

SCHOOL DISTRICT
OF
LAKELAND REGIONAL

Re - Certified AUDSUM
Correction to C-1
Feb. 25, 2019

Lakeland Regional High School District
Wanaque, New Jersey

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



2017-18 AUDSUM
RE-Certified

Feb. 25, 2019

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Data Entry (District)

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Questionnaire

Data Finalize & Certify

Data Edit Check

2017-2018 Audit Summary

LAKELAND REGIONAL(2510)

You have successfully certified the audit data.



Kathryn Davenport <kdavenport@lakeland.k12.nj.us>

AUDSUM

1 message

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To: "kdavenport@lakeland.k12.nj.us" <kdavenport@lakeland.k12.nj.us>
Cc: "Jones, Bud" <bjones@nisivoccia.com>

Mon, Feb 25, 2019 at 10:10 AM

Good Morning Kathryn,

The AUDSUM correction has been made and recertified by us.

You may now recertify as well and the process will be complete.

Thanks,

Glenn

Glenn J. Johnson | Supervising Senior



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**Comprehensive Annual
Financial Report**

of the

Lakeland Regional High School District

Wanaque, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Lakeland Regional High School District
Board of Education**

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
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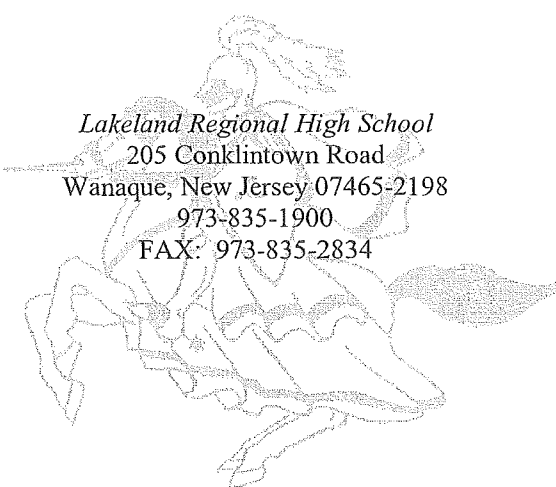
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INTRODUCTORY SECTION



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Kathryn Davenport
Business Administrator

January 18, 2019

Honorable President and
Members of the Board of Education
Lakeland Regional High School District
County of Passaic, New Jersey 07465

Dear Board Members:

The comprehensive annual financial report of the Lakeland Regional High 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 and consultants. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of 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*. Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Lakeland Regional High School District is an independent reporting entity within the criteria adopted in Governmental Accounting Standards Board ("GASB") in Codification Section 2100. All funds of the District are included in this report. The Lakeland Regional High School District 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 9 through 12. These services include a wide range of academic and elective courses as well as special education for handicapped youngsters. The District completed the 2017-18 school year with an enrollment of 960 students.

2. ECONOMIC CONDITION AND OUTLOOK:

The overall regional equalized property assessment increased for the first time in many years, from \$2,887,206,475 in 2015-16 to \$2,892,058,660 in 2016-17, by \$4.9 million. For the past few prior years there were consistent decreases in the regional equalized property values with a \$53.7 million decrease from 2013 to 2014 and then a slowing in the decrease with a decrease of only \$22 million from 2014-15 to 2015-16. It is encouraging to see the upsweep in local property values.

3. MAJOR INITIATIVES:

A. District Planning Initiatives

Lakeland Regional High School District

Lakeland Regional High School, serving grades 9-12, is a comprehensive high school district. Students come to the high school from the Ringwood and Wanaque elementary districts and several private schools. The constituent communities have a combined population of approximately 24,158 for the calendar year of 2016.

As a comprehensive high school, Lakeland offers an extensive curriculum designed to serve the interests and abilities of all students. The high school operates under an intensive scheduling format, consisting of five, 80-minute blocks per day. In the intensive scheduling format, students concentrate in greater depth in longer periods. We have moved to an A/B full year course schedule to prepare students for end-of-course testing. To be eligible for graduation each student must acquire 130 credits, meet all State and District course requirements and pass all New Jersey State and Federal NCLB ESEA required testing.

During the 2016-17 school year the District completed its 4th year of its Strategic Plan. This Strategic Plan is in place for the 2013-2018 school years and is listed on the school's website.

The Strategic Plan delineates four District-wide goals for 2013-2018:

1. Deliver exemplary educational program preparing our students for 21st Century college and career readiness.
2. Provide and maintain Lakeland community with exemplary facilities in a safe and cost effective manner.
3. Continue to establish and build upon communication amongst the Wanaque, Haskell and Ringwood communities.
4. Continue to foster a positive and engaging learning environment for students and staff.

The District has also gone through the Quality Single Accountability Continuum Performance Review (QSAC) during the 2016-17 school year and remains on target in all areas during the 2017-18 school year. The goal is to remain at the current scores from the last review or to grow based on the scores. **District's scores** = 100% Instruction & Program, 100% Fiscal Management, 100% Governance, 100% Operations and 100% Personnel. All five areas of the District Performance Review are satisfactory and we are designated as a high achieving school.

Lakeland Regional High School for 21st Century College and Career Readiness by offering an extensive multi-leveled curriculum in all subject areas to meet the needs of all students within the District. Our annual career day is presented to the entire sophomore class to assist them with this career research, as well as the College & Career Day for juniors. These presentations incorporate speakers from the community as well as companies in the tri-state area who take the time to discuss the job performance requirement and the educational needs to become involved in each career.

To prepare students for their high school experience the entire 9th grade class is invited to participate in the **Freshman Connections Program** in August. This two-day program involves student-driven activities by students who are leaders in various clubs within the school. In addition club advisors, counselors, teachers and administrators

work with these students in a review of study skills, character, academic opportunities and an introduction to co-curricular activities and athletics. Students are scheduled for this program based on their Pathways class assignment. The peer leaders and counselors they work with during the two days are the same individuals they will be with during meetings through the school year. This gives new students the opportunity to become part of the school culture and most importantly build school connectedness for a successful high school experience.

Freshman Connections is an ongoing process throughout the Freshman year and offers support and guidance to 9th grade students as they adjust to the high school experience. In addition to this program we now have our Speak With a Newbie Program (SWAN) that offers the same experience to students who transfer into LRHS at all grade levels again offering them ongoing support and guidance for connectedness and adjusting to their new school environment. This includes students moving in from other communities, states and in some cases other countries.

Pathways to College and Career is a Freshman course which prepares students to succeed in high school along with planning their future endeavors. This course also assists students with test taking skills, communication, and study strategies. In addition, counselors work with students using Naviance to help students develop educational and career goals as well as building upon the Connections Program with a focus on character and providing tolerance and diversity education. This also makes students aware that harassment, intimidation and bullying does not belong in our school or anywhere else. These programs are continued in 10th grade with EXPLORE which provides students with support and awareness of testing (e.g., PSAT), which are used to identify student weaknesses and strengths in several academic areas. The Junior Conference takes place in the 11th grade and parents and students work with counselors to review student's progress and to build post-secondary plans for college and careers. In senior year, students have the opportunity to experience a Senior Option. Senior Options include; Dual Enrollment, School to Work, and Senior Internship opportunities. Students that are involved with School to Work or Senior Internship will gain hands on experience in a career they are interested in, and gain valuable experience for their resume and college applications.

In addition, we offer the ACCUPLACER to Juniors and Seniors who are enrolled in our PCCC Algebra course and students who need to meet a graduation requirement. The ASVAB is also offered to students in their junior or senior year who are interested in the military or are need to fulfill a state testing requirement.

AP Environmental Science became a 10 credit course during this year. This meant that the class was held each day of the week, instead of only on "A" days. This expansion of the course allowed the students to focus more closely on interpreting lab data in order to be more prepared for the AP Exam in May. The resulting exam scores were higher average scores for the students indicating this boost in class time was necessary to properly prepare them for the exam.

As required, the LRHS District implements a teacher and administrative observation tool under ACHIEVE NJ. This includes multiple observations and conferences along with ongoing training for teachers and administrators. Student Growth Objectives are used to measure student performance and require a review by the School Improvement Panel and the DEAC Committee. The results of all observations during the 2016-17 school year have been reported to the state via NJSMART.

Lakeland Regional High School District conducted its third year of PARCC Assessments which are now mandatory for all New Jersey public schools and was featured as a District with one of the highest average PARCC scores in Passaic County.

Lakeland Regional High School has a comprehensive school counseling program. Lakeland is the first school in the state of New Jersey to demonstrate this level of accountability for school counseling, and is a two time recipient of the national "Recognized ASCA Model Program" (RAMP) award.

The District conducted its annual informational programming which included: Back to School Night, Freshman Parent Orientation Program, a meeting for parents of academically talented seventh grade students, Financial Aid Workshops for parents and students, and an Open House for incoming freshman students and their parents. Other parent/community contacts included: Guidance Advisory Committee, parents teachers and administrators, partnership with Kaplan test prep, Ringwood and Wanaque libraries, and Passaic County Community College (PCCC). The Superintendent Advisory Committee is now the DEAC Committee consisting of administrators, parents and faculty and continues to review programs, courses and student support for academic and social success. The main focus is on student performance and monitoring the Stronge Evaluation Model.

Parent meetings for students who are at risk took place and students have enrolled in our Educational Support Programs (ESP) to assist them in the areas of Language Arts Literature and Mathematics.

SAIL is a school refusal program for students with documented diagnosis of mental health challenges (i.e., depression, anxiety, panic disorder, etc.) that impact their ability to attend and be successful in a traditional school environment. The students are not necessarily special education students, but they must go through an intake process to identify factors for the school refusal. This process includes our three school psychologists and our school counselors from our Guidance Department. The classroom is self-contained and our teachers are hand-picked for their positive student interactions and ability to provide a nurturing and effective learning environment.

Lakeland Regional High School's Alternative Learning Program is designed to provide identified at-risk students the opportunity to complete their high school education and achieve their high school diploma in a supportive, individualized learning environment. Alternative students are scheduled into an academic program that meets all district and state requirements. Additionally, specialized instructional approaches, supportive services and opportunities for individualized self-pacing, provide assistance to students in developing responsible patterns of behavior.

The Lakeland Website continues to serve as a very valuable tool for communication to the parents, students and the greater Lakeland community. The District added a Facebook page at the end of the 2015-16 school year which continues in 2016-17 with great success. The Parent Portal is a principal component for parental/school communication. Parent Portal enables parents, through a password protected connection, to view their child's schedule, grades and attendance and discipline records via Lakeland's website. In addition to Parent Portal, every staff member has an e-mail address and voice mail telephone number. Our School Messenger system allows the District to contact the entire community of Board members, parents, staff and administrators or many subgroups through a broadcast telephone SMS & E-mail. This was used many times during the last two school years, particularly with the regular snowfall our area receives during the winter months. The community feedback on these two communications systems has been extremely positive.

The Renaissance Program has been an ongoing project at Lakeland. This program is designed to inspire acceptance and excitement for academic success in high school. Through this program Lakeland continues to increase student performance and teacher enthusiasm. At the same time the Renaissance program initiative strives to raise the level of community participation in school activities. The District's (SWAP - Speak With A Peer) and LEAP (Leaders Encouraging Adolescent Progress) also continues providing many student-to-student programs and contacts supporting student success during the year and throughout the summer.

Along with its extensive and comprehensive curriculum, Lakeland Regional High School is proud of the 31 varsity athletic teams (67 total teams) and 87 clubs and activities that are available to the students from Ringwood and Wanaque. Over the past few years student participation in these offerings has increased and as a result the school has enjoyed many county, conference and state championships. This success promotes enthusiasm and pride throughout the entire Lakeland complex.

Some of the co-curricular offerings include Robotics, Cultural Clubs, Performing Arts programs and a plethora of everything in between. These programs along with our athletic programs are known throughout the community and utilized as a means of community support and communication.

B. Facilities Improvements

During the 2016-17 school year, the Board of Education pursued and completed the several much-needed capital projects and upgrades, both large and small, designed to update the school's functionality and appearance. During the summer of 2016, the district moved into overdrive to complete several of our most impressive capital projects to date; namely, our new state-of-the-art STEM lab, the renovation and re-purposing of the previous Auto Shop to an instructional Health & Wellness Center, the complete overhaul of one of our district's Team Rooms and the total renovation of our East Building Gymnasium. Our new STEM lab contains flexible student work stations and conferencing areas. The new Health and Wellness Center incorporates a new aerobic section, dedicated instructional space, indoor sprinting track, adaptive physical education area, and upgraded free-weight systems, as well as numerous other tools to improve student health and inspire career study in the Health/Wellness areas. Finally, the Team room renovations made it more functional, more sanitary and included all new lockers, a game strategy center with seating for the entire team and brand new showers. Our East Gymnasium was completely repainted, given all new banners, new state-of-the-art, automated bleachers and refurbished basketball backboards and hoops.

The architectural and engineering work was nearly completed for our East Building Air Conditioning Project which will include air conditioning of all East Building instructional areas, the campus Cafeteria, the East and West building gymnasiums and a centralizing of the controls for our district's Main Office areas. This project is expected to be put out to bid in the fall of 2017.

