

**LAFAYETTE TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

Lafayette, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Lafayette Township Board of Education
Finance Department**

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INTRODUCTORY SECTION



Lafayette Township School District

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973-875-3344 • FAX: 973-875-3066

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

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

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

January 18, 2019

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Lafayette Township School District (the “District”) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an average daily enrollment of 243 students, which is down 6 students from the previous year’s ending enrollment.

2) **ECONOMIC CONDITION AND OUTLOOK:**

The Lafayette area is experiencing minimal development and expansion. The ratable base underwent a reassessment in 2012 which was effective for 2013. The ratable base for 2017 totaled \$329,428,355. For 2018, the base decreased by over \$49,000 to \$329,378,696.

3) **MAJOR INITIATIVES:**

Responsive Education

Our school district is committed to providing all students with a responsive educational program in which individual needs are met to promote achievement. This includes an attention to providing social, emotional, physical, and academic supports for all learners.

New Jersey Tiered System of Supports

Our school district is working to develop a comprehensive tiered support model which fosters the achievement of all learners by effectively leveraged resources, personnel, and the master schedule design.

Anti-Bullying Programming

Our school district is committed to facilitating a bully free school zone. The district will build upon our current programming to safeguard our students from harassment, intimidation, and bullying and increase programming in every grade level to extinguish the negative behaviors.

Differentiated Learning

Our school district is increasing the level of differentiated supports via effective use of current staffing and master schedule design. Additionally the basic skills and enrichment activities will be reviewed.

Math Achievement

Our school district will increase math achievement via the curriculum mapping, math professional development, and increased math contact time for students. Additionally the district will institute additional benchmarking, progress monitoring, and enrichment opportunities for students in math.

4) **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

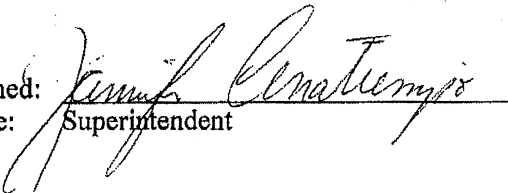
The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District.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

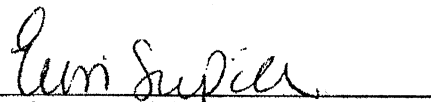
9) **OTHER INFORMATION:**

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

10) **ACKNOWLEDGEMENTS:**

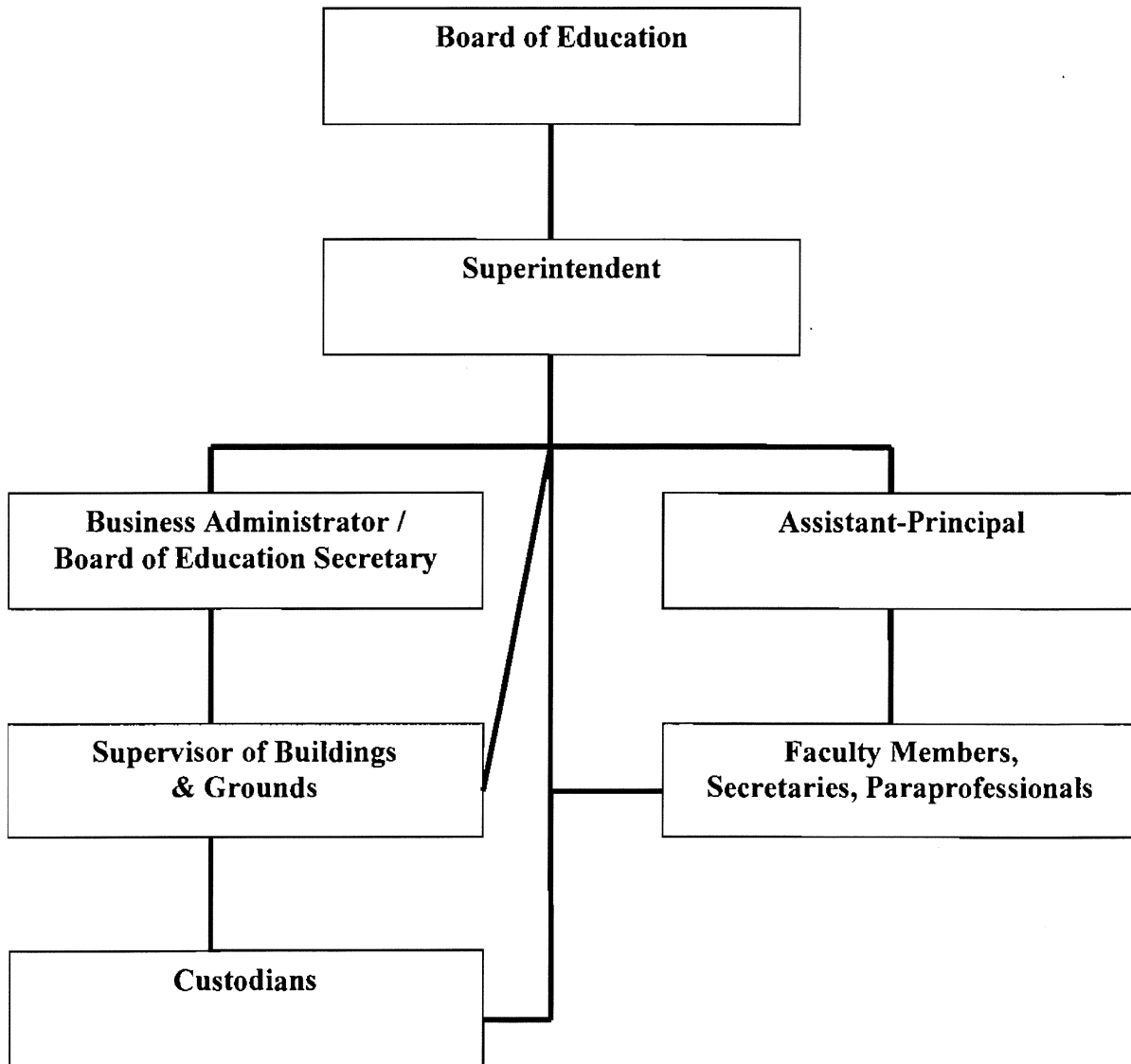
We would like to express our appreciation to the members of the School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The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

Signed: 
Title: Superintendent

Signed: 
Title: Business Administrator

Lafayette Board of Education

Organizational Chart Unit Control



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>		Term Expires
Linda Peoples	President	2018
Lisa Carlson	Vice President	2021
Joshua Aikens	Member	2020
Todd Deming - to 9/20/17	Member	2019
Karen Mitchell - from 10/17/17	Member	2019
Mary Flaherty	Member	2020
Stacey McGill	Member	2019
Arin Gunn-Russell	Member	2021
Kathleen Zagula	Member	2019
Michael Gail - from 1/3/18	Member	2020

Jennifer Cenatiempo – Superintendent

Erin Siipola, Board Secretary/School Business Administrator

Gail Magura, Treasurer

Matthew Giacobbe and Bruce Padula, Board Attorneys

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

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
And
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorneys

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

Official Depositories

Lakeland Bank
First Hope Bank

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District in the County of Sussex, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

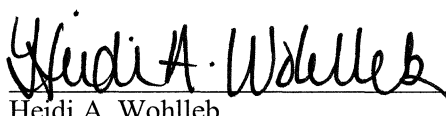
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
(Unaudited)**

This section of Lafayette Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

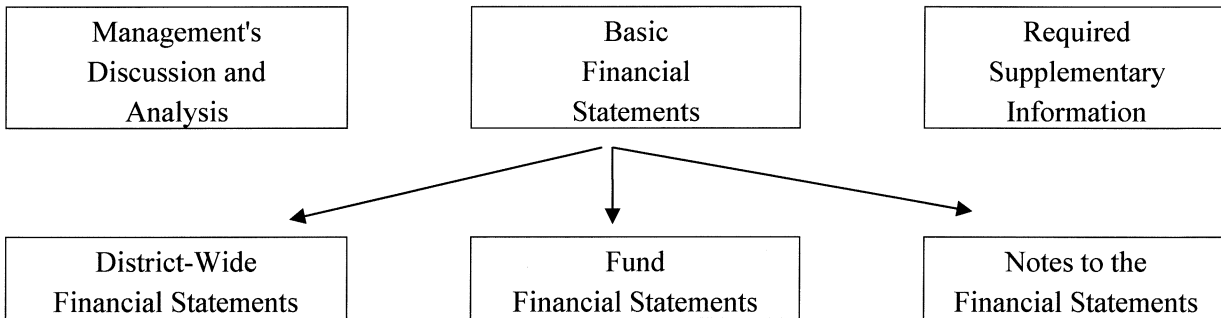


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Financial Analysis of the District as a Whole

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

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

Net Position. The District’s combined net position increased by \$412,017. Net position from governmental activities increased by \$413,104 while net position from business-type activities decreased by \$1,087.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Current and Other Assets	\$1,747,525	\$1,591,377	\$ 42,374	\$ 47,497	\$1,789,899	\$1,638,874	
Capital Assets, Net	3,461,822	3,584,711	15,184	16,929	3,477,006	3,601,640	
Total Assets	<u>5,209,347</u>	<u>5,176,088</u>	<u>57,558</u>	<u>64,426</u>	<u>5,266,905</u>	<u>5,240,514</u>	0.50%
Deferred Outflows of Resources	<u>307,416</u>	<u>504,322</u>			<u>307,416</u>	<u>504,322</u>	-39.04%
Other Liabilities	130,624	96,420	5,706	11,487	136,330	107,907	
Long-Term Liabilities	1,978,062	2,938,978			1,978,062	2,938,978	
Total Liabilities	<u>2,108,686</u>	<u>3,035,398</u>	<u>5,706</u>	<u>11,487</u>	<u>2,114,392</u>	<u>3,046,885</u>	-30.60%
Deferred Inflows of Resources	<u>448,161</u>	<u>98,200</u>			<u>448,161</u>	<u>98,200</u>	356.38%
Net Position:							
Net Investment in Capital Assets	2,486,949	2,273,215	15,184	16,929	2,502,133	2,290,144	
Restricted	1,028,522	1,135,753			1,028,522	1,135,753	
Unrestricted/(Deficit)	<u>(555,555)</u>	<u>(862,156)</u>	<u>36,668</u>	<u>36,010</u>	<u>(518,887)</u>	<u>(826,146)</u>	
Total Net Position	<u>\$2,959,916</u>	<u>\$2,546,812</u>	<u>\$ 51,852</u>	<u>\$ 52,939</u>	<u>\$3,011,768</u>	<u>\$2,599,751</u>	15.85%

