%
Whitehall Apartments Association	12,900,000	2	0.93%
BF Saul Holdings LTD Partnership	12,000,000	3	0.87%
541 Associates	11,321,200	4	0.82%
Newman Development Group of Hainesport	10,354,400	5	0.75%
Wal-Mart	10,116,600	6	0.73%
East Coast Lumberton Apartments, LLC	8,400,000	7	0.61%
Burlington Geriatric Centers, Inc.	8,180,000	8	0.59%
Evergreen I Associates, LLC	7,000,000	9	0.51%
CCL Label, Inc.	5,520,000	10	0.40%
Total	\$ 117,742,200		8.52%

2008		
TAXABLE ASSESSED VALUE	RANK <u>(OPTIONAL)</u>	% OF TOTAL DISTRICT NET ASSESSED VALUE

INFORMATION CURRENTLY UNAVAILABLE

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2017	\$ 14,209,132	\$ 14,209,132	100.00%
2016	14,166,759	14,166,759	100.00%
2015	13,827,457	13,827,457	100.00%
2014	14,139,871	14,139,871	100.00%
2013	13,944,946	13,944,946	100.00%
2012	13,711,091	13,711,091	100.00%
2011	13,711,091	13,711,091	100.00%
2010	13,502,988	13,502,988	100.00%
2009	13,441,001	13,441,001	100.00%
2008	13,584,438	13,584,438	100.00%

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

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

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2017	\$7,175,000	\$ 36,119	\$ 7,211,119	N/A	
2016	8,420,000	71,482	8,491,482	688.96	
2015	10,165,000	156,881	10,321,881	830.53	
2014	11,905,000	240,176	12,145,176	973.48	
2013	14,415,000	148,234	14,563,234	1,165.62	
2012	17,455,000	194,988	17,649,988	1,406.82	
2011	20,295,000	-	20,295,000	1,616.36	
2010	15,725,000	-	15,725,000	1,251.09	
2009	17,885,000	51,633	17,936,633	1,500.09	
2008	19,985,000	101,578	20,086,578	1,675.42	

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 7,175,000	\$ -	\$ 7,175,000	0.52%	N/A
2016	8,420,000	-	8,420,000	0.61%	683.16
2015	10,165,000	-	10,165,000	0.71%	817.91
2014	11,905,000	-	11,905,000	0.83%	954.23
2013	14,415,000	-	14,415,000	1.00%	1,153.75
2016	17,455,000	-	17,455,000	1.20%	1,391.28
2011	20,295,000	-	20,295,000	1.40%	1,616.36
2010	15,725,000	-	15,725,000	1.09%	1,251.09
2009	17,885,000	-	17,885,000	1.23%	1,495.78
2008	19,985,000	-	19,985,000	1.37%	1,666.94

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lumberton Township	\$ 7,300,244	100.00%	\$ 7,300,244
Burlington County	314,942,084	3.216%	10,128,103
Rancocas Valley Regional High School	13,888,000	31.000%	4,305,280
Subtotal, Overlapping Debt			21,733,627
Lumberton Township Board of Education			7,175,000
Total Direct & Overlapping Debt			\$ 28,908,627

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

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 40,580,720	\$ 40,292,510	\$ 42,134,075	\$ 43,246,946	\$ 43,190,454	\$ 44,084,444	\$ 45,071,339	\$ 45,678,901	\$ 44,348,648	\$ 41,078,998
Total Net Debt Applicable to Limit	7,175,000	8,420,000	8,425,000	11,905,000	14,415,000	17,455,000	20,295,000	15,725,000	17,885,000	19,985,000
Legal Debt Margin	\$ 33,405,720	\$ 31,872,510	\$ 33,709,075	\$ 31,341,946	\$ 28,775,454	\$ 26,629,444	\$ 24,776,339	\$ 29,953,901	\$ 26,463,648	\$ 21,093,998
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.68%	20.90%	20.00%	27.53%	33.38%	39.59%	45.03%	34.43%	40.33%	48.65%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis	
2016	\$ 1,390,079,001
2015	1,320,322,839
2014	1,347,670,168
	<u>\$ 4,058,072,008</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,352,690,669</u>
Debt Limit (3 % of Average Equalization Value): Net Bonded School Debt	\$ 40,580,720 <u>7,175,000</u>
Legal Debt Margin	<u>\$ 33,405,720</u>