Also during 2016-17, the district performed a review of options for upgrade of its athletic field complex. A feasibility study was conducted by the district architectural firm and various solutions are being considered for likely implementation in the 2017-18 school year to go forward with significant field upgrades.

Finally, the smaller projects included complete signage for the outside of the building directing parents and other visitors to all key offices including the campus Main Office, Guidance Office, Board of Education, etc.. A completely new telephone system was installed in the summer of 2016 which will allow for additional security modules to be incorporated at a later date. New carpeting installed in all the building vestibules and repainting of many of the building entrance ways helped refresh the building's appearance and provide surfaces that are now much easier to clean and maintain.

C. Test Results

In two key areas, Scholastic Aptitude Test (SAT) and Advanced Placement (AP) tests, Lakeland experienced positive results.

The SAT class of 2016 averages are excellent for both the verbal and math sections of the test. The following list provides results for the last 10 years for comparison:

	Verbal	Math	Writing	Total SAT	% of Class Taking Test
Class of 2017	560	548	n/a	1108	72%
Class of 2016	505	524	496	1525	74%
Class of 2015	494	512	487	1493	70%
Class of 2014	507	522	509	1538	78%
Class of 2013	510	520	503	1533	76%
Class of 2012	492	503	499	1494	81%
Class of 2011	510	521	515	1546	76%
Class of 2010	508	520	512	1540	53%
Class of 2009	514	513	509	1536	65%
Class of 2008	520	516	522	1558	72%

D. Implementation of School - Level Plans (N.J.A.C. 6:8-4.4) for the 2015-2016 School Year

During the 2016-17 school year we continued to focus on the goals and objectives set within the new Strategic Plan. There has been a focus on delivering an exemplary educational program for our students, including the use of additional technology and the implementation of online programs for students and staff. We continued to move forward in the area of wireless technology by installing additional wireless ports for Chromebooks. During 2016-17 we installed an additional 80 wireless access points to complete wireless access throughout the campus. This has simplified PARCC testing and allowed us to complete the process in far fewer days so that less instructional time is spent on testing. In addition, our computer labs have been updated with new equipment and software to facilitate our PARCC Assessment process. Other upgrades included a new backup solution and purchase of a new Student Transportation software system. All of these areas relate to the District's Technology Plan created at the end of the 2013 school year.

The Renaissance Program has now expanded to recognize the growth and achievements of students and staff. The Connections Program is also continuing to guide and assist incoming freshmen in adjusting to social and academic requirements in high school. In addition to the QSAC review many hours and days were spent in training staff in meeting the needs of ACHIEVE. This includes training for new evaluation system and SGOS.

E. Professional Development Activities (N.J.A.C. 6:8-4.8)

The Lakeland Regional High School District will provide workshops/trainings in the areas identified in our Needs Assessment and Professional Development Plan. These opportunities will be offered to staff and address areas such as 21st Century Classroom Skills, Implementing the NJCCC, Common Core Standards and NJ PARCC Assessments. Opportunities will also be provided for training teachers in the use of handheld devices in the classroom, cooperative learning, data driven instruction/assessment and the infusion of technology throughout the curriculum. Lakeland Regional High School provides three means for faculty to obtain professional development hours based on our most recent Professional Development Plan

1. Topics discussed during our scheduled professional days address the use and implementation of technology in the classroom and District. During the professional development process, our Professional Development Committee reviews the District Strategic Plan, Technology Plan and surveys the staff to determine and coordinate the District's professional development activities. The District continues to make a commitment to providing quality professional development, 2 full days and up to 6 half days are built into the school calendar. This is in addition to the District sending staff members to out of district workshops, online courses for advanced learners and reimbursement for college courses.

2. The New Jersey Department of Education requires annual training on a variety of topics. To abide by this requirement, the Lakeland Regional High School District has contracted with Global Compliance Network (GCN). GCN is an internet based training program. After finishing a required training module, an electronic record of that training goes to an online database. After all the necessary modules are completed, a staff member can print a record of those trainings. Examples of these trainings are: Affirmative Action, The New Jersey Anti-Bullying Bill of Rights, The I&RS Process, Section 504 and Gang Awareness.

3. Teachers will be trained on the use of any and all assistive technologies that are to be used in the classroom, Media Center and other parts of the school facility. Training/professional development will be provided before the implementation of the assistive technology in the classroom and on-going training will be offered for additional support. This model will also apply to any assistive technology that is mandated for use by student IEPs and 504 plans. This also includes the use of new software for IEPs and ongoing training for co-teaching in the in class support environment.

F. Multimedia Lab In service 2016-17

Lakeland provides two days of new teacher training on a variety of topics including: the Stronge Model, OASYS software, turnitin.com- an anti-plagiarism tool- electronic lesson plans, cyber bullying, etc. Staff members conducted these sessions at the end of August to assist new staff hires with the various technology used by the District. At Back-to-School night in September, the guidance director and counselors supplied information to parents regarding logon procedures for the PowerSchool Parent Portal application.

In 2016-17, computer technology classes continue to host a variety of student projects using Final Cut Pro, PowerPoint, Adobe Photoshop, Adobe Premiere, Flash, and Audacity. The lab utilization calendar shows classes made use of EBSCO, Facts on File, and ProQuest databases, Blue Jay compiling, Everfi, International Business Plan, Microsoft Office Suite and turnitin.com software to research information, model scenarios, and create reports. Lab opportunities are offered to all staff on a regular basis in order to provide students with computer sessions for class use. Professional development seminars were also offered to staff regarding data input for SGO Excel worksheets, document log assembly, Google- docs, forms and classroom.

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, workers compensation, health, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the Pooled Insurance Program of New Jersey ("PIP"). The PIP is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the PIP is included in Note 10 to the Basic Financial Statements.

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 of Education. 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* ("Uniform Guidance"), and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

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

Respectfully submitted,

Hugh Beattie

Hugh Beattie
Superintendent of Schools

Kathryn Davenport

Kathryn Davenport
Board Secretary/School Business Administrator

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Adams, President	2019
Joseph Walker, Vice President	2019
Maryann Brett	2019
John Griffin	2017
Sam Nastory	2019
Carol Preus Gardner	2017
Suzanne Raoul	2018
Daniel Sinclair	2018
Bruce Gibson	2019

Other Officers

Title

Hugh Beattie	Superintendent of Schools
Kathryn Davenport	Board Secretary/School Business Administrator
Virginia Merlino	Treasurer

**LAKELAND REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors**

Architect/Engineer

Solutions Architecture
81 Clay Street
2nd Floor, Suite #2
Newark, NJ 07104

FKA Architects
306 Ramapo Valley Road
Oakland, NJ 07436

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Porzio, Bromberg & Newman P.C.
100 Southgate Parkway
PO Box 1997
Morristown, NJ 07960

Machado Law Group
1 Cleveland Place
Springfield, NJ 07081

Official Depository

Lakeland Bank
94 Ringwood Avenue
Wanaque, NJ 07465

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
County of Passaic, 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 Lakeland Regional High School District (the "District") in the County of Passaic 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 District, as of and for the fiscal year ended 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-retirement benefit 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 sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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.

Mount Arlington, New Jersey
January 18, 2019

Nisivoccia LLP
NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

This discussion and analysis of the Lakeland Regional High School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 and transportation.
- *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 fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Organization of Lakeland Regional High's Financial Report

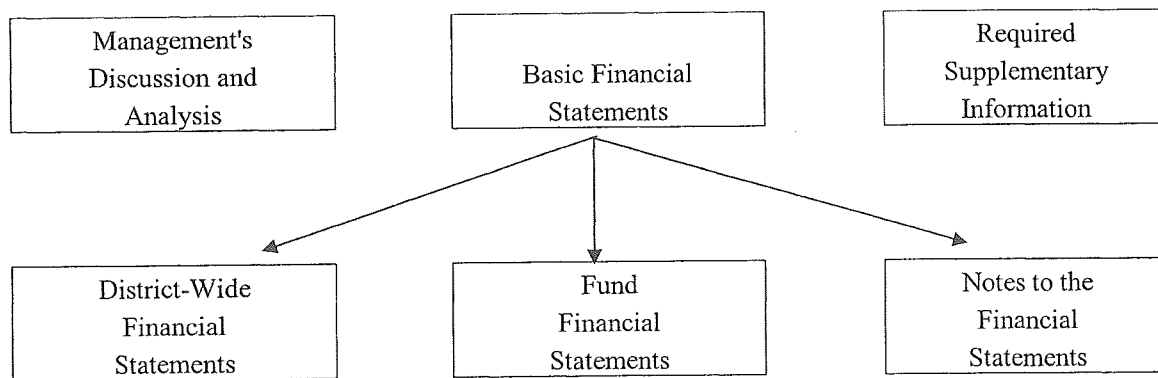


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

*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 and transportation	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
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 fiscal 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 fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	All additions and deductions during the fiscal year, regardless of when cash is received or paid

LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

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 fiscal 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).

LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

Fund Financial Statements

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 fiscal 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 *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently maintains an internal service fund for transportation.
- *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 Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Financial Analysis of the District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2018 and 2017. The District's combined net position was \$16,801,223 on June 30, 2018, \$428,028 or 2.61% more than the year before. The District's financial position for governmental activities increased by \$417,899. The net position of the business-type activities increased by \$10,129.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/2017*	2017/18	2016/17	2017/18	2016/2017*	2017/18
Current and							
Other Assets	\$ 7,040,690	\$ 7,626,088	\$103,446	\$ 90,619	\$ 7,144,136	\$ 7,716,707	
Capital Assets, Net	19,573,416	18,217,260	25,631	28,329	19,599,047	18,245,589	
Total Assets	26,614,106	25,843,348	129,077	118,948	26,743,183	25,962,296	3.01%
Deferred Outflows of							
Resources	3,195,171	3,654,032			3,195,171	3,654,032	-12.56%
Other Liabilities	1,082,504	602,086			1,082,504	602,086	
Long-Term Liabilities	10,238,386	12,208,141			10,238,386	12,208,141	
Total Liabilities	11,320,890	12,810,227	-0-	-0-	11,320,890	12,810,227	-11.63%
Deferred Inflows of							
Resources	2,019,766	432,906			2,019,766	432,906	366.56%
Net Position:							
Net Investment in							
Capital Assets	18,533,416	16,902,260	25,631	28,329	18,559,047	\$16,930,589	
Restricted	4,395,914	3,851,133			4,395,914	3,851,133	
Unrestricted/(Deficit	(6,257,184)	(4,499,146)	103,446	90,619	(6,153,738)	(4,408,527)	
Total Net Position	\$16,672,146	\$16,254,247	\$129,077	\$118,948	\$16,801,223	\$16,373,195	2.61%

* - Restated

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Changes in Net Position

Total revenue decreased 1.82% or \$581,706. Property taxes and federal and state aid/awards accounted for most of the District's revenue, approximately 95.55% of the total.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services	\$ 973,404	\$ 975,736	\$ 259,723	\$ 249,377	\$ 1,233,127	\$ 1,225,113	
Operating Grants and Contributions	9,246,927	8,269,910	148,218	141,145	9,395,145	8,411,055	
Capital Grants and Contributions	181,952	295,597			181,952	295,597	
General Revenue:							
Property Taxes	18,141,216	17,660,828			18,141,216	17,660,828	
State Aid	4,109,362	4,066,582			4,109,362	4,066,582	
Other	162,671	272,574	366	204	163,037	272,778	
Total Revenue	<u>32,815,532</u>	<u>31,541,227</u>	<u>408,307</u>	<u>390,726</u>	<u>33,223,839</u>	<u>31,931,953</u>	4.05%
Expenses:							
Instruction	18,483,283	17,558,609			18,483,283	17,558,609	
Pupil and Instruction Services	7,843,462	7,090,432			7,843,462	7,090,432	
Administrative and Business	1,978,630	1,836,992			1,978,630	1,836,992	
Maintenance and Operations	2,110,077	1,964,078			2,110,077	1,964,078	
Transportation	1,957,036	1,771,841			1,957,036	1,771,841	
Other	25,145	36,243	410,529	413,915	435,674	450,158	
Total Expenses	<u>32,397,633</u>	<u>30,258,195</u>	<u>410,529</u>	<u>413,915</u>	<u>32,808,162</u>	<u>30,672,110</u>	6.96%
Other Item			12,351	2,620	12,351	2,620	371.41%
Increase/(Decrease) in Net Position	<u>\$ 417,899</u>	<u>\$ 1,283,032</u>	<u>\$ 10,129</u>	<u>\$ (20,569)</u>	<u>\$ 428,028</u>	<u>\$ 1,262,463</u>	-66.10%

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-5 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils places great demands on the District's resources. During the past few years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

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

- Shared Services with other area school districts to provide transportation routes for Lakeland High School, field trips and to out-of-district special education schools.
- Standard practice has been to maintain lower maintenance costs by seeking competitive proposals each fiscal year for these services and performing work in-house.
- Shared Services with Ringwood and Wanaque School Districts to provide for Tri-District position in the following area: Substance Abuse Coordinator.
- Purchased supplies and services through four purchasing shared services agreements and one insurance pool.