Changes in Net Position. The District’s combined net position was \$3,011,768 on June 30, 2018, or \$412,017 more than the year before. The increase in net investment in capital assets was due to the retirement of serial bonds payable and capital asset additions offset by the current year amortization of the deferred amount on the refunding and depreciation expense. The decrease in restricted net position is due primarily to the current year budgeted withdrawal in capital reserve, and a board approved withdrawal offset by the year end transfer into the capital reserve. The increase in unrestricted net position is due primarily to the decrease in the net pension liability and the changes in the related deferred inflows and outflows as well as fund balance utilized in the current year budget offset by an excess in tuition revenue, extraordinary aid, and miscellaneous revenue and unexpended budget appropriations as well as by the change in the accrued interest payable and the current year amortization of the bond premium. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Revenue:							
Program Revenue:							
Charges for Services	\$ 46,980	\$ 42,742	\$ 47,400	\$ 122,674	\$ 94,380	\$ 165,416	
Operating Grants & Contributions	2,035,259	1,875,802	22,161	26,531	2,057,420	1,902,333	
General Revenue:							
Property Taxes	4,176,100	4,188,500			4,176,100	4,188,500	
Unrestricted Federal and State Aid	596,265	600,982			596,265	600,982	
Other	24,702	70,693	279	104	24,981	70,797	
Total Revenue	<u>6,879,306</u>	<u>6,778,719</u>	<u>69,840</u>	<u>149,309</u>	<u>6,949,146</u>	<u>6,928,028</u>	0.30%
Expenses:							
Instruction	3,895,712	3,816,324			3,895,712	3,816,324	
Pupil and Instruction Services	909,498	989,321			909,498	989,321	
Administrative and Business	681,098	677,783			681,098	677,783	
Maintenance and Operations	483,081	502,410			483,081	502,410	
Transportation	305,988	279,325			305,988	279,325	
Other	190,825	160,233	70,927	136,573	261,752	296,806	
Total Expenses	<u>6,466,202</u>	<u>6,425,396</u>	<u>70,927</u>	<u>136,573</u>	<u>6,537,129</u>	<u>6,561,969</u>	-0.38%
Increase in Net Position	<u>\$ 413,104</u>	<u>\$ 353,323</u>	<u>\$ (1,087)</u>	<u>\$ 12,736</u>	<u>\$ 412,017</u>	<u>\$ 366,059</u>	12.55%

Governmental Activities

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

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

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 3,895,712	\$ 3,816,324	\$ 2,362,403	\$ 2,376,039
Pupil and Instruction Services	909,498	989,321	710,742	820,124
Administrative and Business	681,098	677,783	529,313	540,329
Maintenance and Operations	483,081	502,410	309,986	445,994
Transportation	305,988	279,325	298,867	164,133
Other	190,825	160,233	172,652	160,233
	<u>\$ 6,466,202</u>	<u>\$ 6,425,396</u>	<u>\$ 4,383,963</u>	<u>\$ 4,506,852</u>

Business-Type Activities

The net position of the District’s business-type activity decreased by \$1,087 (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$1,087. The decrease in revenue exceeded the decrease in expenses. This was due to a decrease in student participation by the District’s students as well the discontinuation of the agreement to serve meals to students in the Montague School District.

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	
Construction in Progress	\$ 32,500	\$ 39,600			\$ 32,500	\$ 39,600	
Land	80,000	80,000			80,000	80,000	
Site Improvements	131,630	143,822			131,630	143,822	
Building & Building Improvements	3,138,176	3,256,778			3,138,176	3,256,778	
Machinery and Equipment	79,516	64,511	\$ 15,184	\$ 16,929	94,700	81,440	
Total	\$ 3,461,822	\$ 3,584,711	\$ 15,184	\$ 16,929	\$ 3,477,006	\$ 3,601,640	-3.46%

Long-term Liabilities

At year-end, the District had \$1,030,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	2017/2018	2016/2017	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,030,000	\$ 1,385,000	-25.63%
Net Pension Liability	832,892	1,406,170	-40.77%
Compensated Absences Payable	67,210	83,859	-19.85%
Unamortized Bond Premium	47,960	63,949	-25.00%
	\$ 1,978,062	\$ 2,938,978	-32.70%

Factors Bearing on the District's Future

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

- A5 – known as School District Accountability. This law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- A4 – known as CORE. This law, approved by the Governor on April 3, 2007 implements CORE proposals and the primary focus of this law is to establish uniform shared services and consolidation through the use of an “Executive County Superintendent”.
- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 644,260	\$ 32,175	\$ 676,435
Receivable from State Government	30,874	77	30,951
Receivable from Federal Government	43,869	1,310	45,179
Receivables - Other		6,705	6,705
Inventories		2,107	2,107
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	687,152		687,152
Maintenance Reserve- Cash and Cash Equivalents	153,334		153,334
Emergency Reserve - Cash and Cash Equivalents	188,036		188,036
Capital Assets:			
Sites (Land) and Construction in Progress	112,500		112,500
Depreciable Buildings and Building Improvements and Machinery and Equipment	3,349,322	15,184	3,364,506
Total Assets	<u>5,209,347</u>	<u>57,558</u>	<u>5,266,905</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>307,416</u>		<u>307,416</u>
LIABILITIES			
Accounts Payable	114,474	5,653	120,127
Accrued Interest Payable	16,150		16,150
Unearned Revenue		53	53
Noncurrent Liabilities:			
Due Within One Year	375,988		375,988
Due Beyond One Year	1,602,074		1,602,074
Total Liabilities	<u>2,108,686</u>	<u>5,706</u>	<u>2,114,392</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>448,161</u>		<u>448,161</u>
NET POSITION			
Net Investment in Capital Assets	2,486,949	15,184	2,502,133
Restricted for:			
Capital Reserve	687,152		687,152
Emergency Reserve	188,036		188,036
Maintenance Reserve	153,334		153,334
Unrestricted/(Deficit)	<u>(555,555)</u>	<u>36,668</u>	<u>(518,887)</u>
Total Net Position	<u>\$ 2,959,916</u>	<u>\$ 51,852</u>	<u>\$ 3,011,768</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,065,871	\$ 46,980	\$ 997,770	\$ (2,021,121)	\$	\$ (2,021,121)
Special Education	580,434		405,664	(174,770)		(174,770)
Other Special Instruction	163,168		56,650	(106,518)		(106,518)
School-Sponsored/Other Instruction	86,239		26,245	(59,994)		(59,994)
Support Services:						
Tuition	125,527			(125,527)		(125,527)
Student & Instruction Related Services	783,971		198,756	(585,215)		(585,215)
General Administrative Services	156,984		23,133	(133,851)		(133,851)
School Administrative Services	380,468		115,729	(264,739)		(264,739)
Central Services	143,646		12,923	(130,723)		(130,723)
Plant Operations and Maintenance	483,081		173,095	(309,986)		(309,986)
Pupil Transportation	305,988		7,121	(298,867)		(298,867)
Interest on Long-Term Debt	59,272			(59,272)		(59,272)
Capital Outlay	56,440		18,173	(38,267)		(38,267)
Charter School	75,113			(75,113)		(75,113)
Total Governmental Activities	6,466,202	46,980	2,035,259	(4,383,963)		(4,383,963)
Business-Type Activities:						
Food Service	70,927	47,400	22,161		\$ (1,366)	(1,366)
Total Business-Type Activities	70,927	47,400	22,161		(1,366)	(1,366)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 6,537,129	\$ 94,380	\$ 2,057,420	\$ (4,383,963)	\$ (1,366)	\$ (4,385,329)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				3,760,000		3,760,000
Taxes Levied for Debt Service				416,100		416,100
Federal and State Aid not Restricted				596,265		596,265
Interest				8,895	279	9,174
Miscellaneous Income				15,807		15,807
Total General Revenue				4,797,067	279	4,797,346
Change in Net Position				413,104	(1,087)	412,017
Net Position - Beginning				2,546,812	52,939	2,599,751
Net Position - Ending				\$ 2,959,916	\$ 51,852	\$ 3,011,768

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

FUND FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 644,260		\$ 644,260
Interfund Receivable - Special Revenue Fund	27,051		27,051
Receivables From Federal Government		\$ 43,869	43,869
Receivables From State Government	30,874		30,874
Restricted Cash and Cash Equivalents	1,028,522		1,028,522
Total Assets	\$ 1,730,707	\$ 43,869	\$ 1,774,576
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 57,912	\$ 16,818	\$ 74,730
Interfund Payable - General Fund		27,051	27,051
Total Liabilities	57,912	43,869	101,781
Fund Balances:			
Restricted:			
Emergency Reserve	188,036		188,036
Maintenance Reserve	153,334		153,334
Capital Reserve	687,152		687,152
Assigned:			
Year-End Encumbrances	402,710		402,710
Subsequent Year's Expenditures	42,830		42,830
Unassigned	198,733		198,733
Total Fund Balances	1,672,795		1,672,795
Total Liabilities and Fund Balances	\$ 1,730,707	\$ 43,869	

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.	3,461,822
Interest on long term debt is not accrued as expenditures in the Governmental Funds but rather is recognized as an expenditure when due.	(16,150)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(832,892)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Deferred Outflows	212,545
Changes in Deferred Inflows	(448,161)
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$191,845 and the Amortization is \$143,885.	(47,960)
The deferred amount on refunding is not reported as an expense in the governmental funds in the year of the expense. The deferred amount on refunding is \$220,513 and the accumulated amortization is \$165,386.	55,127
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(1,097,210)
Net Position of Governmental Activities	\$ 2,959,916

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 3,760,000		\$ 416,100	\$ 4,176,100
Tuition from Individuals	46,980			46,980
Interest Earned on Restricted Funds	8,895			8,895
Unrestricted Miscellaneous	15,807	\$ 18,173		33,980
Total - Local Sources	3,831,682	18,173	416,100	4,265,955
State Sources	1,438,980			1,438,980
Federal Sources		130,019		130,019
Total Revenue	5,270,662	148,192	416,100	5,834,954
EXPENDITURES				
Current:				
Regular Instruction	1,596,782	64,243		1,661,025
Special Education Instruction	258,460	65,776		324,236
Other Special Instruction	84,011			84,011
School Sponsored/Other Instruction	49,567			49,567
Support Services and Undistributed Costs:				
Tuition	125,527			125,527
Student & Instruction Related Services	452,850			452,850
General Administrative Services	118,390			118,390
School Administrative Services	190,775			190,775
Central Services	122,086			122,086

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES				
Support Services and Undistributed Costs:				
Plant Operations and Maintenance	\$ 368,755			\$ 368,755
Pupil Transportation	294,107			294,107
Unallocated Benefits	1,302,203			1,302,203
Debt Service:				
Principal			\$ 355,000	355,000
Interest and Other Charges			61,100	61,100
Capital Outlay	107,710	\$ 18,173		125,883
Transfer of Funds to Charter Schools	75,113			75,113
Total Expenditures	<u>5,146,336</u>	<u>\$ 148,192</u>	<u>416,100</u>	<u>5,710,628</u>
Excess of Revenue over Expenditures	124,326			124,326
Fund Balance—July 1	<u>1,548,469</u>			<u>1,548,469</u>
Fund Balance—June 30	<u>\$ 1,672,795</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,672,795</u>

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

LAYAYETTE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 124,326

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation and capital assets deletions differ from capital outlay in the period.