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

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

<u>FISCAL YEAR</u>	<u>POPULATION</u>	BURLINGTON COUNTY <u>PER CAPITA INCOME</u>	<u>UNEMPLOYMENT RATE</u>
2017	N/A	N/A	N/A
2016	12,325	N/A	4.60%
2015	12,428	55,227	5.00%
2014	12,476	53,747	6.50%
2013	12,494	51,785	8.00%
2010	12,546	51,390	8.80%
2011	12,556	49,955	8.50%
2010	12,569	48,047	9.20%
2009	11,957	47,649	8.50%
2008	11,989	47,816	4.70%

Source: NJ Dept of Labor and Workforce Development

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

	<u>2017</u>	<u>2008</u>
	<u>EMPLOYEES</u>	<u>EMPLOYEES</u>
CVS Corporation	1,240	N/A
Radwell	600	N/A
Lumberton Township School District	249	N/A
Total	<u>2,089</u>	<u>N/A</u>

Source: Burlington County Economic Development

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

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Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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LUMBERTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	1,355	\$ 24,908,611	\$ 18,383	2.99%	126	10.75/1	1,347	1,289	-2.18%	95.69%
2016	1,374	24,524,154	17,849	13.77%	122	11.26/1	1,377	1,317	-6.83%	95.64%
2015	1,501	23,548,402	15,688	1.50%	127	11.82/1	1,478	1,418	-1.27%	95.94%
2014	1,493	23,077,525	15,457	6.18%	132	11.31/1	1,497	1,440	-2.22%	96.19%
2013	1,530	22,272,350	14,557	13.58%	122	12.54/1	1,531	1,471	-6.70%	96.08%
2012	1,641	21,031,912	12,817	2.65%	142	11.55/1	1,641	1,588	-1.44%	96.77%
2011	1,666	20,800,912	12,486	-3.67%	131	12.72/1	1,665	1,596	-1.36%	95.86%
2010	1,687	21,864,979	12,961	2.95%	155	10.88/1	1,688	1,617	-1.06%	95.79%
2009	1,707	21,489,919	12,589	0.69%	163	10.47/1	1,706	1,642	-0.70%	96.25%
2008	1,714	21,429,225	12,502	2.05%	163	10.52/1	1,718	1,653	-1.83%	96.22%

Sources: District records

Note: Enrollment based on annual October district count.

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

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Bobby's Run School:										
Square Feet	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110	61,110
Capacity (Students)	415	415	415	415	415	415	415	415	415	415
Enrollment	314	333	336	337	329	361	386	358	387	388
Florence L. Walther School:										
Square Feet	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945	54,945
Capacity (Students)	471	471	471	471	471	471	471	471	471	471
Enrollment	217	256	302	293	316	359	350	380	370	370
Ashbrook School:										
Square Feet	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300	53,300
Capacity (Students)	402	402	402	402	402	402	402	402	402	402
Enrollment	271	271	297	326	324	349	350	364	372	385
Middle School:										
Lumberton Middle School:										
Square Feet	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106	91,106
Capacity (Students)	634	634	634	634	634	634	634	634	634	634
Enrollment	532	514	566	537	561	572	580	585	578	571

Number of Schools at June 30, 2017:

 Elementary = 3

 Middle School = 1

Source: District Facilities Office

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

SCHOOL FACILITIES	PROJECT #	FISCAL YEAR ENDING JUNE 30.									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bobby's Run School	Required Maintenance	\$ 55,318	\$ 49,562	\$ 54,304	\$ 39,750	\$ 45,329	\$ 52,417	\$ 26,053	\$ 34,324	\$ 45,114	\$ 39,747
Lumberton Middle School	Required Maintenance	74,536	72,331	88,710	67,935	63,790	64,410	40,847	48,016	63,687	56,969
Florence L. Walther School	Required Maintenance	48,147	38,752	41,350	23,984	44,590	38,786	35,267	32,828	44,014	38,104
Ashbrook School	Required Maintenance	30,943	29,334	25,696	27,045	34,936	37,024	23,366	27,619	36,022	29,951
District-Wide Items	Required Maintenance	-	-	2,792	3,356	3,606	6,963	-	-	-	-
Total		\$ 208,944	\$ 189,979	\$ 212,852	\$ 162,070	\$ 192,251	\$ 199,600	\$ 125,533	\$ 142,787	\$ 188,837	\$ 164,771

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

Source: District records

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

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

Source: District Records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lumberton Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Lumberton Township School District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
November 20, 2017



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

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EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

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

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
November 20, 2017

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

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM/TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEAR BALANCES	ADJUSTMENTS	BALANCE, JUNE 30, 2017	
												(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Health and Human Services													
Passed Through New Jersey Department of Human Services:													
Medical Assistance Program (SEMD)	93.778	1605NJSMAP	100-054-7540-211	\$ 39,019	7/1/16-6/30/17	\$ -	\$ 37,530	\$ (39,019)	\$ -	\$ -	\$ -	\$ (1,489)	\$ -
Medical Assistance Program (SEMD) - Cost Settlement	93.778	1705NJSMAP	100-054-7540-211	63,714	7/1/15-6/30/16	(17,794)	17,794	-	-	-	-	-	-
Medical Assistance Program (SEMD) - Cost Settlement	93.778	1705NJSMAP	100-054-7540-211	6,211	7/1/16-6/30/17	-	6,211	(6,211)	-	-	-	-	-
Medical Assistance Program (SEMD) - ARRA	93.778	1705NJSMAP	100-054-7540-211	12,352	7/1/13-6/30/14	(12,352)	12,352	-	-	-	-	-	-
Medical Assistance Program (SEMD) - ARRA	93.778	1705NJSMAP	100-054-7540-211	2,271	7/1/16-6/30/17	(30,146)	76,158	(47,501)	-	-	-	(1,489)	-
Total U.S. Department of Health and Human Services													
U.S. Department of Agriculture													
Passed Through New Jersey Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	35,670	7/1/16-6/30/17	-	32,860	(35,670)	-	-	-	(2,810)	-
School Breakfast Program	10.553	16161NJ304N1099	100-010-3350-028	20,261	7/1/15-6/30/16	(1,883)	1,883	-	-	-	-	(2,810)	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	143,476	7/1/16-6/30/17	-	132,951	(143,476)	-	-	-	(10,525)	-
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026	144,325	7/1/15-6/30/16	(11,185)	11,185	-	-	-	-	(493)	-
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026	6,413	7/1/16-6/30/17	-	5,920	(6,413)	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	100-010-3350-026	6,164	7/1/15-6/30/16	(487)	487	-	-	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	38,667	7/1/16-6/30/17	(11,672)	38,667	(38,667)	-	-	-	(11,018)	-
Special Milk Program for Children	10.556	171NJ304N1099	100-010-3350-027	325	7/1/16-6/30/17	-	293	(325)	-	-	1	(31)	-
Special Milk Program for Children	10.556	16161NJ304N1099	100-010-3350-027	365	7/1/15-6/30/16	(33)	33	-	-	-	-	(31)	-
Total Child Nutrition Cluster													
Total U.S. Department of Agriculture													
U.S. Department of Education													
Passed Through New Jersey Department of Education:													
L.D.E.A. Part B (Special Education Cluster)													
Basic	84.027	H027A160100	100-034-5065-016	344,238	7/1/16-6/30/17	-	313,923	(344,238)	-	-	-	(30,315)	-
Preschool	84.173	H173A160114	100-034-5065-020	29,067	7/1/16-6/30/17	-	29,067	(29,067)	-	-	-	-	-
Total Special Education Cluster													
No Child Left Behind (N.C.L.B.):													
Title I - Part A	84.010	S010A160030	100-034-5064-194	159,020	7/1/16-6/30/17	-	125,220	(159,020)	-	-	-	(33,800)	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	160,531	7/1/15-6/30/16	2,862	-	(2,862)	-	-	-	(33,800)	-
Title II - Part A, Supporting Effective Instruction	84.567	S567A160029	100-034-5063-290	29,456	7/1/16-6/30/17	-	26,524	(29,456)	-	-	-	(2,932)	-
Total U.S. Department of Education													
Total Expenditures of Federal Awards													
						\$ (40,872)	\$ 795,171	\$ (833,833)	\$ -	\$ (2,862)	\$ 1	\$ (82,995)	\$ -