It is crucial that the District examine its expenses carefully. 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 burden placed on the District's taxpayers by each of these functions.

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/18	2016/17	2017/18	2016/17
Instruction	\$ 18,483,283	\$ 17,558,609	\$ 9,727,560	\$ 9,635,394
Pupil and Instruction Services	7,843,462	7,090,432	6,957,769	6,283,771
Administrative and Business	1,978,630	1,836,992	1,734,615	1,624,444
Maintenance and Operations	2,110,077	1,964,078	1,928,125	1,668,481
Transportation	1,957,036	1,771,841	1,622,136	1,468,619
Other	25,145	36,243	25,145	36,243
	<u>\$ 32,397,633</u>	<u>\$ 30,258,195</u>	<u>\$ 21,995,350</u>	<u>\$ 20,716,952</u>

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Governmental Activities

Business-Type Activities

Net position from the District's business-type activities increased by \$10,129. (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$2,222, which was offset by the purchase of capital assets of \$12,351. Lakeland's Food Service Manager continues to improve the food quality and variety to the students and faculty; however, the recently implemented new federal meal pattern requirements and nutrition standards and a decline in student enrollment resulted in decreased participation in the school lunch program.

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and difficult economic times. Revenue, as discussed earlier, was realized in excess of budgeted amounts while expenditures were less than the final budget.

The current economy has had a direct impact upon the District's revenue sources. Interest from investments continued to be negatively affected. Ratables in the municipalities overall have remained relatively stable the last three years as have the Towns' tax collection percentages.

These factors are likely to continue for the near future. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget monthly. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires as well as program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Teachers' Pension and Annuity Fund, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Capital Asset and Long-Term Liabilities Administration

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/2017*	2017/18	2016/17	2017/18	2016/2017*	
	Site Improvements	\$ 2,013,521	\$ 2,163,724			\$ 2,013,521	
Buildings and Building Improvements	5,957,633	3,544,960			5,957,633	3,544,960	
Equipment, Machinery, and Furniture	888,480	1,045,738	\$25,631	\$28,329	914,111	1,074,067	
Construction in Progress	10,713,782	11,462,838			10,713,782	11,462,838	
	<u>\$19,573,416</u>	<u>\$18,217,260</u>	<u>\$25,631</u>	<u>\$28,329</u>	<u>\$19,599,047</u>	<u>\$18,245,589</u>	<u>7.42%</u>

* - Restated

More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements.

Long-term Liabilities

At fiscal year-end, the District had \$1,040,000 in general obligation bonds, a reduction of \$275,000 from last fiscal year – 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
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2017/18	2016/17	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,040,000	\$ 1,315,000	
Net Pension Liability	8,485,321	10,085,989	
Other Long-Term Liabilities	713,065	807,152	
	<u>\$ 10,238,386</u>	<u>\$ 12,208,141</u>	<u>-16.13%</u>

**LAKELAND REGIONAL HIGH SCHOOL BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)**

Factors Bearing on the District's Future Revenue/Expense Changes

The overall economy has shown significant signs of improvement during the past school year, with unemployment at a low. The housing market has continued to improve to the point of inventory being at a recent all-time low, driving up housing costs and reducing the time a home is on the market before it is sold. Consumer confidence has continued to increase but still remains reserved while individuals have focused on their savings as a target for their earnings.

Within this continued and improving climate, funding for education has remained constant once again in the past fiscal year. Lakeland was able to retain all programs and maintained its staff for the current fiscal year.

The number of students that are classified as Special Education has continued to rise at Lakeland High School, however in the past two fiscal years, Lakeland has inherited several very costly individual cases that have driven the Special Education budget up much faster than other cost-centers in the budget. This particular dynamic, coupled with an increasing demand for services and the increasing frequency of necessary litigation has forced Lakeland as well as all districts to place higher scrutiny on how to achieve impactful and compliant results in a cost-efficient manner.

The district's Health Care costs have been relatively stable over the past several years, however in the current year we are expecting a very significant hike in premiums coupled with a jump in district premium sharing resulting from the most-recent bargaining agreement. While 2016-17 revealed a fairly manageable expenditure issue in this area, we are expecting that the 2017-18 school year and the subsequent 2018-19 budget will be more challenging than recent years.

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 the School Business Administrator at the Lakeland Regional High School Board of Education, 205 Conklingtown Road, Wanaque, NJ 07456.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LAKELAND REGIONAL BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,127,334	\$ 86,347	\$ 3,213,681
Receivables from Other Governments	579,399	9,245	588,644
Other Receivables	3,662		3,662
Inventory		7,854	7,854
Restricted Cash and Cash Equivalents:			
Capital Reserve	2,346,213		2,346,213
Maintenance Reserve	984,082		984,082
Capital Assets:			
Construction in Progress	10,713,782		10,713,782
Depreciable Site Improvements, Buildings and Building Improvements, and Machinery, Furniture and Equipment	8,859,634	25,631	8,885,265
Total Assets	<u>26,614,106</u>	<u>129,077</u>	<u>26,743,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	3,195,171		3,195,171
Total Deferred Outflows of Resources	<u>3,195,171</u>		<u>3,195,171</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,052,158		1,052,158
Accrued Interest Payable	22,972		22,972
Unearned Revenue	7,374		7,374
Noncurrent Liabilities:			
Due Within One Year	368,123		368,123
Due Beyond one Year	9,870,263		9,870,263
Total Liabilities	<u>11,320,890</u>		<u>11,320,890</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows - Pensions	2,019,766		2,019,766
Total Deferred Outflows of Resources	<u>2,019,766</u>		<u>2,019,766</u>
NET POSITION			
Net Investment in Capital Assets	18,533,416	25,631	18,559,047
Restricted for:			
Capital Projects	2,474,047		2,474,047
Debt Service	8,225		8,225
Maintenance Reserve	984,082		984,082
Excess Surplus	929,560		929,560
Unrestricted/(Deficit)	<u>(6,257,184)</u>	<u>103,446</u>	<u>(6,153,738)</u>
Total Net Position	<u>\$ 16,672,146</u>	<u>\$ 129,077</u>	<u>\$ 16,801,223</u>

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

LAKELAND REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 12,767,443	\$ 764,466	\$ 5,085,570		\$ (6,917,407)		\$ (6,917,407)
Special Education	3,925,121		2,279,311		(1,645,810)		(1,645,810)
Other Special Instruction	26,932		19,735		(7,197)		(7,197)
Other Instruction	1,763,787		606,641		(1,157,146)		(1,157,146)
Support Services:							
Tuition	2,928,483		222,031		(2,706,452)		(2,706,452)
Student & Instruction Related Services	4,914,979		663,662		(4,251,317)		(4,251,317)
General Administrative Services	626,685				(626,685)		(626,685)
School Administrative Services	811,401		244,015		(567,386)		(567,386)
Central Services	388,334				(388,334)		(388,334)
Administration Information Technology	152,210				(152,210)		(152,210)
Plant Operations and Maintenance	2,110,077			\$ 181,952	(1,928,125)		(1,928,125)
Pupil Transportation	1,957,036	208,938	125,962		(1,622,136)		(1,622,136)
Interest on Long-Term Debt	25,145				(25,145)		(25,145)
Total Governmental Activities	32,397,633	973,404	9,246,927	181,952	(21,995,350)		(21,995,350)

LAKELAND REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 410,529	\$ 259,723	\$ 148,218		\$ (2,588)	\$ (2,588)	\$ (2,588)
Total Business-Type Activities	410,529	259,723	148,218		(2,588)	(2,588)	(2,588)
Total Primary Government	\$ 32,808,162	\$ 1,233,127	\$ 9,395,145	\$ 181,952	\$(21,995,350)	(2,588)	(21,997,938)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					17,814,116		17,814,116
Taxes Levied for Debt Service					327,100		327,100
Federal and State Aid not Restricted					4,109,362		4,109,362
Interest and Miscellaneous Revenue					162,671	366	163,037
Total General Revenues					22,413,249	366	22,413,615
Change in Net Assets Before Other Item					417,899	(2,222)	415,677
Other Item						12,351	12,351
Change in Net Position					417,899	10,129	428,028
Net Position - Beginning (Restated)					16,254,247	118,948	16,373,195
Net Position - Ending					\$ 16,672,146	\$ 129,077	\$ 16,801,223

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

FUND FINANCIAL STATEMENTS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,130,124		\$ 1,316,676	\$ 8,225	\$ 2,455,025
Interfunds Receivable	195,971				195,971
Receivables from State Government	488,891				488,891
Receivables from Federal Government		\$ 203,525			203,525
Receivables from Other Governments	90,508				90,508
Other Receivables	3,662				3,662
Restricted Cash and Cash Equivalents	3,330,295				3,330,295
Total Assets	\$ 5,239,451	\$ 203,525	\$ 1,316,676	\$ 8,225	\$ 6,767,877
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 500,000	\$ 195,971			\$ 695,971
Accounts Payable	320,315	180	\$ 328,228		648,723
Unearned Revenue		7,374			7,374
Total Liabilities	820,315	203,525	328,228		1,352,068
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,346,213				2,346,213
Maintenance Reserve Account	984,082				984,082
Excess Surplus - Subsequent Year's Expenditures	469,780				469,780
Excess Surplus	459,780				459,780
Capital Projects			127,834		127,834
Debt Service				\$ 8,225	8,225
Committed			860,614		860,614
Assigned:					
Encumbrances	4,694				4,694
Unassigned	154,587				154,587
Total Fund Balances	4,419,136		988,448	8,225	5,415,809
Total Liabilities and Fund Balances	\$ 5,239,451	\$ 203,525	\$ 1,316,676	\$ 8,225	\$ 6,767,877
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:					
Total Fund Balances (Per Above)					\$ 5,415,809
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.					19,573,416
Internal service funds are used by management to charge the costs of transportation to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.					1,172,109
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.					(1,689,210)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.					(22,972)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.					(8,485,321)
Certain amounts related to the Net Pension Liability and Deferred and Amortized in the Statement of Activities are not reported in the Governmental Funds:					
Deferred Outflows					2,791,936
Deferred Inflows					(2,019,766)
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$255,426 and the accumulated amortization is \$191,571					
					(63,855)
Net Position of Governmental Activities					\$ 16,672,146

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

LAKELAND REGIONAL HIGH 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	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 17,814,116			\$ 327,100	\$ 18,141,216
Tuition Charges	764,466				764,466
Miscellaneous	160,055				160,055
Total - Local Sources	18,738,637			327,100	19,065,737
State Sources	8,254,773		\$ 181,952		8,436,725
Federal Sources	15,297	\$ 330,072			345,369
Total Revenues	27,008,707	330,072	181,952	327,100	27,847,831
EXPENDITURES					
Current:					
Regular Instruction	6,109,223				6,109,223
Special Education Instruction	2,121,582	43,468			2,165,050
Other Special Instruction	5,665	14,862			20,527
Other Instruction	966,255				966,255
Support Services and Undistributed Costs:					
Tuition	2,706,452	222,031			2,928,483
Student & Instruction Related Services	3,421,400	32,860			3,454,260
General Administrative Services	520,358				520,358
School Administrative Services	452,761				452,761
Central Services	298,867				298,867
Administration Information Technology	141,786				141,786
Plant Operations and Maintenance	1,651,895				1,651,895
Pupil Transportation	1,413,744				1,413,744
Unallocated Benefits	6,685,473				6,685,473
Debt Service:					
Principal				275,000	275,000
Interest and Other Charges				52,100	52,100
Capital Outlay	36,127	16,851	1,647,366		1,700,344
Total Expenditures	26,531,588	330,072	1,647,366	327,100	28,836,126
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	477,119		(1,465,414)		(988,295)
OTHER FINANCING SOURCES/(USES)					
Transfers In	468,693		365,000		833,693
Transfers Out	(365,000)		(468,693)		(833,693)
Total Other Financing Sources/(Uses)	103,693		(103,693)		
Net Change in Fund Balances	580,812		(1,569,107)		(988,295)
Fund Balance - July 1 (Restated)	3,838,324	-0-	2,557,555	8,225	6,404,104
Fund Balance - June 30	\$ 4,419,136	\$ -0-	\$ 988,448	\$ 8,225	\$ 5,415,809

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

LAKELAND REGIONAL HIGH 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 B-2)	\$ (988,295)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the disposal of capital assets in the period.	1,356,156
The governmental funds report the effect of bond issuance premiums when debt is first issued, issued, whereas these amounts are deferred and amortized in the statement of activities (+)	21,285
Repayment of debt service 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.	345,655
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.	5,670
Internal service funds are used by management to charge the costs of transportation to individual funds. The revenue and expenses are netted with governmental activities and are included in governmental activities in the statement of net position.	45,610
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	1,600,668
Change in Deferred Outflows	(384,137)
Change in Deferred Inflows	(1,586,860)
In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).	<u>2,147</u>
Change in net position of governmental activities	<u>\$ 417,899</u>