	Depreciation Expense	\$ (192,282)	
	Capital Outlays	69,443	
	Capital Assets Deletions, Net of Accumulated Depreciation	(50)	(122,889)

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

16,649

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

355,000

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

(18,377)

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

15,989

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

Change in Net Pension Liability	573,278	
Change in Deferred Outflows	(185,127)	
Change in Deferred Inflows	(349,961)	

LAYAYETTE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Changes in Net Position for Governmental Activities

\$	<u>4,216</u>
\$	<u><u>413,104</u></u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 32,175
Intergovernmental Accounts Receivable:	
Federal	1,310
State	77
Accounts Receivable - Other	6,705
Inventories	<u>2,107</u>
Total Current Assets	<u>42,374</u>
Non-Current Assets:	
Capital Assets:	91,562
Less: Accumulated Depreciation	<u>(76,378)</u>
Total Non-Current Assets	<u>15,184</u>
Total Assets	<u>57,558</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	5,653
Unearned Revenue	<u>53</u>
Total Liabilities	<u>5,706</u>
NET POSITION:	
Investment in Capital Assets	15,184
Unrestricted	<u>36,668</u>
Total Net Position	<u>\$ 51,852</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 29,697
Nonreimbursable Programs	15,402
Other Sales	2,301
Total Operating Revenue	47,400
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	12,369
Nonreimbursable Programs	5,557
Salaries, Benefits & Payroll Taxes	26,597
Supplies, Insurance & Other Costs	6,206
Management Fee	9,270
Miscellaneous Expenses	9,184
Depreciation Expense	1,745
Total Operating Expenses	70,927
Operating Loss	(23,527)
Non-Operating Income:	
Local Sources:	
Interest Income	279
State Sources:	
State School Lunch Program	726
Federal Sources:	
National School Lunch Program	14,215
Food Distribution Program	7,220
Total Non-Operating Income	22,440
Change in Net Position	(1,087)
Net Position - Beginning of Year	52,939
Net Position - End of Year	\$ 51,852

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 69,317
Payments to Food Service Vendor	(68,567)
Payments to Suppliers and Other Expenses	(2,579)
Net Cash Used for Operating Activities	(1,829)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	279
Net Cash Provided by Investing Activities	279
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	17,076
Net Cash Provided by Noncapital Financing Activities	17,076
Net Increase in Cash and Cash Equivalents	15,526
Cash and Cash Equivalents, July 1	16,649
Cash and Cash Equivalents, June 30	\$ 32,175
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (23,527)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation Expense	1,745
Food Distribution Program	7,220
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable - Intergovernmental - Other	21,917
(Increase)/Decrease in Accounts Receivable - Other	(6,705)
Increase/(Decrease) in Unearned Revenue	(2,457)
Increase/(Decrease) in Accounts Payable	(3,324)
(Increase)/Decrease in Inventory	3,302
Net Cash Used for Operating Activities	\$ (1,829)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$4,763 and utilized commodities from the Federal Food Distribution Program valued at \$7,220 for the fiscal year ended June 30, 2018.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency	Flexible Spending Trust	Unemployment Compensation Trust
ASSETS:			
Cash and Cash Equivalents	\$ 55,314	\$ 1	\$ 108,079
Interfund Receivable - Payroll Agency Fund			5,123
	55,314	1	113,202
LIABILITIES:			
Interfund Payable - Unemployment Compensation Trust Fund	5,123		
Due to Student Groups	29,437		
Payroll Deductions and Withholdings	20,754		
Total Liabilities	55,314		
NET POSITION:			
Held in Trust for Unemployment Claims			113,202
Held in Trust for Flexible Spending		1	
Total Net Position	\$ -0-	\$ 1	\$ 113,202

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Members	\$ 300	\$ 5,123
Total Contributions	<u>300</u>	<u>5,123</u>
Investment Earnings:		
Interest	1	1,004
Net Investment Earnings	<u>1</u>	<u>1,004</u>
Total Additions	<u>301</u>	<u>6,127</u>
Deductions		
Unemployment Compensation Claims		537
Flexible Spending Trust	<u>300</u>	
Total Deductions	<u>300</u>	<u>537</u>
Change in Net Position	1	5,590
Net Position - Beginning of the Year		<u>107,612</u>
Net Position - End of the Year	<u>\$ 1</u>	<u>\$ 113,202</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,270,127	\$ 151,543
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(3,351)
Prior Year State Aid Payments Recognized for GAAP Statements	82,676	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(82,141)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 5,270,662	\$ 148,192

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,146,336	\$ 151,543
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(3,351)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,146,336	\$ 148,192

E. Cash and Cash Equivalents and Investments:

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

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten- month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,672,795 General Fund fund balance at June 30, 2018, \$402,710 is assigned for year-end encumbrances, \$42,830 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019, \$687,152 is restricted in the capital reserve account, \$188,036 is restricted in the emergency reserve account, \$153,334 is restricted in the maintenance reserve account; and there is \$198,733 in unassigned fund balance which is \$82,141 less on a GAAP basis due to the final two state payments not being recognized on a GAAP basis until the fiscal year ended June 30, 2019.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2018.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$82,141 as of June 30, 2018 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$555,555 in governmental activities, which is primarily due to compensated absences payable, net pension liability and related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for the deferred amount on refunding and pensions.

The District had deferred inflows of resources at June 30, 2018 related to pensions.

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

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Maintenance and Emergency Reserve Accounts	Total
Checking Accounts	\$ 839,829	\$ 1,028,522	\$ 1,868,351

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,868,351 and the bank balance was \$1,988,940.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017		\$ 797,792	
Increase by:			
Interest Earnings	\$ 5,485		
Deposit By Board Resolution - June 2018	141,975		
Unexpended Balance of Withdrawal	101,900		
		249,360	
		1,047,152	
Withdrawals:			
Withdrawal by Board Resolution		360,000	
Ending Balance, June 30, 2018		\$ 687,152	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve at June 30, 2018 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 186,158
Deposits:	
Interest Earnings	1,878
Ending Balance, June 30, 2018	\$ 188,036

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 151,802
Deposits:	
Interest Earnings	<u>1,532</u>
Ending Balance, June 30, 2018	<u>\$ 153,334</u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 80,000			\$ 80,000
Construction in Progress	<u>39,600</u>	\$ 32,500	\$ (39,600)	<u>32,500</u>
Total Capital Assets Not Being Depreciated	<u>119,600</u>	<u>32,500</u>	<u>(39,600)</u>	<u>112,500</u>
Capital Assets Being Depreciated:				
Site Improvements	312,525			312,525
Buildings and Building Improvements	7,499,230	15,249	39,800	7,554,279
Machinery and Equipment	<u>779,538</u>	<u>21,694</u>	<u>(250)</u>	<u>800,982</u>
Total Capital Assets Being Depreciated	<u>8,591,293</u>	<u>36,943</u>	<u>39,550</u>	<u>8,667,786</u>
Governmental Activities Capital Assets	<u>8,710,893</u>	<u>69,443</u>	<u>(50)</u>	<u>8,780,286</u>
Less Accumulated Depreciation for:				
Site Improvements	(168,703)	(12,192)		(180,895)
Buildings and Building Improvements	(4,242,452)	(173,651)		(4,416,103)
Machinery and Equipment	<u>(715,027)</u>	<u>(6,439)</u>		<u>(721,466)</u>
	<u>(5,126,182)</u>	<u>(192,282)</u>		<u>(5,318,464)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,584,711</u>	<u>\$ (122,839)</u>	<u>\$ (50)</u>	<u>\$ 3,461,822</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 91,562			\$ 91,562
Less Accumulated Depreciation	<u>(74,633)</u>	<u>(1,745)</u>		<u>(76,378)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,929</u>	<u>\$ (1,745)</u>	<u>\$ -0-</u>	<u>\$ 15,184</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 109,601
Special Education	21,151
Student and Other Instruction Related Services	28,842
School Administration	23,074
Operations and Maintenance of Plant	<u>9,614</u>
	<u>\$ 192,282</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance <u>6/30/2017</u>	Accrued	Retired	Balance <u>6/30/2018</u>
Serial Bonds Payable	\$ 1,385,000		\$ 355,000	\$ 1,030,000
Net Pension Liability	1,406,170		573,278	832,892
Unamortized Bond Premium	63,949		15,989	47,960
Compensated Absences Payable	<u>83,859</u>	\$ 11,624	<u>28,273</u>	<u>67,210</u>
	<u>\$ 2,938,978</u>	<u>\$ 11,624</u>	<u>\$ 972,540</u>	<u>\$ 1,978,062</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2018 as follows:

	Issue <u>Date</u>	Interest <u>Rates</u>	Final <u>Maturity</u>	<u>Amount</u>
Refunding Bonds	01/07/10	3.25% - 5.00%	03/01/21	<u>\$ 1,030,000</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

A. Bonds Payable: (Cont'd)

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

<u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 360,000	\$ 48,450	\$ 408,450
2020	365,000	33,500	398,500
2021	305,000	15,250	320,250
	<u>\$ 1,030,000</u>	<u>\$ 97,200</u>	<u>\$ 1,127,200</u>

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

As a result of the advance refunding, the District reduced its total debt service requirements by \$239,415, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$158,413 or 4.79 percent.

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$15,988 and is separated from the long-term liability balance of \$31,972 and will be liquidated by the General Fund.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the liability for compensated absences. The entire \$67,210 is a long-term liability and will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$832,892. See Note 10 for more information on the PERS.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$450,895 to the capital outlay accounts of which \$90,895 was for equipment and did not require approval from the County Superintendent. The \$360,000 transferred to capital outlay lines for other than equipment received the required approvals.

NOTE 10. PENSION PLANS

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$33,146 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District's liability was \$832,892 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0036%, which was a decrease of 0.0012% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized actual pension expense in the amount of (\$5,043). At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources	
Changes in Assumptions	2014	6.44	\$ 9,448		
	2015	5.72	39,799		
	2016	5.57	118,552		
	2017	5.48		\$ (167,184)	
				<u>167,799</u>	<u>(167,184)</u>
Changes in Proportion	2014	6.44		(41,882)	
	2015	5.72	19,463		
	2016	5.57		(30,584)	
	2017	5.48		(208,511)	
				<u>19,463</u>	<u>(280,977)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(9,981)		
	2015	5.00	8,514		
	2016	5.00	35,698		
	2017	5.00	(28,560)		
				<u>5,671</u>	
Difference Between Expected and Actual Experience	2015	5.72	11,042		
	2016	5.57	3,598		
	2017	5.48	4,972		
				<u>19,612</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	39,744		
					<u>\$ 252,289</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 19,606
2019	29,588
2020	17,929
2021	(23,845)
2022	(17,380)
	\$ 25,898

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.00%)	(5.00%)	(6.00%)
District's proportionate share of the Net Pension Liability	\$ 1,033,260	\$ 832,892	\$ 665,962

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018 the State of New Jersey contributed \$256,117 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$909,911.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$13,134,780. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.019%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		13,134,780
Total	\$	13,134,780

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$909,911 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				13,378,255,364
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				441,116,389
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				341,507,504
			\$ 14,160,879,257	\$ 11,800,239,661

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 15,604,530	\$ 13,134,780	\$ 11,100,188
<u>Pension Plan Fiduciary Net Position - TPAF</u>			

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$12,290 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$22,148 for the fiscal year ended June 30, 2018.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

The June 30, 2018 audit report is not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2017 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 41,637,320
Net Position	\$ 10,127,373
Total Revenue	\$ 41,896,275
Total Expenses	\$ 41,231,917
Change in Net Position	\$ 664,358
Members Dividends	\$ -0-

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ -0-	\$ 6,127	\$ 537	\$ 113,202
2017	-0-	7,611	-0-	107,612
2016	-0-	5,914	35	100,001

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 27,051	
Special Revenue		\$ 27,051
Payroll Agency		5,123
Unemployment Compensation Trust	5,123	
	<u>\$ 32,174</u>	<u>\$ 32,174</u>

The interfund receivable in the General Fund is due to a cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursements on federal grants. The interfund receivable in the Unemployment Compensation Trust Fund is for current year employee unemployment contributions not yet transferred from the Payroll Agency Fund.

NOTE 13. ECONOMIC DEPENDENCY

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2018, there were encumbrances in the governmental funds as follows: \$402,720 in the General Fund and \$3,351 in the Special Revenue Fund.