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENT	MEMO		
										BALANCE, JUNE 30, 2017 ACCOUNTS RECEIVABLE	UNEARNED REVENUE	BUDGETARY RECEIVABLE
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
495-034-5120-078	Equalization Aid	\$ 6,879,838	7/1/16-6/30/17	\$ -	\$ -	6,879,838	(6,879,838)	\$ -	\$ -	\$ -	\$ 654,529	6,879,838
495-034-5120-084	Security Aid	141,349	7/1/16-6/30/17	-	-	141,349	(141,349)	-	-	-	14,154	141,349
495-034-5120-085	Adjustment Aid	31,980	7/1/16-6/30/17	-	-	31,980	(31,980)	-	-	-	3,813	31,980
495-034-5120-089	Special Education Categorical Aid	903,723	7/1/16-6/30/17	-	-	903,723	(903,723)	-	-	-	90,495	903,723
495-034-5120-097	Per Pupil Growth Aid	14,840	7/1/16-6/30/17	-	-	14,840	(14,840)	-	-	-	1,486	14,840
495-034-5120-098	PARCC Readiness	14,840	7/1/16-6/30/17	-	-	14,840	(14,840)	-	-	-	920	14,840
495-034-5120-101	Professional Learning Community Aid	13,490	7/1/16-6/30/17	-	-	13,490	(13,490)	-	-	-	1,306	13,490
	Total State Aid Public					8,000,060	(8,000,060)				766,703	8,000,060
495-034-5120-014	Transportation Aid	208,437	7/1/16-6/30/17	-	-	208,437	(208,437)	-	-	-	20,872	208,437
495-034-5120-014	Additional Nonpublic School Transportation Aid	20,010	7/1/16-6/30/17	-	-	20,010	(20,010)	-	-	-	-	20,010
495-034-5120-014	Additional Nonpublic School Transportation Aid	8,178	7/1/15-6/30/16	(8,178)	-	8,178	-	-	-	(20,010)	-	8,178
495-034-5120-044	Extrordinary Aid	73,245	7/1/16-6/30/17	-	-	73,245	(73,245)	-	-	-	-	73,245
495-034-5120-044	Extrordinary Aid	34,488	7/1/15-6/30/16	(34,488)	-	34,488	-	-	-	(73,245)	-	34,488
495-034-5120-005	Homeless Tuition Aid	6,613	7/1/15-6/30/16	(6,613)	-	6,613	-	-	-	-	-	6,613
100-034-5094-003	Reimbursed TPAF Social Security Contributions	722,203	7/1/16-6/30/17	-	-	689,788	(722,203)	-	-	(32,415)	-	722,203
100-034-5094-003	Reimbursed TPAF Social Security Contributions	741,199	7/1/15-6/30/16	(32,843)	-	32,843	-	-	-	-	-	741,199
495-034-5094-001	TPAF - Post Retirement Medical (Noncash Assistance)	967,715	7/1/16-6/30/17	-	-	967,715	(967,715)	-	-	-	-	967,715
495-034-5094-002	TPAF - Pension Contributions (Noncash Assistance)	1,161,406	7/1/16-6/30/17	-	-	1,161,406	(1,161,406)	-	-	-	-	1,161,406
495-034-5094-004	TPAF - Long-Term Disability Insurance (Noncash Assistance)	785	7/1/16-6/30/17	-	-	785	(785)	-	-	-	-	785
	Total General Fund			(82,122)	-	11,110,313	(11,153,861)	-	-	(125,670)	787,575	11,937,726
Capital Projects Fund:												
New Jersey School Development Authority:												
GS-4989	ROD Grant (Project #2850-010-14-1001)	89,548	3/26/14-Completion	(66,032)	-	-	(23,516)	-	(1)	(89,549)	-	23,516
GS-4990	ROD Grant (Project #2850-010-14-1003)	121,584	3/26/14-Completion	(68,759)	-	69,977	(1,218)	-	-	-	-	1,218
GS-4991	ROD Grant (Project #2850-010-14-1005)	194,368	3/26/14-Completion	(185,967)	-	185,399	568	-	-	-	-	(568)
GS-4992	ROD Grant (Project #2850-010-14-1007)	158,433	3/26/14-Completion	(146,225)	-	146,226	(1)	-	-	-	-	1