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund Transportation
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 86,347	\$ 672,309
Accounts Receivable:		
Other Governments	9,245	500,000
Inventories	7,854	
Total Current Assets	103,446	1,172,309
Non-Current Assets:		
Capital Assets	102,765	1,768,861
Less: Accumulated Depreciation	(77,134)	(1,433,754)
Total Non-Current Assets	25,631	335,107
Total Assets	129,077	1,507,416
LIABILITIES:		
Current Liabilities:		
Accounts Payable		200
Total Current Liabilities		200
Total Liabilities		200
NET POSITION:		
Investment in Capital Assets	25,631	335,107
Unrestricted	103,446	1,172,109
Total Net Position	\$ 129,077	\$ 1,507,216

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund Transportation
Operating Revenue:		
Charges for Services:		
Daily Sales:		
Reimbursable Programs	\$ 206,150	
Non-Reimbursable Programs	42,665	
Total Daily Sales	248,815	
Special Events	10,908	
Charges and Fees		\$ 708,938
Total Operating Revenue	259,723	708,938
Operating Expenses:		
Cost of Sales		
Reimbursable Programs	135,455	
Non-Reimbursable Programs	28,033	
Total Cost of Sales	163,488	
Salaries	219,668	
Contracted Services		271,988
Aid in Lieu		94,254
General Supplies	24,675	
Miscellaneous		299,702
Depreciation Expense	2,698	104,586
Total Operating Expenses	410,529	770,530
Operating Income/(Loss)	(150,806)	(61,592)
Non-Operating Revenue:		
Federal Sources:		
School Breakfast Program	38,107	
National School Lunch Program	89,713	
Food Distribution Program	16,745	
State Sources:		
School Lunch Program	3,653	
Local Sources:		
Interest Revenue	366	2,616
Total Non-Operating Revenue	148,584	2,616
Change in Net Position Before Other Item	(2,222)	(58,976)
Other Item	12,351	
Change in Net Position After Other Item	10,129	(58,976)
Net Position - Beginning of Year	118,948	1,566,192
Net Position - End of Year	\$ 129,077	\$ 1,507,216

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 259,723	\$ 1,005,938
Payments to Employees	(219,668)	
Payments to Suppliers	(172,248)	(668,104)
Net Cash Provided by/(Used for) Operating Activities	<u>(132,193)</u>	<u>337,834</u>
Cash Flows from Noncapital Financing Activities:		
State Sources	3,605	
Federal Sources	127,153	
Net Cash Provided by Noncapital Financing Activities	<u>130,758</u>	
Cash Flows from Investing Activities:		
Interest Revenue	366	2,616
Net Cash Provided by Investing Activities	<u>366</u>	<u>2,616</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,069)	340,450
Cash and Cash Equivalents, July 1	<u>87,416</u>	<u>331,859</u>
Cash and Cash Equivalents, June 30	<u>\$ 86,347</u>	<u>\$ 672,309</u>
Reconciliation of Operating Income/(Loss) to Net Cash Used for Operating Activities:		
Operating Income/(Loss)	\$ (150,806)	\$ (61,592)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Depreciation	2,698	104,586
Federal Food Distribution Program	16,745	
Changes in Assets and Liabilities:		
(Increase)/Decrease in Interfund Receivable		297,000
(Increase)/Decrease in Inventory	(830)	
Increase/(Decrease) in Accounts Payable		(2,160)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (132,193)</u>	<u>\$ 337,834</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$16,745 for the fiscal year ended June 30, 2018.

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 158,310	\$ 664,935	\$ 62,667
Total Assets	<u>158,310</u>	<u>664,935</u>	<u>62,667</u>
LIABILITIES:			
Payroll Deductions and Withholdings	247		
Due to Student Groups	<u>158,063</u>		
Total Liabilities	<u>158,310</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION:			
Held in Trust for:			
Unemployment Compensation Claims		664,935	
Flexible Spending Claims			<u>62,667</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 664,935</u>	<u>\$ 62,667</u>

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:		
Contributions:		
Plan Member	\$ 35,078	\$ 10,278
Employer		10,200
Total Contributions	35,078	20,478
Investment Earnings:		
Interest	2,661	203
Net Investment Earnings	2,661	203
Total Additions	37,739	20,681
DEDUCTIONS:		
Unemployment Compensation Claims	41,349	
Flexible Spending Claims		11,333
Total Deductions	41,349	11,333
Change in Net Position	(3,610)	9,348
Net Position - Beginning of the Year	668,545	53,319
Net Position - End of the Year	\$ 664,935	\$ 62,667

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

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

LAKELAND REGIONAL HIGH 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)

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

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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

LAKELAND REGIONAL HIGH 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)

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

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

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

The District reports the following proprietary funds:

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.

Internal Service Fund: The Internal Service Fund accounts for all revenue and expenses pertaining to the Board's transportation operations. The internal 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 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, Payroll Agency, Unemployment Compensation Insurance Trust and Flexible Spending Trust Funds.

LAKELAND REGIONAL HIGH 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:

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

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

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

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

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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the fiscal year).

LAKELAND REGIONAL HIGH 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)

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 June state aid payments for the current fiscal year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. These grants are recognized on the budgetary basis in full when they are awarded but recognized on the GAAP basis only to the extent of expenditures which have been submitted for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 27,008,943	\$ 329,972
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		100
Prior Year State Aid Payments Recognized for GAAP Statements, Recognized for Budgetary Purposes	465,358	
Current Year State Aid Payments Recognized for Budgetary Recognized for GAAP Statements	(465,594)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 27,008,707	\$ 330,072

LAKELAND REGIONAL HIGH 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)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,531,588	\$ 329,972
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, not in the Year the Supplies are Received for GAAP Reporting Purposes.		
Prior Year Encumbrances		100
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,531,588	\$ 329,972
		Capital Projects Fund Revenue
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)		\$ 50,955
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded, but are not Recognized on the GAAP Basis until Expended.		130,997
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)		\$ 181,952

E. Cash and Cash Equivalents and Investments:

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

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.

LAKELAND REGIONAL HIGH 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)

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

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

LAKELAND REGIONAL HIGH 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)

H. Encumbrances: (Cont'd)

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. 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 fiscal 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.

J. Capital Assets:

During the fiscal 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 acquisition value. 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	45 years
Site Improvements	20 years
Machinery, Furniture, and Equipment	10 to 15 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.

K. Short-Term 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.

LAKELAND REGIONAL HIGH 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)

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 governmental 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, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 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 personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent fiscal years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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 \$4,419,136 General Fund balance at June 30, 2018, \$4,694 is assigned for encumbrances; \$2,346,213 is restricted in the capital reserve account; \$459,780 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$469,780 is restricted as excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$984,082 is restricted in the maintenance reserve account; and \$154,587 is unassigned which is \$465,594 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the final two state aid payments which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: Of the \$988,448 Capital Projects Fund balance at June 30, 2018, \$127,834 is restricted and \$860,614 is committed fund balance.

LAKELAND REGIONAL HIGH 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)

Debt Service Fund: The Debt Service Fund balance at June 30, 2018 of \$8,225 is restricted and has been included as anticipated budget revenue for the fiscal year ending 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 fiscal year's budget. The District has excess surplus as detailed above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$465,594 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the fiscal year the State records the payable.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Fund Balance Restrictions, Commitments and Assignments:

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

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 committed resources for capital projects at June 30, 2018.

LAKELAND REGIONAL HIGH 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)

Q. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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 fiscal year-end encumbrances in the General Fund at June 30.

R. Deficit Net Position:

The \$6,257,184 deficit in unrestricted net position for the governmental activities at June 30, 2018 is primarily related to liabilities and deferred inflows/outflows for pensions and compensated absences. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

S. 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. The District had deferred outflows of resources at June 30, 2018, with regard to pensions, for changes in assumptions, changes in proportion, the difference between expected and actual experience, the net difference between projected and actual investment earnings on plan investments and the District contribution subsequent to the measurement date.

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 inflows of resources at June 30, 2018, with regard to pensions, for changes in proportion and assumptions.

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.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

LAKELAND REGIONAL HIGH 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:

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, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

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.

LAKELAND REGIONAL HIGH 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

GASB requires disclosure of the level of custodial credit risk assumed by the Board 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 Board 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 Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, 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 permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board 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;

LAKELAND REGIONAL HIGH 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);
- (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

LAKELAND REGIONAL HIGH 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)

- (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.

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

	Unrestricted	Restricted		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking Accounts	\$ 4,099,593	\$ 2,346,213	\$ 984,082	\$ 7,429,888

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 \$7,429,888 and the bank balance was \$8,592,481.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 26, 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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal 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-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2017	\$ 1,985,239
Interest Earnings	1,000
Unexpended Funds Returned	468,693
Increase per Board Resolution	256,281
Withdrawal per Board Resolution	<u>(365,000)</u>
Ending Balance, June 30, 2018	<u>\$ 2,346,213</u>

The balance in the capital reserve account at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$311,294 was established by Board resolution on June 23, 2008. 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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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 fiscal year in the advertised recapitulation of balances of the subsequent fiscal 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 fiscal 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 fiscal 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 fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved and designated in the subsequent fiscal 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	\$ 789,611
Interest Earnings	1,000
Unexpended Funds Returned	118,082
Increase per Board Resolution	550,658
Withdrawals	<u>(475,269)</u>
Ending Balance, June 30, 2018	<u>\$ 984,082</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$6,231 to the capital outlay accounts, all of which related to equipment and did not require approval from the County Superintendent. \$365,000 was transferred to the Capital Projects Fund and approved through Board Resolution.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 11,462,838	\$ 1,647,366	\$ (2,396,422)	\$ 10,713,782
Total Capital Assets Not Being Depreciated	<u>11,462,838</u>	<u>1,647,366</u>	<u>(2,396,422)</u>	<u>10,713,782</u>
Capital Assets Being Depreciated:				
Site Improvements	3,164,923	7,157		3,172,080
Buildings and Building Improvements	9,480,983	171,609	2,396,422	12,049,014
Machinery and Equipment	3,760,103	34,824	(71,053)	3,723,874
Total Capital Assets Being Depreciated	<u>16,406,009</u>	<u>213,590</u>	<u>2,325,369</u>	<u>18,944,968</u>
Governmental Activities Capital Assets	<u>27,868,847</u>	<u>1,860,956</u>	<u>(71,053)</u>	<u>29,658,750</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,001,199)	(157,360)		(1,158,559)
Buildings and Building Improvements	(5,936,023)	(155,358)		(6,091,381)
Machinery and Equipment	(2,714,365)	(192,082)	71,053	(2,835,394)
	<u>(9,651,587)</u>	<u>(504,800)</u>	<u>71,053</u>	<u>(10,085,334)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,217,260</u>	<u>\$ 1,356,156</u>	<u>\$ -0-</u>	<u>\$ 19,573,416</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Equipment and Furniture	\$ 102,765			\$ 102,765
Less Accumulated Depreciation	(74,436)	\$ (2,698)		(77,134)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 28,329</u>	<u>\$ (2,698)</u>	<u>\$ -0-</u>	<u>\$ 25,631</u>

The increases totaling \$1,860,956 represent current fiscal year capitalized expenditures of \$1,647,366 construction in progress in the capital projects fund and \$213,590 in the general fund. The District transferred \$2,396,422 of completed capital projects to depreciable capital assets during the fiscal year. At June 30, 2018, the District had active construction projects totaling \$10,815,342. Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 49,035
Student and Instruction Related Services	6,456
Operations and Maintenance of Plant	344,723
Student Transportation	<u>104,586</u>
	<u>\$504,800</u>

Capital Assets of the Internal Service Fund are included as Governmental Activities in the district-wide financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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:

	<u>Balance</u> <u>6/30/2017</u>	<u>Issued/ Accrued</u>	<u>Retired/ Defeased</u>	<u>Balance</u> <u>6/30/2018</u>
Serial Bonds Payable	\$ 1,315,000		\$ 275,000	\$ 1,040,000
Unamortized Bond Premium	85,140		21,285	63,855
Net Pension Liability	10,085,989		1,600,668	8,485,321
Compensated Absences Payable	400,085	\$ 8,088	10,235	397,938
Early Retirement Incentive	<u>321,927</u>		<u>70,655</u>	<u>251,272</u>
	<u>\$12,208,141</u>	<u>\$ 8,088</u>	<u>\$1,977,843</u>	<u>\$10,238,386</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 through the Debt Service Fund.

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

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	8/1/2021	4.00%-5.00%	<u>\$1,040,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 270,000	\$ 41,200	\$ 311,200
2020	270,000	29,725	299,725
2021	270,000	17,575	287,575
2022	<u>230,000</u>	<u>5,750</u>	<u>235,750</u>
	<u>\$ 1,040,000</u>	<u>\$ 94,250</u>	<u>\$ 1,134,250</u>

B. Bonds Authorized But Not Issued:

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

C. Capital Leases Payable:

The District had no capital leases at June 30, 2018.