On the District's Governmental Funds balance sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$3,351 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. TAX CALENDAR

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2018:

	<u>Governmental Funds</u>		<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>District</u> <u>Contribution</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>		<u>Subsequent to</u> <u>the Measurement</u> <u>Date</u>		<u>Proprietary</u> <u>Funds</u>
Vendors	\$ 57,912	\$ 16,818	\$ 74,730		\$ 74,730	\$ 5,653
State of New Jersey				\$ 39,744	\$ 39,744	
	<u>\$ 57,912</u>	<u>\$ 16,818</u>	<u>\$ 74,730</u>	<u>\$ 39,744</u>	<u>\$ 114,474</u>	<u>\$ 5,653</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	<u>45,748,749</u>
Net Changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	<u><u>\$53,639,841,858</u></u>

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 13,076,041	\$ 11,015,372	\$ 9,380,830
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 14,270,497	\$ 11,911,723	\$ 10,055,066

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 9,059,079	\$ 11,015,372	\$ 13,613,307
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 9,773,900	\$ 11,911,723	\$ 14,769,788

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$559,993 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending, June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0047754353%	0.0049880672%	0.0047478251%
District's proportionate share of the net pension liability	\$ 894,092	\$ 1,119,721	\$ 1,406,170
District's covered employee payroll	\$ 344,766	\$ 313,720	\$ 276,388
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	259.33%	356.92%	508.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			2018
			0.0035779624%
			\$ 832,892
			\$ 274,671
			303.23%
			48.10%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 39,368	\$ 42,884	\$ 42,179
Contributions in relation to the contractually required contribution	<u>(39,368)</u>	<u>(42,884)</u>	<u>(42,179)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 337,871	\$ 344,766	\$ 313,720
Contributions as a percentage of covered employee payroll	11.65%	12.44%	13.44%
			276,388
			<u>(33,146)</u>

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0204925433%	0.0208239693%	0.019326558%
State's proportionate share of the net pension liability attributable to the District	\$ 10,952,597	\$ 13,161,638	\$ 15,203,501
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	558.50%	656.29%	796.61%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%
			2018
			0.0194809808%
			\$ 13,134,780
			\$ 1,931,310
			680.10%
			25.41%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
	2015	2016	2017
Contractually required contribution	\$ 589,353	\$ 803,636	\$ 1,142,332
Contributions in relation to the contractually required contribution	<u>(112,582)</u>	<u>(154,736)</u>	<u>(211,461)</u>
Contribution deficiency/(excess)	<u>\$ 476,771</u>	<u>\$ 648,900</u>	<u>\$ 930,871</u>
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536
Contributions as a percentage of covered employee payroll	5.74%	7.72%	11.08%
			13.26%
			<u>\$ 909,911</u>
			<u>(256,117)</u>
			<u>\$ 653,794</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	(1,223,298,019)	(1,242,412,566)
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	46,849,651,824	57,831,784,184
Total OPEB Liability - Ending	\$ 57,831,784,184	\$ 53,639,841,858
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,760,000		\$ 3,760,000	\$ 3,760,000	
Tuition from Individuals	14,250		14,250	46,980	\$ 32,730
Interest Earned on Emergency Reserve Funds	550		550	1,878	1,328
Interest Earned on Capital Reserve Funds	1,200		1,200	5,485	4,285
Interest Earned on Maintenance Reserve Funds	650		650	1,532	882
Unrestricted Miscellaneous Revenue	6,970		6,970	15,807	8,837
Total - Local Sources	3,783,620		3,783,620	3,831,682	48,062
State Sources:					
Categorical Special Education Aid	138,078		138,078	138,078	
School Choice Aid	356,610		356,610	356,610	
Equalization Aid	47,971		47,971	47,971	
Security Aid	17,295		17,295	17,295	
Adjustment Aid	183,924	\$ (17,174)	166,750	166,750	
Transportation Aid	107,714		107,714	107,714	
Extraordinary Special Education Aid				28,231	28,231
Nonpublic Transportation Aid				2,643	2,643
PARCC Readiness Aid	2,375		2,375	2,375	
Per Pupil Growth Aid	2,375		2,375	2,375	
Professional Learning Community Aid	2,360		2,360	2,360	
TPAF Pension Contribution (On-Behalf - Non Budgeted)				256,117	256,117
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				6,215	6,215
TPAF Pension L.TDI Premium (On-Behalf - Non Budgeted)				167	167
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				169,435	169,435
TPAF Social Security (Reimbursed - Non Budgeted)				134,109	134,109
Total State Sources	858,702	(17,174)	841,528	1,438,445	596,917
TOTAL REVENUES	4,642,322	(17,174)	4,625,148	5,270,127	644,979

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 45,600	\$ 10,800	\$ 56,400	\$ 55,171	\$ 1,229
Kindergarten - Salaries of Teachers	100,100	(4,858)	95,242	94,771	471
Grades 1-5 - Salaries of Teachers	793,500	(112,128)	681,372	680,701	671
Grades 6-8 - Salaries of Teachers	509,775	(14,218)	495,557	494,049	1,508
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	(2,000)			
Other Purchased Services (400-500 series)		14,433	14,433	14,407	26
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	57,600	(2,980)	54,620	54,620	
Tuition Reimbursement	8,500		8,500	8,500	
Unused Vacation Payment to Terminated / Retired Staff	7,500	9,525	17,025	17,025	
Other Purchased Services (400-500 series)	21,100	(1,100)	20,000	19,960	40
General Supplies	165,747	9,336	175,083	125,435	49,648
Textbooks	40,300	(4,566)	35,734	32,143	3,591
Total Regular Programs - Instruction	1,751,722	(97,756)	1,653,966	1,596,782	57,184
Resource Room/Resource Center:					
Salaries of Teachers	204,500	52,034	256,534	256,465	69
General Supplies	3,000		3,000	1,995	1,005
Total Resource Room/Resource Center	207,500	52,034	259,534	258,460	1,074
Preschool Disabilities - Full-Time:					
Salaries of Teachers	44,800	(44,800)			
Total Preschool Disabilities - Full-Time	44,800	(44,800)			
Total Special Education Instruction	252,300	7,234	259,534	258,460	1,074

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 23,000	\$ 69,955	\$ 92,955	\$ 83,702	\$ 9,253
General Supplies	500	(20)	480	309	171
Total Basic Skills/Remedial - Instruction	23,500	69,935	93,435	84,011	9,424
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	18,230		18,230	18,029	201
Total School-Sponsored Cocurricular Activities - Instruction	18,230		18,230	18,029	201
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	20,800	648	21,448	20,748	700
Purchased Services (300-500 series)	3,000	4,400	7,400	3,000	4,400
Supplies and Materials		2,525	2,525		2,525
Total School-Sponsored Cocurricular Athletics - Instruction	23,800	7,573	31,373	23,748	7,625
Other Instructional Programs - Instruction:					
Supplies and Materials	9,868	1,200	1,200		1,200
Other Objects		(2,078)	7,790	7,790	
Total Other Instructional Programs - Instruction	9,868	(878)	8,990	7,790	1,200
Total Instruction	2,079,420	(13,892)	2,065,528	1,988,820	75,479
Community Services Programs / Operations					
Salaries	3,255	(3,255)			
Total School-Sponsored Cocurricular Athletics - Instruction	3,255	(3,255)			
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	62,000	(14,820)	47,180	47,168	12
Tuition to Private Schools for the Handicapped - Within State	113,116	(25,231)	87,885	78,359	9,526
Total Undistributed Expenditures - Instruction	175,116	(40,051)	135,065	125,527	9,538

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 66,100	\$ 1,167	\$ 67,267	\$ 67,267	\$ 3,824
Purchased Professional and Technical Services	7,000		7,000	3,176	1,111
Supplies and Materials	1,500	740	2,240	1,129	4,935
Total Health Services	<u>74,600</u>	<u>1,907</u>	<u>76,507</u>	<u>71,572</u>	
Speech, OT, PT and Related Services:					
Salaries	72,100	1,851	73,951	73,951	2,563
Purchased Professional - Educational Services	32,250	(9,381)	22,869	20,306	1,054
Supplies and Materials	1,000	54	1,054	1,054	
Total Speech, OT, PT and Related Services	<u>105,350</u>	<u>(7,476)</u>	<u>97,874</u>	<u>95,311</u>	
Other Support Services - Students - Extraordinary Services:					
Salaries	69,000	(18,373)	50,627	50,230	397
Purchased Professional - Educational Services	3,750	(500)	3,250	2,811	439
Total Other Support Services - Students - Extraordinary Services	<u>72,750</u>	<u>(18,873)</u>	<u>53,877</u>	<u>53,041</u>	
Attendance & Social Work:					
Salaries		9,955	9,955	9,955	
Total Attendance & Social Work		<u>9,955</u>	<u>9,955</u>	<u>9,955</u>	
Child Study Team:					
Salaries of Other Professional Staff	118,300	(3,128)	115,172	115,172	65
Salaries of Secretarial and Clerical Assistants	30,200		30,200	30,135	2,147
Purchased Professional Educational Services	31,900	(4,525)	27,375	25,228	350
Miscellaneous Purchased Services (400-500 series)	350		350	1,034	491
Supplies and Materials	1,525		1,525	1,034	3,053
Total Child Study Team	<u>182,275</u>	<u>(7,653)</u>	<u>174,622</u>	<u>171,569</u>	
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction		3,160	3,160	2,695	465
Total Improvement of Instructional Services		<u>3,160</u>	<u>3,160</u>	<u>2,695</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 37,600	\$ (1,980)	\$ 35,620	\$ 35,601	\$ 19
Supplies and Materials	8,250		8,250	7,273	977
Total Educational Media Services/School Library	45,850	(1,980)	43,870	42,874	996
Instructional Staff Training Services:					
Purchased Professional - Educational Services	5,030	1,310	6,340	4,340	2,000
Other Purchased Services (400-500 series)	6,200	(1,310)	4,890	1,493	3,397
Total Instructional Staff Training Services	11,230		11,230	5,833	5,397
Support Services - General Administration:					
Salaries	57,500		57,500	57,500	
Legal Services	3,100	1,085	4,185	4,182	3
Audit Fees	16,800	(300)	16,500	16,500	
Architectural/Engineering Fees	1,673	(183)	1,490	745	745
Other Purchased Professional Services	2,600	(105)	2,495	2,495	
Communications/Telephone	8,500	3,459	11,959	10,636	1,323
BOE Other Purchased Services	800	(700)	100	100	
Miscellaneous Purchased Services (400-500 series)	10,500	4,382	14,882	13,793	1,089
General Supplies	1,000		1,000	1,000	
BOE In-house Training/ Meeting Supplies	400	(400)			
Miscellaneous Expenditures	5,900	3,720	9,620	8,422	1,198
Board of Education Membership Dues and Fees	3,250	(147)	3,103	3,017	86
Total Support Services - General Administration	112,023	10,811	122,834	118,390	4,444

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 144,200		\$ 144,200	\$ 144,200	
Salaries of Secretarial and Clerical Assistants	45,834		45,834	45,069	\$ 765
Other Purchased Services (400-500 series)	150	\$ 160	310	310	
Other Objects		990	990	990	
Miscellaneous Expenditures	500	(114)	386	206	180
Total Support Services - School Administration	190,684	1,036	191,720	190,775	945
Support Services - Central Services:					
Salaries	32,151		32,151	32,120	31
Purchased Professional Services	90,000	(4,510)	85,490	85,490	
Purchased Technical Services	2,100	(720)	1,380	1,380	
Supplies and Materials	650	400	1,050	873	177
Miscellaneous Expenditures	800	1,494	2,294	2,223	71
Total Support Services - Central Services	125,701	(3,336)	122,365	122,086	279
Required Maintenance of School Facilities:					
Salaries	28,200	797	28,997	28,971	26
Cleaning, Repair and Maintenance Services	26,281	8,175	34,456	26,385	8,071
General Supplies		5,025	5,025	4,009	1,016
Total Required Maintenance of School Facilities	54,481	13,997	68,478	59,365	9,113