	Total Capital Projects Fund			(466,983)	-	401,602	(24,167)	-	(1)	(89,549)	-	24,167
Debt Service Fund:												
Debt Service Aid Type II												
495-034-5120-075		525,505	7/1/16-6/30/17	-	-	525,505	(525,505)	-	-	-	-	525,505
	Total Debt Service Fund			-	-	525,505	(525,505)	-	-	-	-	525,505
New Jersey Department of Agriculture:												
Enterprise Fund:												
100-010-3350-023	National School Lunch Program	4,869	7/1/16-6/30/17	-	-	4,497	(4,869)	-	-	(372)	-	4,869
100-010-3350-023	National School Lunch Program	4,829	7/1/15-6/30/16	(373)	-	373	-	-	-	-	-	4,829
	Total Enterprise Fund			(373)	-	4,870	(4,869)	-	-	(372)	-	9,698
	Total State Financial Assistance			(\$ 549,478)	\$ -	12,042,290	(11,708,402)	\$ -	(1)	(215,591)	\$ -	787,575
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)		967,715	7/1/16-6/30/17			\$ -	967,715					
TPAF - Pension Contributions (Noncash Assistance)		1,161,406	7/1/16-6/30/17				1,161,406					
TPAF - Long-Term Disability Insurance (Noncash Assistance)		785	7/1/16-6/30/17				785					
	Total State Financial Assistance subject to Calculation for Major Program Determination						\$ (9,578,496)					

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

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

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Lumberton Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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

Note 3. Relationship to Basic Financial Statements

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

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

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(9,189) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,501	\$ 11,144,672	\$ 11,192,173
Special Revenue Fund	561,781	-	561,781
Capital Projects Fund	-	24,167	24,167
Debt Service Fund	-	525,505	525,505
Food Service Fund	224,551	4,869	229,420
	<u>833,833</u>	<u>11,699,213</u>	<u>12,533,046</u>
Total Awards & Financial Assistance	<u>\$ 833,833</u>	<u>\$ 11,699,213</u>	<u>\$ 12,533,046</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Lumberton Township School District had no loan balances outstanding at June 30, 2017.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>Special Education Cluster:</u>
<u>84.173</u>	<u>H173A160114</u>	<u>I.D.E.A. Part B - Basic</u>
<u> </u>	<u> </u>	<u>I.D.E.A. Part B - Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

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

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes no

 2) Significant deficiency(ies) identified? yes no

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public:
495-034-5120-084	Equalization Aid
495-034-5120-085	Security Aid
495-034-5120-089	Adjustment Aid
495-034-5120-097	Special Education Categorical Aid
495-034-5120-098	Per Pupil Growth Aid
495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**LUMBERTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.