D. Early Retirement Incentive Program:

Principal and interest due at 8.75%, financing of ERIP is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 76,838	\$ 21,986	\$ 98,824
2020	83,561	15,263	98,824
2021	90,873	7,951	98,824
	<u>\$ 251,272</u>	<u>\$ 45,200</u>	<u>\$ 296,472</u>

The current portion of ERIP payable at June 30, 2018 is \$76,838 and the long-term portion is \$174,434. The ERIP liability will be liquidated through the general fund.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2018 is \$397,938, all of which is a long-term liability.

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.

F. 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, 2018 is \$-0- and the long-term portion is \$8,485,321. See Note 9 for further information on the PERS.

G. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums 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 unamortized bond issuance premiums at June 30, 2018 is \$21,285 and the long-term portion is \$42,570.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

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 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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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 \$346,828 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 \$8,485,321 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 0.036%, which was an increase of 0.002% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2017, the District recognized actual pension expense in the amount of \$708,011. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 96,257	
	2015	5.72	405,460	
	2016	5.57	1,207,783	
	2017	5.48	<u>1,709,500</u>	\$ 1,703,232
				<u>1,703,232</u>
Change in Proportion	2014	6.44	43,220	
	2015	5.72		316,532
	2016	5.57	354,420	
	2017	5.48	<u>427,215</u>	
			<u>824,855</u>	<u>316,532</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	6.44	(101,679)	
	2015	5.72	86,738	
	2016	5.57	363,681	
	2017	5.00	<u>(290,961)</u>	
			<u>57,779</u>	
Difference Between Expected and Actual Experience:	2015	5.72	112,493	
	2016	5.57	36,653	
	2017	5.48	<u>50,654</u>	
			<u>199,800</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>403,235</u>	
			<u>\$ 3,195,169</u>	<u>\$ 2,019,764</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and 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	\$ 199,754
2019	301,432
2020	182,652
2021	(242,928)
2022	(177,062)
	\$ 263,848

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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% 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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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 (4.00%)	Discount Rate (5.00%)	Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 10,526,617	\$ 8,485,321	\$ 6,784,669

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. The following represents the membership tiers for TPAF:

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 \$1,017,381 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,231,813.

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 \$61,087,209. 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 0.091%, which was a decrease of 0.001% 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	61,087,209
Total	<u>\$ 61,087,209</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$4,231,813 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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 on the following page.

	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
			<u>13,378,255,364</u>	<u>11,684,858,458</u>
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	
			<u>441,116,389</u>	<u>115,381,203</u>
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)	
			<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

<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 table on the following page.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 upon 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.

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

The table on the following page presents the net pension liability of the State 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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 72,573,521	\$ 61,087,209	\$ 51,624,736

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$3,974 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$7,285 for the fiscal year ended June 30, 2018.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The District is a member of a joint insurance fund for workers' compensation insurance. Health benefits are provided to employees through Horizon Blue Cross Blue Shield.

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 District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -0-	\$ 35,078	\$ 2,661	\$ 41,349	\$ 664,935
2016-2017	-0-	37,905	1,475	66,299	668,545
2015-2016	-0-	34,126	1,362	14,135	695,464

The Lakeland Regional High School District is a member of the Pooled Insurance Program of New Jersey (the "PIP"). The PIP provides the District with workers' compensation insurance. The PIP is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

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

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with requirements of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

Total Assets	\$ 20,980,925
Net Position	\$ 9,526,025
Total Revenue	\$ 7,636,277
Total Expenses and Adjustments	\$ 5,833,421
Member Dividends	\$ -0-
Change in Net Position	\$ 1,802,856

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

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

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

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

	Governmental Funds	
	General	Total
Vendors	\$ 4,694	\$ 4,694

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances existed as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 195,971	\$ 500,000
Special Revenue Fund		195,971
Transportation Internal Services Fund	<u>500,000</u>	<u> </u>
	<u>\$ 695,971</u>	<u>\$ 695,971</u>

The interfund between the General Fund and the Special Revenue Fund is an interfund loan. The interfund receivable in the Transportation Internal Service Fund due from the General Fund is for the District's portion of expenditures.

NOTE 14. DEFERRED COMPENSATION

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

- 403b
- Equitable Life Assurance Metropolitan Life Insurance Company
- Variable Annuity Life Insurance Company

- 457
- Equitable Life Assurance

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities 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 municipalities and are remitted to the School Districts on a predetermined mutually agreed-upon schedule.

NOTE 16. ACCOUNTS PAYABLE

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

	<u>Governmental Funds</u>			<u>Internal Service Fund</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Trans- portation</u>		
Vendors	\$ 320,315	\$ 180	\$ 328,228	\$ 200		\$ 648,923
Due to:						
State of New Jersey					\$ 403,235	403,235
	<u>\$ 320,315</u>	<u>\$ 180</u>	<u>\$ 328,228</u>	<u>\$ 200</u>	<u>\$ 403,235</u>	<u>\$ 1,052,158</u>

NOTE 17. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. TAX ABATEMENTS (Cont'd)

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

Wanaque Borough recognized revenue in the amount of \$335,775 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these properties for 2017 without the abatement would have been \$90,018 of which \$30,082 would have been for the local school tax.

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.

LAKELAND REGIONAL HIGH 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

LAKELAND REGIONAL HIGH 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.

LAKELAND REGIONAL HIGH 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

	Total OPEB Liability
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	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

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	\$ 52,905,141	\$ 44,567,755

LAKELAND REGIONAL HIGH 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 Discount Rate
(Cont'd)

	June 30, 2016		
	At 1%	At	At 1%
	Decrease (1.85%)	Discount Rate (2.85%)	Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 57,570,721	\$ 48,054,842	\$ 40,564,626

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%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 36,652,670	\$ 44,567,755	\$ 55,078,895

	June 30, 2016		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 39,430,336	\$ 48,054,842	\$ 59,584,985

LAKELAND REGIONAL HIGH 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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$2,766,197 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:

	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)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statement for an adjustment to Net Investment in Capital Assets and Construction in Progress.

	Balance 6/30/2017 as Previously Reported	Retroactive Adjustments	Balance 6/30/2017 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
ASSETS			
Capital Assets:			
Construction in Progress	\$ 8,353,387	\$ 3,109,451	\$ 11,462,838
Total Assets	6,754,422	3,109,451	9,863,873
NET POSITION			
Net Investment in Capital Assets	13,792,809	3,109,451	16,902,260
Total Net Position	13,144,796	3,109,451	16,254,247

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

LAKELAND REGIONAL HIGH 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	0.0347285309%	0.0312705659%	0.0340545773%
District's proportionate share of the net pension liability	\$ 6,502,131	\$ 7,019,615	\$ 10,085,989
District's covered employee payroll	\$ 2,241,542	\$ 2,230,075	\$ 2,451,716
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	290.07%	314.77%	411.38%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 286,297	\$ 268,843	\$ 307,023
Contributions in relation to the contractually required contribution	<u>(286,297)</u>	<u>(268,843)</u>	<u>(307,023)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,241,542	\$ 2,241,542	\$ 2,230,075
Contributions as a percentage of covered employee payroll	12.77%	11.99%	13.77%
			14.15%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0918273103%	0.0907408043%	0.0892348198%
State's proportionate share of the net pension liability attributable to the District	\$ 49,078,709	\$ 57,352,063	\$ 70,197,791
District's covered employee payroll	\$ 8,749,635	\$ 9,192,526	\$ 9,326,909
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	560.92%	623.90%	752.64%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
			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.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
	2018	2017	2018
Contractually required contribution	\$ 2,640,895	\$ 3,501,860	\$ 5,274,387
Contributions in relation to the contractually required contribution	<u>(490,578)</u>	<u>(714,449)</u>	<u>(983,462)</u>
Contribution deficiency/(excess)	<u>\$ 2,150,317</u>	<u>\$ 2,787,411</u>	<u>\$ 4,290,925</u>
District's covered employee payroll	\$ 8,749,635	\$ 9,192,526	\$ 9,326,909
Contributions as a percentage of covered employee payroll	30.18%	38.09%	56.55%
			44.57%
			<u>\$ 4,231,813</u>
			<u>(1,349,258)</u>
			<u>\$ 2,882,555</u>
			\$ 9,495,694

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

LAKELAND REGIONAL BOARD OF EDUCATION
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	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
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.

LAKELAND REGIONAL HIGH 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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
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	\$ 17,814,116		\$ 17,814,116	\$ 17,814,116	
Tuition	900,000		900,000	764,466	\$ (135,534)
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Interest Earned on Capital Reserve	1,000		1,000	1,000	
Miscellaneous	170,099		170,099	158,055	(12,044)
Total - Local Sources	18,886,215		18,886,215	18,738,637	(147,578)
State Sources:					
Equalization Aid	3,876,700		3,876,700	3,876,700	
Special Education Categorical Aid	687,768		687,768	687,768	
Security Aid	19,744		19,744	19,744	
Adjustment Aid	126,667		126,667	126,667	
Transportation Aid	96,677		96,677	96,677	
Per Pupil Growth Aid	10,240		10,240	10,240	
PARCC Readiness Aid	10,240		10,240	10,240	
Professional Learning Community Aid	9,470		9,470	9,470	
Extraordinary Special Education Aid	273,000		273,000	385,196	112,196
Nonpublic School Transportation Costs				29,290	29,290
Homeless Tuition Aid				41,202	41,202
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-Budgeted)				892,605	892,605
TPAF Pension (Non-Budgeted)				1,349,258	1,349,258
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,058	2,058
TPAF Non-Contributory Insurance (Non-budgeted)				32,743	32,743
TPAF Social Security (Reimbursed - Non-Budgeted)				685,151	685,151
Total State Sources	5,110,506		5,110,506	8,255,009	3,144,503
Federal Sources:					
Medicaid Reimbursement	16,469		16,469	15,297	(1,172)
Total Federal Sources	16,469		16,469	15,297	(1,172)
TOTAL REVENUES	24,013,190		24,013,190	27,008,943	2,995,753

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 6,199,766	\$ (138,132)	\$ 6,061,634	\$ 5,906,580	\$ 155,054
Regular Programs - Home Instruction:					
Salaries of Teachers	39,140	(25,000)	14,140	6,344	7,796
Purchased Professional - Educational Services	68,000	(15,200)	52,800	3,450	49,350
Purchased Professional - Undistributed Instruction:					
Purchased Technical Services	4,300		4,300	3,000	1,300
Other Purchased Services (400-500 series)	21,470	7,419	28,889	16,460	12,429
General Supplies	36,014	(3,816)	32,198	24,017	8,181
Textbooks	168,879	(968)	167,911	127,307	40,604
Other Objects	69,684		69,684	22,065	47,619
	500		500		500
Total Regular Programs - Instruction	6,607,753	(175,697)	6,432,056	6,109,223	322,833
Special Education - Instruction:					
Visual Impairments:					
Other Salaries for Instruction		15,200	15,200	15,186	14
Total Visual Impairments		15,200	15,200	15,186	14
Behavioral Disabilities:					
Salaries of Teachers	166,460	(48,400)	118,060	114,272	3,788
Other Salaries for Instruction	54,818	26,800	81,618	79,631	1,987
General Supplies	5,200		5,200	3,028	2,172
Textbooks	750		750	676	74
Total Behavioral Disabilities	227,228	(21,600)	205,628	197,607	8,021

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 120,814	\$ 21,600	\$ 142,414	\$ 142,320	\$ 94
Other Salaries for Instruction	48,714	80,500	129,214	128,528	686
Other Purchased Services (400-500 series)	4,000		4,000	1,198	2,802
General Supplies	10,500		10,500	4,382	6,118
Textbooks	2,000		2,000		2,000
Total Multiple Disabilities	186,028	102,100	288,128	276,428	11,700
Resource Room/Resource Center:					
Salaries of Teachers	968,742	30,300	999,042	963,987	35,055
Other Salaries for Instruction	245,736	(31,513)	214,223	200,708	13,515
General Supplies	15,000		15,000	7,806	7,194
Textbooks	2,000		2,000	1,726	274
Total Resource Room/Resource Center	1,231,478	(1,213)	1,230,265	1,174,227	56,038
Autism:					
Salaries of Teachers	79,070	13,300	92,370	92,313	57
Other Salaries for Instruction	329,533	(43,600)	285,933	271,802	14,131
Purchased Professional - Educational Services	73,037	(114)	72,923	61,313	11,610
Other Purchased Services (400-500 series)		114	114	114	
General Supplies	8,700		8,700	8,641	59
Textbooks	1,000		1,000		1,000
Total Autism	491,340	(30,300)	461,040	434,183	26,857

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Home Instruction:					
Salaries of Teachers	\$ 37,080	\$	\$ 37,080	\$ 19,618	\$ 17,462
Purchased Professional - Educational Services	15,000		15,000	4,333	10,667
Total Home Instruction	52,080		52,080	23,951	28,129
Total Special Education Instruction	2,188,154	\$ 64,187	2,252,341	2,121,582	130,759
Bilingual Education - Instruction:					
Salaries of Teachers	17,078	(11,000)	6,078	5,665	413
Total Bilingual Education - Instruction	17,078	(11,000)	6,078	5,665	413
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	162,299		162,299	156,626	5,673
Supplies and Materials	27,854	4,556	32,410	32,409	1
Total School-Sponsored Cocurricular Activities - Instruction	190,153	4,556	194,709	189,035	5,674
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	512,295	(21,944)	490,351	490,164	187
Purchased Services (300-500 series)	72,940	(1,922)	71,018	67,526	3,492
Supplies and Materials	70,924	(3,329)	67,595	65,412	2,183
Other Objects	26,950	(271)	26,679	14,119	12,560
Transfers to Cover Deficit (Agency Funds)	73,460		73,460	73,460	
Total School-Sponsored Cocurricular Athletics - Instruction	756,569	(27,466)	729,103	710,681	18,422