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 149,370	\$ (17,817)	\$ 131,553	\$ 126,959	\$ 4,594
Cleaning, Repair and Maintenance Services	20,000	(500)	19,500	12,646	6,854
Insurance	22,600	400	23,000	22,991	9
Miscellaneous Purchased Services	400	(400)			
General Supplies	20,053	4,850	24,903	21,258	3,645
Energy (Electricity)	96,000	(11,951)	84,049	82,345	1,704
Energy (Oil)	60,000	(6,449)	53,551	41,896	11,655
Other Objects	1,100		1,100	1,100	
Total Custodial Services	369,523	(31,867)	337,656	309,195	28,461
Security					
Other Objects		200	200	195	5
Total Security		200	200	195	5
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	18,360		18,360	17,701	659
Contracted Services:					
Other than Between Home and School - Vendors	16,000	5,900	21,900	21,861	39
Between Home and School - Joint Agreements	18,000		18,000	9,725	8,275
Special Education Students - Joint Agreements	13,500	(13,500)			
Regular Education Students - ESCs & CTSA	162,000		162,000	142,243	19,757
Special Education Students - ESCs & CTSA	69,250	32,300	101,550	94,177	7,373
Aid in Lieu of Payments - Non Public Students	7,000	1,400	8,400	8,400	
Total Student Transportation Services	304,110	26,100	330,210	294,107	36,103

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 65,000	1,825	\$ 66,825	\$ 66,802	\$ 23
Other Retirement Contributions - PERS	57,500	(24,354)	33,146	33,146	
Other Retirement Contributions - Regular		12,800	12,800	12,290	510
Workmen's Compensation	53,000	(3,900)	49,100	49,023	77
Health Benefits	600,000	(41,475)	558,525	556,866	1,659
Tuition Reimbursement		3,500	3,500	3,500	
Other Employee Benefits	10,120	4,752	14,872	14,533	339
Total Unallocated Benefits	785,620	(46,852)	738,768	736,160	2,608
On-Behalf Contributions:					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				256,117	(256,117)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				6,215	(6,215)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				167	(167)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				169,435	(169,435)
TPAF Social Security (Reimbursed - Non Budgeted)				134,109	(134,109)
Total On-Behalf Contributions				566,043	(566,043)
Total Personal Services - Employee Benefits	785,620	(46,852)	738,768	1,302,203	(563,435)
Total Undistributed Expenses	2,612,568	(94,177)	2,518,391	2,974,693	(456,302)
TOTAL CURRENT EXPENSE	4,691,988	(108,069)	4,583,919	4,963,513	(380,823)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		10,995	10,995	3,527	10,995
Central Services	3,550		3,550	8,460	23
Required Maintenance of School Facilities	8,460		8,460	3,350	150
Security	3,500		3,500	16,700	16,700
Care and Upkeep of Grounds		16,700	16,700	63,200	63,200
Non-Instructional Services		63,200	63,200		

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Total Equipment	\$ 15,510	\$ 90,895	\$ 106,405	\$ 15,337	\$ 91,068
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	38,100	38,100	38,100	32,500	5,600
Construction Services	39,800	321,900	361,700	39,800	321,900
Assessment for Debt Service on SDA Funding	20,073		20,073	20,073	
Total Facilities Acquisition and Construction Services	59,873	360,000	419,873	92,373	327,500
TOTAL CAPITAL OUTLAY	75,383	450,895	526,278	107,710	418,568
Transfer of Funds to Charter Schools	75,113		75,113	75,113	
TOTAL EXPENDITURES	4,842,484	342,826	5,185,310	5,146,336	38,974
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(200,162)	(360,000)	(560,162)	123,791	683,953
Fund Balance, July 1	1,631,145		1,631,145	1,631,145	
Fund Balance, June 30	\$ 1,430,983	\$ (360,000)	\$ 1,070,983	\$ 1,754,936	\$ 683,953

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Recapitulation:</u>					
<u>Restricted:</u>					
Emergency Reserve				\$ 188,036	
Maintenance Reserve				153,334	
Capital Reserve				687,152	
<u>Assigned:</u>					
Year-End Encumbrances				402,710	
For Subsequent Year's Expenditures				42,830	
Unassigned				280,874	
				<u>1,754,936</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(82,141)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,672,795</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 75,000	\$ 58,370	\$ 133,370	\$ 133,370	
Local Sources			18,173	18,173	
Total Revenues	75,000	58,370	151,543	151,543	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	66,750	34,801	101,551	101,551	
Purchased Professional/Technical Services		2,000	2,000	2,000	
Other Purchased Services		8,550	8,550	8,550	
General Supplies		10,000	10,000	10,000	
Total Instruction	66,750	55,351	122,101	122,101	
Support Services:					
Personal Services - Employee Benefits	3,250	8,019	11,269	11,269	
Purchased Professional - Educational Services	3,100	(3,100)			
Other Purchased Services	1,900	(1,900)			
Total Support Services	8,250	3,019	11,269	11,269	
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		18,173	18,173	18,173	
Total Facilities Acquisition and Construction Services		18,173	18,173	18,173	
Total Expenditures	\$ 75,000	\$ 76,543	\$ 151,543	\$ 151,543	\$ -0-

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,270,127	\$ 151,543
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not - Current Year Encumbrances		(3,351)
Prior Year State Aid Payments Recognized for GAAP Statements	82,676	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(82,141)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	\$ 5,270,662	\$ 148,192
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,146,336	\$ 151,543
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(3,351)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,146,336	\$ 148,192

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act			Small Rural School Achievement
	Title I	Title IIA	Title IV	Achievement
REVENUE:				
Local Sources				
Federal Sources	\$ 18,933	\$ 10,550	\$ 10,000	\$ 28,111
Total Revenue	18,933	10,550	10,000	28,111
EXPENDITURES:				
Instruction:				
Salaries of Teachers	14,398			21,377
Purchased Professional/Technical Services		2,000		
Other Purchased Services		8,550		
General Supplies			10,000	
Total Instruction	14,398	10,550	10,000	21,377
Support Services:				
Personal Services - Employee Benefits	4,535			6,734
Total Support Services	4,535			6,734
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 18,933	\$ 10,550	\$ 10,000	\$ 28,111

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>IDEA, Part B</u>			<u>Totals</u>
	<u>Basic</u>	<u>Preschool</u>	<u>Private</u>	<u>June 30, 2018</u>
			<u>Donation</u>	
REVENUE:				
Local Sources			\$ 18,173	\$ 18,173
Federal Sources	\$ 62,842	\$ 2,934		133,370
Total Revenue	<u>62,842</u>	<u>2,934</u>	<u>18,173</u>	<u>151,543</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers		2,934		101,551
Purchased Professional/Technical Services	62,842			2,000
Other Purchased Services				8,550
General Supplies				10,000
Total Instruction	<u>62,842</u>	<u>2,934</u>		<u>122,101</u>
Support Services:				
Personal Services - Employee Benefits				11,269
Total Support Services				<u>11,269</u>
Facilities Acquisition:				
Non-Instructional Equipment			18,173	18,173
Total Facilities Acquisition			<u>18,173</u>	<u>18,173</u>
Total Expenditures	<u>\$ 62,842</u>	<u>\$ 2,934</u>	<u>\$ 18,173</u>	<u>\$ 151,543</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 32,175
Intergovernmental Receivable:	
Federal	1,310
State	77
Accounts Receivable - Other	6,705
Inventories	2,107
	<hr/>
Total Current Assets	42,374
Non-Current Assets:	
Capital Assets	91,562
Less: Accumulated Depreciation	(76,378)
	<hr/>
Total Non-Current Assets	15,184
	<hr/>
Total Assets	57,558
	<hr/>

LIABILITIES:

Current Liabilities:	
Unearned Revenue	5,653
Accounts Payable - Vendors	53
	<hr/>
Total Current Liabilities	5,706
	<hr/>

NET POSITION:

Investment in Capital Assets	15,184
Unrestricted	36,668
	<hr/>
Total Net Position	\$ 51,852
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 29,697
Nonreimbursable Programs	15,402
Other Sales	2,301
	<hr/>
Total Operating Revenue	47,400
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	12,369
Nonreimbursable Programs	5,557
Salaries, Benefits & Payroll Taxes	26,597
Supplies, Insurance & Other Costs	6,206
Management Fee	9,270
Miscellaneous Expenses	9,184
Depreciation Expense	1,745
	<hr/>
Total Operating Expenses	70,927
	<hr/>
Operating Loss	(23,527)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	279
State Sources:	
State School Lunch Program	726
Federal Sources:	
National School Lunch Program	14,215
Food Distribution Program	7,220
	<hr/>
Total Non-Operating Income	22,440
	<hr/>
Change in Net Position	(1,087)
	<hr/>
Net Position - Beginning of Year	52,939
	<hr/>
Net Position - End of Year	\$ 51,852
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 69,317
Payments to Food Service Vendor	(68,567)
Payments to Suppliers and Other Expenses	(2,579)
	<hr/>
Net Cash Used for Operating Activities	(1,829)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	279
	<hr/>
Net Cash Provided by Investing Activities	279
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	17,076
	<hr/>
Net Cash Provided by Noncapital Financing Activities	17,076
Net Increase in Cash and Cash Equivalents	15,526
Cash and Cash Equivalents, July 1	16,649
	<hr/>
Cash and Cash Equivalents, June 30	\$ 32,175
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (23,527)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,745
Food Distribution Program	7,220
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable - Intergovernmental - Other	21,917
(Increase)/Decrease in Accounts Receivable - Other	(6,705)
Increase/(Decrease) in Unearned Revenue	(2,457)
Increase/(Decrease) in Accounts Payable	(3,324)
(Increase)/Decrease in Inventory	3,302
	<hr/>
Net Cash Used for Operating Activities	\$ (1,829)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$4,763 and utilized commodities from the Federal Food Distribution Program valued at \$7,220 for the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
ASSETS:					
Cash and Cash Equivalents	\$ 29,437	\$ 25,877	\$ 55,314	\$ 108,079	\$ 1
Interfund Receivable - Payroll Agency Fund				5,123	
Total Assets	29,437	25,877	55,314	113,202	1
LIABILITIES:					
Interfund Payable - Unemployment Compensation Trust Fund		5,123	5,123		
Due to Student Groups	29,437		29,437		
Payroll Deductions and Withholdings		20,754	20,754		
Total Liabilities	29,437	25,877	55,314		
NET POSITION:					
Held in Trust for Unemployment Claims				113,202	1
Flexible Spending Trust					
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 113,202	\$ 1

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Members	\$ 300	\$ 5,123
Total Contributions	<u>300</u>	<u>5,123</u>
Investment Earnings:		
Interest	1	1,004
Net Investment Earnings	<u>1</u>	<u>1,004</u>
Total Additions	<u>301</u>	<u>6,127</u>
Deductions		
Unemployment Compensation Claims		537
Flexible Spending Trust	300	
Total Deductions	<u>300</u>	<u>537</u>
Change in Net Position	1	5,590
Net Position - Beginning of the Year		<u>107,612</u>
Net Position - End of the Year	<u>\$ 1</u>	<u>\$ 113,202</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 36,956	\$ 44,372	\$ 51,891	\$ 29,437
Total Assets	<u>\$ 36,956</u>	<u>\$ 44,372</u>	<u>\$ 51,891</u>	<u>\$ 29,437</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 36,956	\$ 44,372	\$ 51,891	\$ 29,437
Total Liabilities	<u>\$ 36,956</u>	<u>\$ 44,372</u>	<u>\$ 51,891</u>	<u>\$ 29,437</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary School:				
Student Activities	\$ 30,209	\$ 20,781	\$ 29,980	\$ 21,010
Fundraiser	6,680	20,591	18,916	8,355
Referee	67	3,000	2,995	72
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 36,956</u>	<u>\$ 44,372</u>	<u>\$ 51,891</u>	<u>\$ 29,437</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 10,756	\$ 2,966,346	\$ 2,951,225	\$ 25,877
Interfund Receivable - General Fund	554		554	
Total Assets	<u>\$ 11,310</u>	<u>\$ 2,966,346</u>	<u>\$ 2,951,779</u>	<u>\$ 25,877</u>
<u>LIABILITIES:</u>				
Interfund Payable - Unemployment Compensation Trust Fund	\$ 6,984	\$ 5,123	\$ 6,984	\$ 5,123
Payroll Deduction and Withholdings	4,326	2,961,223	2,944,795	20,754
Total Liabilities	<u>\$ 11,310</u>	<u>\$ 2,966,346</u>	<u>\$ 2,951,779</u>	<u>\$ 25,877</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2017	Retired or Matured	Balance June 30, 2018
			Date	Amount				
Refunded Bonds	01/07/10	\$ 3,405,000	03/01/19	\$ 100,000	3.25%	\$ 1,385,000	\$ 355,000	\$ 1,030,000
			03/01/19	260,000	4.50%			
			03/01/20	365,000	5.00%			
			03/01/21	305,000	5.00%			
						\$ 1,385,000	\$ 355,000	\$ 1,030,000
						\$ 1,385,000	\$ 355,000	\$ 1,030,000

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 416,100		\$ 416,100	\$ 416,100	
Total Revenue	416,100		416,100	416,100	
EXPENDITURES:					
Regular Debt Service:					
Interest	61,100		61,100	61,100	
Redemption of Principal	355,000		355,000	355,000	
Total Regular Debt Service	416,100		416,100	416,100	
Total Expenditures	416,100		416,100	416,100	
Excess of Revenue Over Expenditures					
Fund Balance, July 1	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION

(UNAUDITED)

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

Contents

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

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 899,632	\$ 1,140,347	\$ 1,230,814	\$ 1,358,097	\$ 1,499,570	\$ 1,514,964	\$ 1,697,727	\$ 2,014,445	\$ 2,273,215	\$ 2,486,949
Restricted	180,971	402,762	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753	1,028,522
Unrestricted/(Deficit)	91,562	30,941	50,375	183,330	87,157	(897,560)	(964,567)	(800,310)	(862,156)	(555,555)
Total Governmental Activities Net Position	\$ 1,172,165	\$ 1,574,050	\$ 1,897,010	\$ 2,341,271	\$ 2,528,603	\$ 1,568,337	\$ 1,865,163	\$ 2,193,489	\$ 2,546,812	\$ 2,959,916
Business-Type Activities:										
Investment in Capital Assets	\$ 12,722	\$ 12,456	\$ 12,190	\$ 15,925	\$ 13,619	\$ 11,319	\$ 9,610	\$ 8,501	\$ 16,929	\$ 15,184
Unrestricted	10,511	7,752	6,383	3,051	9,613	13,112	21,279	31,702	36,010	36,668
Total Business-Type Activities Net Position	\$ 23,233	\$ 20,208	\$ 18,573	\$ 18,976	\$ 23,232	\$ 24,431	\$ 30,889	\$ 40,203	\$ 52,939	\$ 51,852
District-Wide:										
Net Investment in Capital Assets	\$ 912,354	\$ 1,152,803	\$ 1,243,004	\$ 1,374,022	\$ 1,513,189	\$ 1,526,283	\$ 1,707,337	\$ 2,022,946	\$ 2,290,144	\$ 2,502,133
Restricted	180,971	402,762	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753	1,028,522
Unrestricted/(Deficit)	102,073	38,693	56,758	186,381	96,770	(884,448)	(943,288)	(768,608)	(826,146)	(518,887)
Total District Net Position	\$ 1,195,398	\$ 1,594,258	\$ 1,915,583	\$ 2,360,247	\$ 2,551,835	\$ 1,592,768	\$ 1,896,052	\$ 2,233,692	\$ 2,599,751	\$ 3,011,768

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,264,250	\$ 2,167,669	\$ 2,136,092	\$ 2,300,287	\$ 2,410,862	\$ 2,454,346	\$ 2,729,748	\$ 2,828,963	\$ 3,141,261	\$ 3,065,871
Special Education	351,444	490,910	364,819	419,069	418,913	473,789	544,311	520,063	560,359	580,434
Other Special Instruction	37,970	31,685	37,029	37,526	31,358	25,758	37,455	37,085	35,144	163,168
School-Sponsored/Other Instruction	34,736	52,980	35,558	42,094	55,758	58,692	68,249	68,690	79,560	86,239
Support Services:										
Tuition	232,289	171,849	218,102	216,650	202,717	199,918	233,201	252,737	212,079	125,527
Student & Instruction Related Services	519,948	546,221	488,316	545,677	593,348	588,231	638,610	715,931	777,242	783,971
General and Business Administrative Services	123,854	160,836	125,276	117,600	119,311	120,268	133,704	131,091	150,077	156,984
School Administrative Services	254,875	269,696	250,872	263,892	264,587	281,455	315,694	312,760	372,118	380,468
Central Services	171,423	148,692	151,668	149,588	153,461	154,113	178,399	207,144	155,588	143,646
Plant Operations and Maintenance	371,628	384,571	402,785	434,151	437,713	434,389	420,865	419,028	502,410	483,081
Pupil Transportation	370,549	310,307	282,605	245,802	263,432	261,912	264,407	335,722	279,325	305,988
Unallocated Depreciation	32,697									
Interest on Long-term Debt	188,966	105,807	136,054	120,398	111,331	98,022	91,215	82,805	71,756	59,272
Capital Outlay			196,465	19,581	13,018	41,527	20,073	54,629	54,629	56,440
Charter Schools				24,726	24,081	66,822	66,006	99,063	88,477	75,113
Total Governmental Activities Expenses	4,954,629	4,841,223	4,825,641	4,937,041	5,099,890	5,259,242	5,741,937	6,065,711	6,425,396	6,466,202
Business-Type Activities:										
Food Service	90,368	77,369	71,413	81,183	166,043	166,275	163,583	151,799	136,573	70,927
Total Business-type Activities Expense	90,368	77,369	71,413	81,183	166,043	166,275	163,583	151,799	136,573	70,927
Total District Expenses	\$ 5,044,997	\$ 4,918,592	\$ 4,897,054	\$ 5,018,224	\$ 5,265,933	\$ 5,425,517	\$ 5,905,520	\$ 6,217,510	\$ 6,561,969	\$ 6,537,129

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 30,000	\$ 56,718	\$ 48,000	\$ 52,088	\$ 42,666	\$ 23,684	\$ 66,213	\$ 53,538	\$ 42,742	\$ 46,980
Operating Grants and Contributions	686,353	779,317	696,655	764,686	800,399	758,053	1,305,446	1,532,418	1,875,802	2,035,259
Capital Grants and Contributions			82,373							
Total Governmental Activities Program Revenues	716,353	836,035	827,028	816,774	843,065	781,737	1,371,659	1,585,956	1,918,544	2,082,239
Business-Type Activities:										
Charges for Services:										
Food Service	65,862	55,210	54,736	52,422	141,896	144,259	135,595	125,972	122,674	47,400
Operating Grants and Contributions	15,858	19,077	16,128	23,116	28,393	24,807	34,417	35,065	26,531	22,161
Total Business-type Activities Program Revenues	81,720	74,287	70,864	75,538	170,289	169,066	170,012	161,037	149,205	69,561
Total District Program Revenues	\$ 798,073	\$ 910,322	\$ 897,892	\$ 892,312	\$ 1,013,354	\$ 950,803	\$ 1,541,671	\$ 1,746,993	\$ 2,067,749	\$ 2,151,800
Net (Expense)/Revenue										
Governmental Activities	\$ (4,238,276)	\$ (4,005,188)	\$ (3,998,613)	\$ (4,120,267)	\$ (4,256,825)	\$ (4,477,505)	\$ (4,370,278)	\$ (4,479,755)	\$ (4,506,852)	\$ (4,383,963)
Business-type Activities	(8,648)	(3,082)	(549)	(5,645)	4,246	2,791	6,429	9,238	12,632	(1,366)
Total District-wide Net Expense	\$ (4,246,924)	\$ (4,008,270)	\$ (3,999,162)	\$ (4,125,912)	\$ (4,252,579)	\$ (4,474,714)	\$ (4,363,849)	\$ (4,470,517)	\$ (4,494,220)	\$ (4,385,329)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 3,474,302	\$ 3,520,000	\$ 3,578,435	\$ 3,611,300	\$ 3,573,000	\$ 3,536,000	\$ 3,662,000	\$ 3,780,000	\$ 3,770,000	\$ 3,760,000
Property Taxes Levied for Debt Service	437,458	436,065	402,990	406,775	416,999	422,800	421,300	423,875	418,500	416,100
Federal and State aid not restricted	403,874	430,260	288,986	346,085	419,447	568,816	577,582	598,292	600,982	596,265
Investment Earnings	14,536	1,095	1,184	2,058	2,310	1,289	2,498	2,526	4,091	8,895
Miscellaneous income	22,668	19,653	49,978	6,926	7,259	11,557	3,724	3,388	66,602	15,807
Total Governmental Activities	4,352,838	4,407,073	4,321,573	4,373,144	4,419,015	4,540,462	4,667,104	4,808,081	4,860,175	4,797,067
Business-Type Activities:										
Investment Earnings	286	57	19	7	10	19	29	76	104	279
Miscellaneous income/Other	12,722		(1,105)	6,041		(1,611)				
Special Item - Cancellation of Accounts Receivable										
Total Business-Type Activities	13,008	57	(1,086)	6,048	10	19	29	76	104	279
Total District-Wide	\$ 4,365,846	\$ 4,407,130	\$ 4,320,487	\$ 4,379,192	\$ 4,419,025	\$ 4,540,481	\$ 4,667,133	\$ 4,808,157	\$ 4,860,279	\$ 4,797,346
Change in Net Position:										
Governmental Activities	\$ 114,562	\$ 401,885	\$ 322,960	\$ 252,877	\$ 162,190	\$ 62,957	\$ 296,826	\$ 328,326	\$ 353,323	\$ 413,104
Business-type Activities	4,360	(3,025)	(1,635)	403	4,256	2,810	6,458	9,314	12,736	(1,087)
Total District	\$ 118,922	\$ 398,860	\$ 321,325	\$ 253,280	\$ 166,446	\$ 65,767	\$ 303,284	\$ 337,640	\$ 366,059	\$ 412,017