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries of Teachers	\$ 47,985	\$ (31,000)	\$ 16,985	\$ 16,679	\$ 306
Other Salaries for Instruction	37,512	(34,000)	3,512	2,941	571
Total Summer School - Instruction	85,497	(65,000)	20,497	19,620	877
Alternative Education Program - Instruction:					
Salaries of Teachers	34,217	6,000	40,217	38,923	1,294
Purchased Professional and Technical Services		8,100	8,100	7,996	104
Total Alternative Education Program - Instruction	34,217	14,100	48,317	46,919	1,398
Total Instruction	9,879,421	(196,320)	9,683,101	9,202,725	480,376
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special		33,323	33,323	33,323	
Tuition to County Vocational Schools - Regular	1,028,744		1,028,744	912,491	116,253
Tuition to County Vocational Schools - Special	60,829		60,829	55,948	4,881
Tuition to County Special Services Schools and Regional Day Schools	339,709	(369)	339,340	195,370	143,970
Tuition to Private Schools for the Disabled - Within the State	2,132,095	(322,892)	1,809,203	1,227,738	581,465
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	94,136	289,938	384,074	275,582	108,492
Tuition - Other	16,400		16,400	6,000	10,400
Total Undistributed Expenditures - Instruction	3,671,913		3,671,913	2,706,452	965,461

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Undistributed Expenditures:					
Attendance and Social Work Services:					
Salaries	\$ 48,374		\$ 48,374	\$ 48,278	\$ 96
Salaries of Family Support Teams	105,361	\$ (56,000)	49,361	46,089	3,272
Other Purchased Services (400-500 series)	500		500		500
Total Attendance and Social Work Services	154,235	(56,000)	98,235	94,367	3,868
Health Services:					
Salaries	218,601	(63,000)	155,601	143,084	12,517
Purchased Professional and Technical Services	41,860		41,860	11,528	30,332
Other Purchased Services (400-500 series)	500		500	475	25
Supplies and Materials	5,000		5,000	3,223	1,777
Total Health Services	265,961	(63,000)	202,961	158,310	44,651
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	88,915		88,915	85,319	3,596
Purchased Professional - Educational Services	751,327		751,327	641,033	110,294
Total Other Support Services - Speech, OT, PT and Related Services	840,242		840,242	726,352	113,890
Other Support Services - Students - Extraordinary Services:					
Salaries	180,685	(51,698)	128,987	86,625	42,362
Total Other Support Services - Students - Extraordinary Services	180,685	(51,698)	128,987	86,625	42,362

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 528,265	\$ (18,627)	\$ 509,638	\$ 505,901	\$ 3,737
Salaries of Secretarial and Clerical Assistants	124,307		124,307	123,583	724
Purchased Professional - Educational Services	20,731		20,731	17,336	3,395
Purchased Professional and Technical Services	2,400		2,400	1,493	907
Other Purchased Services (400-500 series)	12,852	(2,000)	10,852	4,749	6,103
Supplies and Materials	4,600		4,600	1,257	3,343
Other Objects		2,000	2,000	2,000	
Total Other Support Services - Guidance	693,155	(18,627)	674,528	656,319	18,209
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	468,777	1,000	469,777	469,231	546
Salaries of Secretarial and Clerical Assistants	77,923		77,923	77,672	251
Purchased Professional - Educational Services	20,000	51,000	71,000	60,448	10,552
Purchased Professional and Technical Services	19,900		19,900	19,521	379
Other Purchased Services (400-500 series)		8,000	8,000	4,717	3,283
Miscellaneous Purchased Services	4,000	(4,000)			
Supplies and Materials	6,900		6,900	4,005	2,895
Total Other Support Services - Child Study Teams	597,500	56,000	653,500	635,594	17,906
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	733,033	(19,608)	733,425	733,425	
Salaries of Secretarial and Clerical Assistants	33,814	(13,609)	20,205	20,205	
Purchased Professional and Technical Services	5,200	298	5,498	5,498	
Other Purchased Services (400-500 series)	6,000	(2,863)	3,137	3,137	
Total Improvement of Instructional Services	798,047	(35,782)	762,265	762,265	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 114,262		\$ 114,262	\$ 113,373	\$ 889
Salaries of Technology Coordinators	130,059		130,059	129,093	966
Other Purchased Services (400-500 series)	300	\$ 11,245	11,545	9,763	1,782
Supplies and Materials	50,160	(5,245)	44,915	43,723	1,192
Other Objects	1,350		1,350	321	1,029
Total Educational Media Services/School Library	296,131	6,000	302,131	296,273	5,858
Instructional Staff Training Services:					
Purchased Professional - Educational Services	540	(540)			
Other Purchased Services (400-500 series)	4,431	864	5,295	5,295	
Total Instructional Staff Training Services	4,971	324	5,295	5,295	
Support Services - General Administration:					
Salaries	262,473	24,737	287,210	287,026	184
Legal Services	35,000	44,298	79,298	67,970	11,328
Audit Fees	47,500	1,000	48,500	48,500	
Architectural/Engineering Services		9,500	9,500	9,500	
Other Purchased Professional Services		54,962	54,962	54,962	
Communications/Telephone	12,700	(7,295)	5,405	5,405	
BOE Other Purchased Services	2,300	(888)	1,412	1,412	
Other Purchased Services (400-500 series)	5,000	(5,000)			
General Supplies	5,400	(1,076)	4,324	4,324	
Miscellaneous Expenditures	17,000	14,324	31,324	30,381	943
BOE Membership Dues and Fees	10,878		10,878	10,878	
Total Support Services - General Administration	398,251	134,562	532,813	520,358	12,455

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 365,795	\$ (82,081)	\$ 283,714	\$ 283,714	
Salaries of Secretarial and Clerical Assistants	92,880	(1,767)	91,113	91,113	
Purchased Professional and Technical Services	14,000	(6,107)	7,893	7,890	\$ 3
Other Purchased Services (400-500 series)	25,000	6,808	31,808	29,475	2,333
Supplies and Materials	15,000	27,942	42,942	39,834	3,108
Other Objects	3,700	2,449	6,149	735	5,414
Total Support Services - School Administration	516,375	(52,756)	463,619	452,761	10,858
Central Services:					
Salaries	201,643	43,671	245,314	243,026	2,288
Purchased Professional Services	18,900	9,040	27,940	27,940	
Purchased Technical Services	11,000	662	11,662	11,662	
Miscellaneous Purchased Services (400-500 series)	14,075	(3,580)	10,495	8,698	1,797
Supplies and Materials	4,600	1,270	5,870	4,856	1,014
Miscellaneous Expenditures	2,185	500	2,685	2,685	
Total Central Services	252,403	51,563	303,966	298,867	5,099
Administration Information Technology:					
Salaries	28,551		28,551	28,337	214
Purchased Professional Services	32,100	(6,269)	25,831	16,087	9,744
Purchased Technical Services	55,000	19,173	74,173	73,416	757
Other Purchased Services (400-500 series)		136	136	135	1
Supplies and Materials	24,000	1,883	25,883	23,811	2,072
Total Administration Information Technology	139,651	14,923	154,574	141,786	12,788

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Required Maintenance for School Facilities:					
Salaries	\$ 110,911	\$ 921	\$ 111,832	\$ 111,832	\$ 111,984
Cleaning, Repair and Maintenance Services	263,349	(62,837)	200,512	88,528	56
Travel		1,505	1,505	1,449	4,521
General Supplies	90,589	73,991	164,580	160,059	1,521
Other Objects	12,730	(42)	12,688	11,167	118,082
Total Required Maintenance for School Facilities	477,579	13,538	491,117	373,035	
Custodial Services:					
Salaries	524,923	(68,131)	456,792	454,669	2,123
Cleaning, Repair and Maintenance Services	14,450		14,450	1,613	12,837
Other Purchased Property Services	16,475	16,501	32,976	31,976	1,000
Insurance	132,140	10,816	142,956	142,956	
Miscellaneous Purchased Services	25,000	9,000	34,000	31,403	2,597
General Supplies	77,000	(31,066)	45,934	41,133	4,801
Energy (Natural Gas)	110,000		110,000	110,000	
Energy (Electricity)	417,459	(46,000)	371,459	280,983	90,476
Other Objects	3,600	(704)	2,896	30	2,866
Total Custodial Services	1,321,047	(109,584)	1,211,463	1,094,763	116,700
Care and Upkeep of Grounds:					
Salaries	118,008	66,450	184,458	184,097	361
Total Care and Upkeep of Grounds	118,008	66,450	184,458	184,097	361

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 176,475	\$ (64,602)	\$ 111,873	\$ 111,873	\$ 31,955
Between Home and School - Special	632,136	(21,738)	610,398	578,443	
Other Than Between Home and School - Regular		42,553	42,553	42,553	
Between Home and School - Nonpublic Schools		14,137	14,137	14,137	
Other Purchased Professional and Technical Services	4,500	1,600	6,100	5,562	538
Cleaning, Repair and Maintenance Services	57,000	499,158	556,158	547,608	8,550
Contracted Services:					
Other Than Between Home and School - Vendors	24,000		24,000	24,000	
Special Education Students - Joint Agreements	4,227		4,227	4,227	
Aid in Lieu of Payment for Nonpublic School Students	25,000		25,000	25,000	
Supplies and Materials	60,341		60,341	60,341	
Total Student Transportation Services	983,679	471,108	1,454,787	1,413,744	41,043
Unallocated Benefits:					
Social Security Contributions	350,000	(300)	349,700	339,271	10,429
TPAF Contributions - ERIP	95,000		95,000	93,402	1,598
Other Retirement Contributions - PERS	365,831	(16,152)	349,679	346,828	2,851
Workmen's Compensation	135,000	15,152	150,152	138,645	11,507
Health Benefits	2,741,867	221,725	2,963,592	2,676,119	287,473
Tuition Reimbursement	45,000		45,000	14,437	30,563
Other Employee Benefits	92,097	42,643	134,740	114,956	19,784
Total Unallocated Benefits	3,824,795	263,068	4,087,863	3,723,658	364,205

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
On-Behalf Contributions:					
TPAF Post Retirement Medical (Non-budgeted)				\$ 892,605	\$ (892,605)
TPAF Pension (Non-budgeted)				1,349,258	(1,349,258)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,058	(2,058)
TPAF Non-Contributory Insurance (Non-budgeted)				32,743	(32,743)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				685,151	(685,151)
Total On-Behalf Contributions				2,961,815	(2,961,815)
Total Personal Services - Employee Benefits	\$ 3,824,795	\$ 263,068	\$ 4,087,863	6,685,473	(2,597,610)
Total Undistributed Expenses	15,534,628	690,089	16,224,717	17,292,736	(1,068,019)
TOTAL GENERAL CURRENT EXPENSE	25,414,049	493,769	25,907,818	26,495,461	(587,643)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:		6,231	6,231	6,231	
Grades 9-12					
Total Equipment		6,231	6,231	6,231	
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	29,896		29,896	29,896	
Total Facilities Acquisition and Construction Services	29,896		29,896	29,896	
TOTAL CAPITAL OUTLAY	29,896	6,231	36,127	36,127	
TOTAL EXPENDITURES	25,443,945	500,000	25,943,945	26,531,588	(587,643)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,430,755)	(500,000)	(1,930,755)	477,555	2,408,110

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Transfers In:					
Capital Projects Fund - Unexpended Project Balances:				\$ 468,693	\$ 468,693
Capital Reserve		\$ (365,000)	\$ (365,000)	(365,000)	
Transfers Out:					
From Capital Reserve to Capital Projects Fund		(365,000)	(365,000)	103,693	468,693
Total Other Financing Sources/(Uses)					
Excess/(Deficiency) of Revenues and Other Financing Sources	\$ (1,430,755)	(865,000)	(2,295,755)	581,048	2,876,803
Over/(Under) Expenditures and Other Financing/(Uses)				4,303,682	
Fund Balance, July 1	4,303,682		4,303,682	4,303,682	
Fund Balance, June 30	<u>\$ 2,872,927</u>	<u>\$ (865,000)</u>	<u>\$ 2,007,927</u>	<u>\$ 4,884,730</u>	<u>\$ 2,876,803</u>
Recapitulation:					
Restricted:				\$ 459,780	
Excess Surplus				469,780	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,346,213	
Capital Reserve				984,082	
Maintenance Reserve					
Assigned:				4,694	
Year-End Encumbrances				620,181	
Unassigned				4,884,730	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(465,594)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,419,136</u>	