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

UNAUDITED
 (modified accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Restricted / Reserved	\$ 180,970	\$ 377,704	\$ 557,784	\$ 799,843	\$ 941,876	\$ 950,933	\$ 1,132,003	\$ 979,354	\$ 1,135,753	\$ 1,028,522
Assigned		48,811		119,457	77,843	153,305	47,563	178,841	202,562	445,540
Unassigned		229,824		240,992	220,021	202,163	206,911	213,722	210,154	198,733
Unreserved - Designated for Subsequent Year's Expenditures		5,000								
Unreserved / Undesignated	182,332	210,222								
Total General Fund	\$ 363,302	\$ 592,926	\$ 836,419	\$ 1,160,292	\$ 1,239,740	\$ 1,306,401	\$ 1,386,477	\$ 1,371,917	\$ 1,548,469	\$ 1,672,795
All Other Governmental Funds:										
Restricted			\$ 9,226	\$ 1						
Unreserved, Reported in:										
Debt Service Fund	\$ 1	\$ 25,058								
Total All Other Governmental Funds	\$ 1	\$ 25,058	\$ 9,226	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$ 3,911,760	\$ 3,956,065	\$ 3,981,425	\$ 4,018,075	\$ 3,989,999	\$ 3,958,800	\$ 4,083,300	\$ 4,203,875	\$ 4,188,500	\$ 4,176,100
Tuition Charges	30,000	56,718	48,000	52,088	42,666	23,684	66,213	53,538	42,742	46,980
Interest Earnings on Restricted Funds	2,017	1,095	1,184	2,058	2,310	1,289	2,498	2,526	4,091	8,895
Miscellaneous	36,759	22,026	51,426	6,926	7,259	11,557	3,724	3,388	66,602	33,980
State Sources	972,387	1,027,739	950,264	973,052	1,109,320	1,219,097	1,296,025	1,363,646	1,438,917	1,438,980
Federal Sources	116,268	179,465	116,302	137,719	110,526	107,772	110,232	118,165	106,996	130,019
Total Revenue	5,069,191	5,243,108	5,148,601	5,189,918	5,262,080	5,322,199	5,561,992	5,745,138	5,847,848	5,834,954
Expenditures										
Instruction:										
Regular Instruction	1,670,704	1,530,422	1,465,244	1,504,613	1,583,364	1,597,724	1,640,875	1,625,604	1,651,697	1,661,025
Special Education Instruction	249,373	374,404	257,941	282,967	286,742	326,587	341,458	311,986	312,580	324,236
Other Special Instruction	21,993	22,053	28,036	27,943	21,869	17,058	22,774	20,451	20,803	84,011
School Sponsored/Other Instruction	34,736	41,520	25,738	29,885	40,632	43,869	46,008	43,404	46,806	49,567
Support Services:										
Tuition	232,289	171,849	218,102	216,650	202,717	199,918	233,201	252,737	212,079	125,527
Student & Instruction Related Services	426,944	418,660	356,640	385,264	435,779	434,719	439,404	471,277	468,767	452,850
General Administrative Services	126,854	148,448	114,081	106,010	106,229	105,755	109,350	107,603	115,677	118,390
School Administrative Services	176,108	181,624	162,639	158,796	166,009	176,147	180,693	177,547	198,899	190,775
Central Services	116,620	123,670	123,308	122,083	124,557	124,008	127,657	142,325	135,695	122,086
Plant Operations and Maintenance	336,519	349,459	355,062	378,413	385,806	379,335	356,816	330,046	373,076	368,755
Student Transportation	370,036	309,979	278,728	241,937	259,769	258,594	258,872	328,116	269,723	294,107
Unallocated Benefits	797,547	845,506	862,376	933,942	1,079,427	1,060,675	1,147,039	1,185,199	1,205,533	1,302,203
Capital Outlay	34,029	59,825	254,223	46,041	48,652	41,527	90,463	240,465	152,984	125,883
Transfer to Charter Schools				24,726	24,081	66,822	66,006	99,063	88,477	75,113
Debt Service:										
Principal	245,000	300,000	290,000	300,000	310,000	325,000	330,000	340,000	345,000	355,000
Interest and Other Charges	192,458	120,233	128,822	116,000	107,000	97,800	91,300	83,875	73,500	61,100
Total Expenditures	5,031,210	4,997,652	4,920,940	4,875,270	5,182,633	5,255,538	5,481,916	5,759,698	5,671,296	5,710,628
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	37,981	245,456	227,661	314,648	79,447	66,661	80,076	(14,560)	176,552	124,326

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2014	2015	2016	2017	2018
Other Financing Sources/(Uses):										
Serial Bonds Defeased		\$ (3,307,000)								
Serial Bonds Issued		3,405,000								
Bond Premium		191,845								
Bond Issuance Costs		(60,107)								
Deferred Amount of Refunding		(220,513)	\$ 123,540							
Transfers In			(123,540)							
Transfers Out										
Total Other Financing Sources/(Uses)		9,225								
Net Change in Fund Balances	\$ 37,981	\$ 254,681	\$ 227,661	\$ 314,648	\$ 79,447	\$ 66,661	\$ 80,076	\$ (14,560)	\$ 176,552	\$ 124,326
Debt Service as a Percentage of Noncapital Expenditures	8.75%	8.51%	8.97%	8.61%	8.12%	8.11%	7.81%	7.68%	7.58%	7.45%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2009	\$ 14,536	\$ 30,000	\$ 22,668	\$ 67,204
2010	6,822	56,718	13,926	77,466
2011	7,758	48,000	43,404	99,162
2012	5,492	52,088	2,601	60,181
2013	2,310	42,666	7,209	52,185
2014	1,289	23,684	11,557	36,530
2015	2,498	66,213	3,724	72,435
2016	2,526	53,538	3,388	59,452
2017	4,091	42,742	66,602	113,435
2018	8,895	46,980	15,807	71,682

Source: School District Financial Reports

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Industrial	Public Utilities ^a	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2008	\$ 11,772,000	\$ 302,383,600	\$ 62,723,200	\$ 2,308,700	\$ 45,464,100	\$ 44,689,900	\$ 1,127,240	\$ 37,527,600	\$ 470,468,740	\$ 0.810	\$ 475,990,366
2009	11,041,800	303,856,900	64,907,000	2,277,400	46,931,400	44,494,400	909,083	37,306,000	474,417,983	0.829	491,230,736
2010	10,195,400	302,586,600	63,773,600	2,507,500	49,056,600	44,494,400	548,807	38,202,900	473,162,907	0.839	451,312,650
2011	9,160,300	295,317,000	63,116,400	2,556,200	45,863,100	26,731,100	560,912	38,544,000	443,305,012	0.902	439,705,362
2012	8,661,800	292,547,500	64,777,600	2,547,700	45,772,600	23,929,500	565,007	39,819,900	438,801,707	0.912	414,089,316
2013	6,574,300	219,343,500	47,116,300	3,951,900	41,217,100	15,337,800	539,095	27,614,700	334,079,995	1.189	355,384,286
2014	6,746,400	219,287,600	46,714,100	2,337,400	41,203,100	15,337,800	494,830	28,176,100	332,121,230	1.211	373,817,248
2015	6,404,000	218,935,700	46,091,800	2,655,700	35,992,900	15,339,900	494,830	28,176,100	326,017,858	1.271	343,614,618
2016	6,715,300	220,130,800	45,754,700	2,201,200	39,293,100	14,459,900	588,015	27,031,900	329,143,015	1.335	335,506,466
2017	6,046,700	221,637,200	45,187,600	2,335,800	39,142,800	14,459,900	618,355	26,952,800	329,428,355	1.270	341,495,402

* - Year in which the reassessment became effective.

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

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

Source: Municipal Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Municipality	County	
2008	\$ 0.719	\$ 0.091	\$ 0.810	\$ 0.135	\$ 0.389	\$ 1.801
2009	0.738	0.091	0.829	0.146	0.394	1.822
2010	0.754	0.085	0.839	0.176	0.384	1.856
2011	0.811	0.091	0.902	0.191	0.428	2.061
2012	0.817	0.095	0.912	0.196	0.439	2.107
2013	1.062	0.127	1.189	0.263	0.525	2.678
2014	1.086	0.125	1.211	0.263	0.525	2.700
2015	1.143	0.128	1.271	0.274	0.559	2.777
2016	1.202	0.133	1.335	0.286	0.580	2.742
2017	1.143	0.127	1.270	0.285	0.585	2.667

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

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

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

* Year in which the reassessment became effective.

Source: Municipal Tax Collector and School Business Administrator

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

	2017			2008		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
	N/A					N/A

N/A - Information is not available.

Source: Lafayette Township Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2009	\$ 3,911,760	\$ 3,911,760	100.00%
2010	3,956,065	3,956,065	100.00%
2011	3,981,425	3,981,425	100.00%
2012	4,018,075	4,018,075	100.00%
2013	3,989,999	3,989,999	100.00%
2014	3,958,800	3,958,800	100.00%
2015	4,083,300	4,083,300	100.00%
2016	4,203,875	4,203,875	100.00%
2017	4,188,500	4,188,500	100.00%
2018	4,176,100	4,176,100	100.00%

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases			Capital Leases				
2009	\$ 3,827,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,827,000	3.11%	\$ 1,549.39
2010	3,625,000	-0-	-0-	-0-	-0-	-0-	-0-	3,625,000	3.15%	1,471.78
2011	3,335,000	-0-	-0-	-0-	-0-	-0-	-0-	3,335,000	2.81%	1,326.04
2012	3,035,000	-0-	-0-	-0-	-0-	-0-	-0-	3,035,000	2.48%	1,214.97
2013	2,725,000	-0-	-0-	-0-	-0-	-0-	-0-	2,725,000	2.18%	1,101.90
2014	2,400,000	-0-	-0-	-0-	-0-	-0-	-0-	2,400,000	1.92%	981.60
2015	2,070,000	-0-	-0-	-0-	-0-	-0-	-0-	2,070,000	1.59%	844.21
2016	1,730,000	-0-	-0-	-0-	-0-	-0-	-0-	1,730,000	1.30%	712.52
2017	1,385,000	-0-	-0-	-0-	-0-	-0-	-0-	1,385,000	1.02%	574.69
2018	1,030,000	-0-	-0-	-0-	-0-	-0-	-0-	1,030,000	0.76%	428.45

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,827,000	\$ -0-	\$ 3,827,000	0.81%	\$ 1,549.39
2010	3,625,000	-0-	3,625,000	0.76%	1,471.78
2011	3,335,000	-0-	3,335,000	0.70%	1,326.04
2012	3,035,000	-0-	3,035,000	0.68%	1,214.97
2013	2,725,000	-0-	2,725,000	0.62%	1,101.90
2014	2,400,000	-0-	2,400,000	0.72%	981.60
2015	2,070,000	-0-	2,070,000	0.62%	844.21
2016	1,730,000	-0-	1,730,000	0.53%	712.52
2017	1,385,000	-0-	1,385,000	0.42%	574.69
2018	1,030,000	-0-	1,030,000	0.31%	428.45

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

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

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

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of School District as of December 31, 2017			<u>\$ 1,385,000</u>
Net Overlapping Debt of School District: County of Sussex - Township of Lafayette's Share	\$ 84,645,963	2.00%	<u>1,693,432</u>
Total Direct And Overlapping Debt			<u><u>\$ 3,078,432</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2017	\$ 340,877,047
2016	334,918,451
2015	343,016,760
	<u>\$1,018,812,258</u>
Average Equalized Valuation of Taxable Property	<u>\$ 339,604,086</u>
Debt Limit (3% of average equalization value)	a \$ 10,188,123
Net Bonded School Debt	<u>1,030,000</u>
Legal Debt Margin	<u>\$ 9,158,123</u>

Fiscal Year Ended June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 11,612,054	\$ 11,022,249	\$ 10,734,765	\$ 10,445,986	\$ 10,188,123
Total Net Debt Applicable to Limit	<u>2,400,000</u>	<u>2,070,000</u>	<u>1,730,000</u>	<u>1,385,000</u>	<u>1,030,000</u>
Legal Debt Margin	<u>\$ 9,212,054</u>	<u>\$ 8,952,249</u>	<u>\$ 9,004,765</u>	<u>\$ 9,060,986</u>	<u>\$ 9,158,123</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.67%	18.78%	16.12%	13.26%	10.11%

Fiscal Year Ended June 30,

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 14,119,199	\$ 14,069,746	\$ 13,991,830	\$ 13,312,582	\$ 12,538,591
Total Net Debt Applicable to Limit	<u>3,827,000</u>	<u>3,625,000</u>	<u>3,335,000</u>	<u>3,035,000</u>	<u>2,725,000</u>
Legal Debt Margin	<u>\$ 10,292,199</u>	<u>\$ 10,444,746</u>	<u>\$ 10,656,830</u>	<u>\$ 10,277,582</u>	<u>\$ 9,813,591</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	27.10%	25.76%	23.84%	22.80%	21.73%

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

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

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

Year	Population ^a	Township Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2009	2,463	\$ 114,901,413	\$ 46,651	10.60%
2010	2,515	118,783,450	47,230	11.20%
2011	2,498	122,297,084	48,958	10.90%
2012	2,473	125,126,381	50,597	10.90%
2013	2,445	125,017,740	51,132	8.60%
2014	2,452	130,294,376	53,138	6.20%
2015	2,428	133,535,144	54,998	4.80%
2016	2,410	135,401,030	56,183	4.60%
2017	2,404	135,063,932	56,183 *	3.80%
2018	2,404 **	135,063,932 ***	56,183 *	N/A

* - Latest Sussex County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

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

N/A - Not Available

Sources:

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

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

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

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

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

2017

Employer	Employees	Percentage of Total Employment
Newton Medical Center	1,000-4,999	1.38%-6.91%
County of Sussex	500-999	0.69%-1.38%
Thorlabs	500-999	0.69%-1.38%
Sussex County Community College	250-499	0.35%-0.69%
Newton 213 LLC, C/O Ronetco	100-249	0.14%-0.34%
Bristol Glen	100-249	0.14%-0.34%
Barn Hill Care Center	100-249	0.14%-0.34%
Home Depot	100-249	0.14%-0.34%
Kohls	100-249	0.14%-0.34%
Superior Court of Newton	100-249	0.14%-0.34%
	<u>2,850-8,990</u>	<u>3.94% - 12.42%</u>
Total Employment	<u>71,981</u>	

2008

Employer	Employees	Percentage of Total Employment
Mountain Creek/Intrawest	1,387	1.72%
Crystal Springs Golf and Spa Resort	1,153	1.43%
Newton Memorial Hospital	1,148	1.42%
County of Sussex	855	1.06%
Selective Insurance	800	0.99%
Shop Rite (Ronetc Supermarkets, Inc.)	718	0.89%
Vernon Township Board of Education	703	0.87%
Andover Sub Acute & Rehab Center	700	0.87%
Sparta Board of Education	570	0.70%
Hopatcong Board of Education	540	0.67%
	<u>8,574</u>	<u>10.60%</u>
Total Employment	<u>80,859</u>	

Source: Sussex County Chamber of Commerce

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

Function/Program:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	24.1	22.1	19.9	18.9	20.0	20.4	21.0	21.5	21.5	21.0
Special Education	4.2	5.0	5.4	6.6	5.6	4.6	4.6	4.6	4.6	6.0
Other	9.6	10.3	9.0	7.7	7.1	8.3	8.9	8.7	7.9	7.8
Support Services:										
Student & Instruction Related Services	4.8	4.0	3.0	4.2	5.0	5.0	5.0	5.0	5.0	5.0
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
General Administrative Services	3.3	3.3	3.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Central Services	1.8	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Plant Operations and Maintenance	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.3	3.3
	51.4	50.1	46.0	46.3	46.6	47.2	48.4	48.8	48.0	48.8

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Schools				
2009	295.6	\$ 4,559,723	\$ 15,425	6.15%	38	1:10	295.6	283.3	-5.89%	95.84%	
2010	281.9	4,517,594	16,026	3.89%	37	1:10	281.9	270.8	-4.63%	96.06%	
2011	257.1	4,247,895	16,522	3.10%	34	1:10	257.1	245.3	-8.80%	95.41%	
2012	252.4	4,413,229	17,485	5.83%	32	1:10	252.4	243.9	-1.83%	96.63%	
2013	250.1	4,716,981	18,860	7.87%	34	1:10	250.1	240.4	-0.91%	96.12%	
2014	251.4	4,791,211	19,058	1.05%	34	1:10	251.4	241.7	0.52%	96.14%	
2015	249.1	4,970,153	19,952	4.69%	34	1:10	249.1	239.5	-0.91%	96.15%	
2016	242.6	5,095,358	21,003	5.27%	34	1:10	242.6	232.5	-2.61%	95.84%	
2017	232.0	5,099,812	21,982	4.66%	34	1:10	232.0	221.2	-4.37%	95.34%	
2018	220	5,168,645	23,494	6.88%	32	1:10	228.4	219.1	-1.56%	95.95%	

Note: Enrollment based on annual October district count.

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

Sources: School District Records

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	251.4	249.1	242.6	232.0	220.0
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	295.6	281.9	257.1	252.4	250.1

Number of Schools at June 30, 2018
 Elementary = 1

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

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

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

<u>Facility</u>	<u>Project #'(s)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 51,441	\$ 46,069	\$ 61,007	\$ 65,280	\$ 59,365
Grand Total		<u>\$ 51,441</u>	<u>\$ 46,069</u>	<u>\$ 61,007</u>	<u>\$ 65,280</u>	<u>\$ 59,365</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>School Facilities:</u>						
Elementary School	N/A	\$ 66,485	\$ 52,206	\$ 53,185	\$ 69,249	\$ 50,581
Grand Total		<u>\$ 66,485</u>	<u>\$ 52,206</u>	<u>\$ 53,185</u>	<u>\$ 69,249</u>	<u>\$ 50,581</u>

N/A - Not Applicable

Source: District records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2018
UNAUDITED

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

Source: School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Township School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

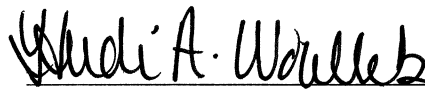
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



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 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Lafayette Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

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

Report on Internal Control Over Compliance

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

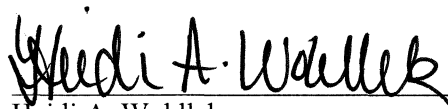
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP


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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education:													
Special Revenue Fund:													
Elementary and Secondary Education Act:													
Title I	84.010A	ESEA249018	7/1/17-6/30/18	\$ 18,933			\$ 12,678	\$ (18,933)		\$ (6,255)			
Title II, Part A	84.367A	ESEA249018	7/1/17-6/30/18	10,550				(10,550)		(10,550)			
Title IV	84.186A	ESEA249018	7/1/17-6/30/18	10,000				(10,000)		(10,000)			
Title I	84.010A	NCLB249017	7/1/16-6/30/17	15,367	\$ (5,351)		5,351						
Title II, Part A	84.367A	NCLB249017	7/1/16-6/30/17	5,851	(40)		40						
Small Rural School Achievement Program	84.358A	S358A023332	7/1/17-6/30/18	28,111			18,773	(28,111)		(9,338)			
	84.358A	S358A023332	7/1/16-6/30/17	25,582	(9,180)		9,180						
Special Education Cluster:													
IDEA Combined Grant:													
I.D.E.A. Part B, Basic	84.027	IDEA249018	7/1/17-6/30/18	62,842			51,974	(62,842)		(10,868)			
I.D.E.A. Part B, Preschool	84.173	IDEA249018	7/1/17-6/30/18	2,934			2,725	(2,934)		(209)			
I.D.E.A. Part B, Basic	84.027	IDEA249017	7/1/16-6/30/17	64,142	(6,254)		6,254						
I.D.E.A. Part B, Preschool	84.173	IDEA249017	7/1/16-6/30/17	2,955	(591)		591						
Total Special Education Cluster					(6,845)		61,544	(65,776)		(11,077)			
Total U.S. Department of Education					(21,416)		107,566	(133,370)		(47,220)			
U.S. Department of Agriculture Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
U.S.D.A Commodities Program	10.555	N/A	7/1/17-6/30/18	4,763			4,763	(4,710)			\$ 53		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	14,215			12,905	(14,215)		(1,310)			
U.S.D.A Commodities Program	10.555	N/A	7/1/16-6/30/17	6,580			3,594	(2,510)					
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	17,972	(3,394)								
Total U.S. Department of Agriculture/Child Nutrition Cluster					(3,394)		21,062	(21,435)		(1,310)		53	
Total Federal Awards					\$ (24,810)		\$ 128,628	\$ (154,805)		\$ -0-		\$ 53	
												\$ -0-	

N/A - Not Applicable

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Balance at June 30, 2018		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	\$ 107,714			\$ 97,200		\$ (10,514)	\$ 107,714
Special Education Categorical Aid	18-495-034-5120-089	7/1/17 - 6/30/18	138,078			124,601		(13,477)	138,078
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	17,295			15,607		(1,688)	17,295
Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	154,863			139,747		(15,116)	154,863
Additional Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	11,887			10,726		(1,161)	11,887
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	47,971			43,288		(4,683)	47,971
Extraordinary Special Education Aid	18-495-034-5120-044	7/1/17 - 6/30/18	28,231				\$ (28,231)	(28,231)	28,231
Nonpublic Transportation	18-495-034-5120-014	7/1/17 - 6/30/18	2,643				(2,643)	(2,643)	2,643
School Choice Aid	18-495-034-5120-068	7/1/17 - 6/30/18	356,610			321,803		(34,807)	356,610
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	2,375			2,143		(232)	2,375
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	2,375			2,129		(232)	2,375
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	2,360				(2,360)	(231)	2,360
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17 - 6/30/18	134,109			134,109			134,109
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	107,714	\$ (10,517)		10,517			107,714
Special Education Categorical Aid	17-495-034-5120-089	7/1/16 - 6/30/17	138,078	(13,480)		13,480			138,078
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	17,295	(1,689)		1,689			17,295
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	183,924	(17,956)		17,956			183,924
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	47,971	(4,684)		4,684			47,971
Extraordinary Special Education Aid	17-495-034-5120-044	7/1/16 - 6/30/17	40,747	(40,747)		40,747			40,747
Nonpublic Transportation	17-495-034-5120-014	7/1/16 - 6/30/17	2,084	(2,084)		2,084			2,084
School Choice Aid	17-495-034-5120-068	7/1/16 - 6/30/17	344,723	(33,655)		33,655			344,723
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	2,375	(232)		232			2,375
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	2,375	(232)		232			2,375
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	2,360	(231)		231			2,360
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	147,575	(7,048)		7,048			147,575
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17 - 6/30/18	169,435			169,435			169,435
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17 - 6/30/18	256,117			256,117			256,117
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	6,215			6,215			6,215
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	167			167			167
Total General Fund State Aid				(132,555)		1,457,985		(113,015)	2,475,666
Enterprise Fund									
State School Lunch Program	18-100-010-3350-023	7/1/17 - 6/30/18	726			649		(77)	726
State School Lunch Program	17-100-010-3350-023	7/1/16 - 6/30/17	661	(128)		128			661
Total Enterprise Fund				(128)		777		(77)	1,387
Total State Awards Subject to Single Audit Determination				\$ (132,683)		\$ 1,458,762		\$ (113,092)	\$ 2,477,053
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension Contributions:									
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17 - 6/30/18	\$ 169,435						\$ 169,435
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17 - 6/30/18	256,117			256,117			256,117
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	6,215			6,215			6,215
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	167			167			167
Subtotal - On-Behalf TPAF Pension System Contribution									431,934
Total State Awards Subject to Single Audit Major Program Determination									\$ (1,007,237)

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Board of Education, Lafayette Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$535 for the general fund, and (\$3,351) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,438,980	\$ 1,438,980
Special Revenue Fund	\$ 130,019		130,019
Food Service Fund	21,435	726	22,161
Total Awards	<u>\$ 151,454</u>	<u>\$ 1,439,706</u>	<u>\$ 1,591,160</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Special Education Categorical Aid	18-495-034-5120-089	7/1/17 - 6/30/18	\$ 138,078	\$ 138,078
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	17,295	17,295
Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	154,863	154,863
Additional Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	11,887	11,887
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	47,971	47,971
School Choice Aid	18-495-034-5120-068	7/1/17 - 6/30/18	356,610	356,610
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	2,375	2,375
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	2,375	2,375
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	2,360	2,360

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior audit findings.