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
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	\$ 301,521	\$ 35,963	\$ 337,484	\$ 329,972	\$ 7,512
Total Revenues	301,521	35,963	337,484	329,972	7,512
EXPENDITURES:					
Instruction					
Personal Services - Salaries	40,890	5,381	46,271	43,468	2,803
General Supplies		14,862	14,862	14,862	
Total Instruction	40,890	20,243	61,133	58,330	2,803
Support Services					
Salaries of Other Professional Staff		11,969	11,969	7,368	4,601
Tuition	250,000	(27,969)	222,031	222,031	
Personal Services - Employee Benefits		4,242	4,242	4,242	
Other Purchased Services	10,631	10,624	21,255	21,150	105
Total Support Services	260,631	(1,134)	259,497	254,791	4,706
Facilities Acquisition and Construction Services:					
Instructional Equipment		16,854	16,854	16,851	3
Total Support Services		16,854	16,854	16,851	3
Total Expenditures	301,521	35,963	337,484	329,972	7,512
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LAKELAND REGIONAL HIGH 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	\$ 27,008,943	\$ 329,972
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		100
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	465,358	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(465,594)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 27,008,707	\$ 330,072
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,531,588	\$ 329,972
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, not in the Year the Supplies are Received for GAAP Reporting Purposes.		
Prior Year Encumbrances		100
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 26,531,588	\$ 330,072

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)

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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 June state aid payments for the current year. Since the State is recording the June 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

LAKELAND REGIONAL HIGH 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 Title I	Title II	IDEA Part B, Basic Regular	Totals June 30, 2018
REVENUE:				
Federal Sources	\$ 86,791	\$ 21,150	\$ 222,031	\$ 329,972
Total Revenue	86,791	21,150	222,031	329,972
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	43,468			43,468
General Supplies	14,862			14,862
Total Instruction	58,330			58,330
Support Services:				
Salaries of Other Professional Staff	7,368			7,368
Tuition			222,031	222,031
Personal Services - Employee Benefits	4,242			4,242
Other Purchased Services		21,150		21,150
Total Support Services	11,610	21,150	222,031	254,791
Facilities Acquisition and Construction Services:				
Instructional Equipment	16,851			16,851
Total Facilities Acquisition and Construction Services	16,851			16,851
Total Expenditures	\$ 86,791	\$ 21,150	\$ 222,031	\$ 329,972

CAPITAL PROJECTS FUND

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (314,045)
Transfer from Capital Reserve	365,000
	<hr/>
Total Revenue and Other Financing Sources	50,955
	<hr/>
Expenditures and Other Financing Uses:	
Construction Services	1,647,366
Transfers Out:	
General Fund - Unexpended Project Balances:	
Capital Reserve	468,693
	<hr/>
Total Expenditures and Other Financing Uses	2,116,059
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(2,065,104)
	<hr/>
Fund Balance - Beginning	3,053,552
	<hr/>
Fund Balance - Ending	\$ 988,448
	<hr/> <hr/>
Recapitulation:	
Restricted	\$ 127,834
Committed	860,614
	<hr/>
Fund Balance per Governmental Funds (Budgetary/GAAP)	\$ 988,448
	<hr/> <hr/>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FACILITY IMPROVEMENT AND TECHNICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 4,337,230	\$ 365,000	\$ 4,702,230	\$ 4,702,230
Total Revenue and Other Financing Sources	<u>4,337,230</u>	<u>365,000</u>	<u>4,702,230</u>	<u>4,702,230</u>
Expenditures:				
Purchased Professional and Technical Services	96,417		96,417	525,724
Construction Services	2,097,833	1,647,366	3,745,199	4,176,506
Total Expenditures	<u>2,194,250</u>	<u>1,647,366</u>	<u>3,841,616</u>	<u>4,702,230</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,142,980</u>	<u>\$ (1,282,366)</u>	<u>\$ 860,614</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 4,076,070
Change Orders	\$ 626,160
Revised Authorized Cost	\$ 4,702,230
Change Order Percentage	15.36%
Percentage Completion	81.70%
Original Target Completion Date	November 30, 2016
Revised Target Completion Date	November 30, 2018

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 847,800	\$ (147,271)	\$ 700,529	\$ 700,529
Transfer from Capital Reserve	1,271,700		1,271,700	1,271,700
Total Revenue and Other Financing Sources	<u>2,119,500</u>	<u>\$ (147,271)</u>	<u>1,972,229</u>	<u>1,972,229</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	165,972		165,972	165,972
Construction Services	1,587,724		1,587,724	1,587,724
Transfers Out:				
General Fund - Unexpended Project Balances:				
Capital Reserve		218,533	218,533	218,533
Total Expenditures and Other Financing Uses	<u>1,753,696</u>	<u>218,533</u>	<u>1,972,229</u>	<u>1,972,229</u>
Excess/(Deficiency) of Revenue and Other Financing Sources/(Uses) Over/(Under) Expenditures	<u>\$ 365,804</u>	<u>\$ (365,804)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-14-1002
Grant Date	June 12, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$2,119,500
Change Orders	\$ -0-
Revised Authorized Cost	\$2,119,500
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	August 31, 2014
Revised Target Completion Date	November 30, 2017

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 423,864	\$ (166,774)	\$ 257,090	\$ 257,090
Transfer from Capital Reserve	635,796		635,796	635,796
Total Revenue and Other Financing Sources	1,059,660	\$ (166,774)	892,886	892,886
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	68,026		68,026	68,026
Construction Services	574,700		574,700	574,700
Transfers Out:				
General Fund - Unexpended Project Balances:				
Capital Reserve		250,160	250,160	250,160
Total Expenditures and Other Financing Uses	642,726	250,160	892,886	892,886
Excess/(Deficiency) of Revenue and Other Financing Sources/(Uses) Over/(Under) Expenditures	<u>\$ 416,934</u>	<u>\$ (416,934)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	2510-050-14-1001
Grant Date	June 12, 2014
Bond Authorization Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$1,059,660
Change Orders	\$ -0-
Revised Authorized Cost	\$1,059,660
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	August 31, 2014
Revised Target Completion Date	August 16, 2016

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN ADDITION TO AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 2,656,000		\$ 2,656,000	\$ 2,656,000
Bond Proceeds and Transfers	4,344,000		4,344,000	4,344,000
Total Revenue and Other Financing Sources	<u>7,000,000</u>	<u>\$ -0-</u>	<u>7,000,000</u>	<u>7,000,000</u>
Expenditures:				
Construction Services	6,872,166		6,872,166	7,000,000
Total Expenditures	<u>6,872,166</u>	<u>-0-</u>	<u>6,872,166</u>	<u>7,000,000</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 127,834</u>	<u>\$ -0-</u>	<u>\$ 127,834</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP99279
Grant Date	March 2001
Bond Authorization Date	December 14, 2000
Bonds Authorized	\$ 4,344,000
Bonds Issued	\$ 4,344,000
Original Authorized Cost	\$ 7,000,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 7,000,000
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	August 31, 2003
Revised Target Completion Date	August 31, 2008

PROPRIETARY FUNDS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	86,347
Accounts Receivable - Other Governments		9,245
Inventories		7,854
		<hr/>
Total Current Assets		103,446
Non-Current Assets:		
Capital Assets		102,765
Less: Accumulated Depreciation		(77,134)
		<hr/>
Total Non-Current Assets		25,631
		<hr/>
Total Assets		129,077
		<hr/>
<u>NET POSITION:</u>		
Investment in Capital Assets		25,631
Unrestricted		103,446
		<hr/>
Total Net Position	\$	<u>129,077</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Reimbursable Programs	\$ 206,150
Non-Reimbursable Programs	42,665
Total Daily Sales	<u>248,815</u>
Special Events	<u>10,908</u>
Total Operating Revenue	<u>259,723</u>
Operating Expenses:	
Cost of Sales	
Reimbursable Programs	135,455
Non-Reimbursable Programs	<u>28,033</u>
Total Cost of Sales	<u>163,488</u>
Salaries	219,668
General Supplies	24,675
Depreciation Expense	<u>2,698</u>
Total Operating Expenses	<u>410,529</u>
Operating Loss	<u>(150,806)</u>
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	38,107
National School Lunch Program	89,713
Food Distribution Program	16,745
State Sources:	
School Lunch Program	3,653
Local Sources:	
Interest Revenue	<u>366</u>
Total Non-Operating Revenue	<u>148,584</u>
Change in Net Position Before Other Item	(2,222)
Other Item	<u>12,351</u>
Change in Net Position	10,129
Net Position - Beginning of Year	<u>118,948</u>
Net Position - End of Year	<u>\$ 129,077</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 259,723
Payments to Employees	(219,668)
Payments to Suppliers	<u>(172,248)</u>
Net Cash Used for Operating Activities	<u>(132,193)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,605
Federal Sources	<u>127,153</u>
Net Cash Provided by Noncapital Financing Activities	<u>130,758</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>366</u>
Net Cash Provided by Investing Activities	<u>366</u>
Decrease in Cash and Cash Equivalents	(1,069)
Cash and Cash Equivalents, July 1	<u>87,416</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 86,347</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (150,806)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,698
Federal Food Distribution Program	16,745
Changes in Assets and Liabilities:	
(Increase) in Inventory	<u>(830)</u>
Net Cash Used for Operating Activities	<u><u>\$ (132,193)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$16,745 for the fiscal year ended June 30, 2018.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Transportation</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 672,309
Interfund Receivable	500,000
	1,172,309
Non-Current Assets:	
Capital Assets	1,768,861
Less: Accumulated Depreciation	(1,433,754)
	335,107
Total Current Assets	1,172,309
Total Non-Current Assets	335,107
Total Assets	1,507,416
 <u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	200
	200
Total Current Liabilities	200
Total Liabilities	200
 <u>NET POSITION:</u>	
Investment in Capital Assets	335,107
Unrestricted	1,172,109
	1,507,216
Total Net Position	\$ 1,507,216

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Transportation</u>
Operating Revenue	
Local Sources:	
Charges and Fees	\$ 708,938
Total Operating Revenue	<u>708,938</u>
Operating Expenses:	
Contracted Services	271,988
Aid in Lieu	94,254
Miscellaneous	299,702
Depreciation	<u>104,586</u>
Total Operating Expenses	<u>770,530</u>
Operating Loss	<u>(61,592)</u>
Non-Operating Revenue:	
Interest Revenue	<u>2,616</u>
Total Non-Operating Revenue	<u>2,616</u>
Change in Net Position	(58,976)
Net Position - Beginning of Year	<u>1,566,192</u>
Net Position - End of Year	<u>\$ 1,507,216</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,005,938
Payments to Suppliers	(668,104)
Net Cash Provided by Operating Activities	337,834
Cash Flows from Investing Activities:	
Investment Revenue	2,616
Net Cash Flows Provided by Investing Activities	2,616
Net Increase in Cash and Cash Equivalents	340,450
Cash and Cash Equivalents, July 1	331,859
Cash and Cash Equivalents, June 30	\$ 672,309
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (61,592)
Adjustment to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	104,586
Changes in Assets and Liabilities:	
Decrease in Interfund Receivable	297,000
(Decrease) in Accounts Payable	(2,160)
Net Cash Provided by Operating Activities	\$ 337,834

FIDUCIARY FUNDS

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>		<u>Total</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 158,063	\$ 247	\$ 158,310	\$ 664,935	\$ 62,667
Total Assets	158,063	247	158,310	664,935	62,667
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	158,063	247	158,063		
Total Liabilities	158,063	247	158,310	-0-	-0-
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Compensation Claims				664,935	
Flexible Spending Claims					62,667
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 664,935	\$ 62,667

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan member	\$ 35,078	\$ 10,278
Employer		10,200
Total Contributions	<u>35,078</u>	<u>20,478</u>
Investment Earnings:		
Interest	<u>2,661</u>	<u>203</u>
Net Investment Earnings	<u>2,661</u>	<u>203</u>
Total Additions	<u>37,739</u>	<u>20,681</u>
DEDUCTIONS:		
Unemployment Compensation Claims	41,349	
Flexible Spending Claims		<u>11,333</u>
Total Deductions	<u>41,349</u>	<u>11,333</u>
Change in Net Position	(3,610)	9,348
Net Position - Beginning of the Year	<u>668,545</u>	<u>53,319</u>
Net Position - End of the Year	<u>\$ 664,935</u>	<u>\$ 62,667</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 175,814	\$ 327,051	\$ 344,802	\$ 158,063
Total Assets	<u>\$ 175,814</u>	<u>\$ 327,051</u>	<u>\$ 344,802</u>	<u>\$ 158,063</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 175,814	\$ 327,051	\$ 344,802	\$ 158,063
Total Liabilities	<u>\$ 175,814</u>	<u>\$ 327,051</u>	<u>\$ 344,802</u>	<u>\$ 158,063</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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>
Senior High Schools:				
Student Athletic Account	\$ 27,019	\$ 113,983	\$ 123,542	\$ 17,460
General Organization Account	148,795	213,068	221,260	140,603
Total All Schools	<u>\$ 175,814</u>	<u>\$ 327,051</u>	<u>\$ 344,802</u>	<u>\$ 158,063</u>

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 495	\$ 18,989,501	\$ 18,989,749	\$ 247
Total Assets	<u>\$ 495</u>	<u>\$ 18,989,501</u>	<u>\$ 18,989,749</u>	<u>\$ 247</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 495	\$ 18,989,501	\$ 18,989,749	\$ 247
Total Liabilities	<u>\$ 495</u>	<u>\$ 18,989,501</u>	<u>\$ 18,989,749</u>	<u>\$ 247</u>

LONG-TERM DEBT

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2017	Retired/Matured	Balance June 30, 2018
			Date	Amount				
Refunding Bonds	04/01/10	\$2,595,000	08/01/18	\$ 270,000	4.00%			
			08/01/19	270,000	4.50%			
			08/01/20	270,000	4.50%			
			08/01/21	230,000	5.00%	\$ 1,315,000	\$ 275,000	\$ 1,040,000
						\$ 1,315,000	\$ 275,000	\$ 1,040,000

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

NOT APPLICABLE

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 327,100		\$ 327,100	\$ 327,100	
Total Revenues	327,100		327,100	327,100	
EXPENDITURES:					
Regular Debt Service:					
Interest	52,100		52,100	52,100	
Redemption of Principal	275,000		275,000	275,000	
Total Regular Debt Service	327,100		327,100	327,100	
Total Expenditures	327,100		327,100	327,100	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	8,225		8,225	8,225	
Fund Balance, June 30	<u>\$ 8,225</u>	<u>\$ -0-</u>	<u>\$ 8,225</u>	<u>\$ 8,225</u>	<u>\$ -0-</u>

Recapitulation of Fund Balance at June 30, 2018:
Restricted for Subsequent Year's Expenditures

\$ 8,225

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 8,873,430	\$ 9,922,834	\$ 8,789,802	\$ 8,437,072	\$ 8,809,767	\$ 8,750,044	\$ 8,707,189	\$ 10,360,870	\$ 12,168,377	\$ 12,767,443
Special Education	2,028,873	1,237,410	2,244,478	2,376,904	2,680,156	2,474,463	2,771,099	3,296,413	3,562,340	3,925,121
Other Special Instruction	68,328	72,887	33,879	28,071	17,632	22,763	36,356	29,113	35,344	26,932
Other Instruction	844,499	927,655	975,744	1,162,106	1,232,270	1,133,202	1,226,165	1,441,691	1,792,143	1,763,787
Support Services:										
Tuition	1,650,517	1,150,943	1,059,094	1,396,772	1,483,596	2,012,038	2,413,453	2,462,167	2,511,406	2,928,483
Student & Instruction Related Services	2,851,919	3,286,469	3,201,623	3,271,422	3,369,011	3,391,596	4,129,513	4,957,172	4,577,862	4,914,979
General Administrative Services	701,801	522,360	568,586	446,753	482,851	456,326	634,606	523,254	528,431	626,685
School Administrative Services	1,047,411	675,394	601,948	633,971	633,855	704,331	708,256	697,432	761,399	811,401
Central Services	343,277	338,878	360,337	359,543	394,652	335,326	350,381	374,992	406,838	388,334
Administration Information Technology	63,489	124,441	137,124	159,342	69,649	72,860	170,260	160,281	139,881	152,210
Plant Operations and Maintenance	2,151,206	2,091,550	2,000,551	1,782,700	1,897,239	1,864,148	2,170,359	1,963,594	1,963,594	2,110,077
Pupil Transportation	1,380,054	1,158,366	1,233,285	1,426,083	1,528,171	1,515,123	1,647,997	1,503,503	1,771,279	1,957,036
Interest on Long-term Debt	154,109	275,957	92,739	90,777	83,870	70,069	60,290	48,606	36,243	25,145
Total Governmental Activities Expenses	22,158,913	21,785,144	21,299,190	21,571,516	22,943,606	22,835,380	24,719,713	28,023,853	30,255,137	32,397,633
Business-type Activities:										
Food Service	503,546	473,182	475,672	458,949	446,312	461,037	434,994	427,954	413,915	410,529
Total Business-type Activities Expenses	503,546	473,182	475,672	458,949	446,312	461,037	434,994	427,954	413,915	410,529
Total District Expenses	22,662,459	22,258,326	21,774,862	22,030,465	23,389,918	23,296,417	25,154,707	28,453,807	30,669,052	32,808,162
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	533,188	494,364	614,856	644,224	640,754	679,742	757,110	1,045,332	786,300	764,466
Pupil Transportation	304,681	125,578	179,342	76,345	56,807	70,447	123,257	7,910	189,436	208,938
Operating Grants and Contributions	2,744,121	2,905,901	2,606,883	3,006,149	3,171,186	2,904,398	3,319,499	6,383,969	8,269,910	9,246,927
Capital Grants and Contributions	57,986	167,915	67,001					480,070	295,597	181,952
Total Governmental Activities Program Revenues	3,639,976	3,693,758	3,468,082	3,726,718	3,868,747	3,654,587	4,199,866	7,917,281	9,541,243	10,402,283

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 399,142	\$ 402,930	\$ 379,887	\$ 331,433	\$ 301,668	\$ 278,342	\$ 273,665	\$ 268,385	\$ 249,377	\$ 259,723
Operating Grants and Contributions	111,019	137,012	136,641	145,728	135,657	136,258	125,994	142,770	141,145	148,218
Total Business-type Activities Revenues	510,161	539,942	516,528	477,161	437,325	414,600	399,659	411,155	390,522	407,941
Total District Program Revenues	4,150,137	4,233,700	3,984,610	4,203,879	4,306,072	4,069,187	4,599,525	8,328,436	9,931,765	10,810,224
Net (Expense)/Revenue										
Governmental Activities	(18,518,937)	(18,091,386)	(17,831,108)	(17,844,798)	(19,074,859)	(19,180,793)	(20,519,847)	(20,108,572)	(20,713,894)	(21,995,350)
Business-type Activities	6,615	66,760	40,856	18,212	(8,987)	(46,437)	(35,335)	(16,799)	(23,393)	(2,588)
Total District-wide Net (Expense)/Revenue	(18,512,322)	(18,024,626)	(17,790,252)	(17,826,586)	(19,083,846)	(19,227,230)	(20,555,182)	(20,125,371)	(20,737,287)	(21,997,938)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	15,316,300	15,882,862	16,418,176	15,736,378	15,736,378	15,736,378	16,000,000	16,520,000	17,327,828	17,814,116
Taxes Levied for Debt Service	342,771	343,747	343,747	330,631	321,834	337,663	335,325	339,363	333,000	327,100
Unrestricted Grants and Contributions	3,980,569	3,826,850	3,548,553	3,887,436	4,025,517	4,042,810	4,031,210	4,034,184	4,066,582	4,109,362
Investment Earnings	47,352	41,296	8,323	21,324	23,422	23,242	20,388	18,365	18,052	35,587
Miscellaneous Income	28,460	190,356	74,628	471,867	205,350	164,245	265,677	170,221	254,522	127,084
Transfers	(75,000)	(193,800)						(73,460)		
Total Governmental Activities	19,640,452	20,091,311	20,393,427	20,447,636	20,312,501	20,304,338	20,652,600	21,008,673	21,999,984	22,413,249
Business-type Activities:										
Investment Earnings	3,714	1,670	418	875	924	444	257	213	204	366
Capital Adjustment									2,620	12,351
Total Business-type Activities	3,714	1,670	418	875	924	444	257	213	2,824	12,717
Total District-wide	19,644,166	20,092,981	20,393,845	20,448,511	20,313,425	20,304,782	20,652,857	21,008,886	22,002,808	22,425,966
Change in Net Position										
Governmental Activities	1,121,515	1,999,925	2,562,319	2,602,838	1,237,642	1,123,545	132,753	900,101	1,286,090	417,899
Business-type Activities	10,329	68,430	41,274	19,087	(8,063)	(45,993)	(35,078)	(16,586)	(20,569)	10,129
Total District	\$ 1,131,844	\$ 2,068,355	\$ 2,603,593	\$ 2,621,925	\$ 1,229,579	\$ 1,077,552	\$ 97,675	\$ 883,515	\$ 1,265,521	\$ 428,028

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,				
	2009	2010	2011	2012	2013
General Fund:					
Reserved/Restricted	\$ 2,596,328	\$ 3,803,945	\$ 4,930,336	\$ 7,406,627	\$ 8,011,726
Assigned			122,183	125,571	848,738
Unreserved/Unassigned/(Deficit)	(73,515)	124,031	203,608	141,872	99,853
Total General Fund	<u>\$ 2,522,813</u>	<u>\$ 3,927,976</u>	<u>\$ 5,256,127</u>	<u>\$ 7,674,070</u>	<u>\$ 8,960,317</u>
All Other Governmental Funds:					
Reserved/Restricted		\$ 286,022	\$ 138,000	\$ 138,000	\$ 127,834
Committed			1,501,880	235,633	147,729
Designated for Subsequent Year Expenditures	\$ 476,891	352,249			
Total All Other Governmental Funds	<u>\$ 476,891</u>	<u>\$ 638,271</u>	<u>\$ 1,639,880</u>	<u>\$ 373,633</u>	<u>\$ 275,563</u>
	June 30,				
	2014	2015	2016	2017	2018
General Fund:					
Reserved/Restricted	\$ 9,259,142	\$ 6,463,954	\$ 2,954,338	\$ 3,715,074	\$ 4,259,855
Assigned	125,989	399,398	56,258	17,262	4,694
Unreserved/Unassigned	112,533	211,158	252,755	105,988	154,587
Total General Fund	<u>\$ 9,497,664</u>	<u>\$ 7,074,510</u>	<u>\$ 3,263,351</u>	<u>\$ 3,838,324</u>	<u>\$ 4,419,136</u>
All Other Governmental Funds:					
Reserved/Restricted	\$ 136,059	\$ 136,059	\$ 136,059	\$ 136,059	\$ 136,059
Committed			3,496,225	2,429,721	860,614
Unreserved/Unassigned/(Deficit)	(97,464)	259,277			
Total All Other Governmental Funds	<u>\$ 38,595</u>	<u>\$ 395,336</u>	<u>\$ 3,632,284</u>	<u>\$ 2,565,780</u>	<u>\$ 996,673</u>

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS.

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 15,659,071	\$ 16,226,609	\$ 16,761,923	\$ 16,067,009	\$ 16,038,212	\$ 16,074,041	\$ 16,335,325	\$ 16,859,363	\$ 17,660,828	\$ 18,141,216
Tuition Charges	533,188	494,364	614,856	644,224	640,754	679,742	757,110	1,045,332	786,300	764,466
Interest Earnings	40,796	37,710	7,023	18,698	21,210	22,031	19,670	18,126	18,052	35,587
Miscellaneous	28,460	190,356	74,628	131,683	205,350	164,245	266,177	176,315	256,709	124,468
State Sources	6,506,111	5,770,541	5,817,115	6,294,957	6,889,829	6,656,441	7,056,149	7,780,721	8,012,228	8,436,725
Federal Sources	276,565	1,130,125	405,322	598,628	306,874	290,767	294,060	323,997	325,772	345,369
Total Revenues	23,044,191	23,849,705	23,680,867	23,755,199	24,122,229	23,887,267	24,728,491	26,203,854	27,059,889	27,847,831
Expenditures										
Instruction:										
Regular Instruction	6,650,674	7,357,278	6,342,598	6,192,394	6,302,540	6,335,400	6,114,325	6,120,028	6,061,159	6,109,223
Special Education Instruction	1,532,937	942,039	1,673,264	1,760,158	1,920,170	1,797,528	1,953,692	1,965,455	2,005,582	2,165,050
Other Special Instruction	50,746	53,375	24,743	20,250	12,395	16,815	28,216	19,392	18,791	20,527
Other Instruction	641,143	692,979	751,255	906,436	952,603	851,241	910,903	900,292	1,000,732	966,255
Support Services:										
Tuition	1,650,517	1,150,943	1,059,094	1,396,772	1,483,596	2,012,038	2,413,453	2,462,167	2,511,406	2,928,483
Student & Instruction Related Services	2,198,122	2,581,925	2,384,295	2,458,819	2,465,934	2,461,894	3,088,447	3,136,078	3,210,463	3,454,260
General Administrative Services	598,588	467,898	503,015	390,605	425,435	390,054	576,943	447,947	438,748	520,358
School Administrative Services	809,997	538,951	462,199	477,644	464,447	513,763	516,906	432,345	427,204	452,761
Central Services	262,681	283,537	298,539	298,655	330,804	288,960	285,895	303,576	312,489	298,867
Administration Information Technology	55,314	118,944	131,039	153,410	113,486	118,055	113,240	152,532	129,436	141,786
Plant Operations and Maintenance	1,740,935	1,609,568	1,513,871	1,433,663	1,490,846	1,491,267	1,456,632	1,665,105	1,541,100	1,651,895
Pupil Transportation	1,152,869	1,076,149	994,190	1,142,498	1,075,460	920,071	987,236	1,478,421	1,757,134	1,413,744
Unallocated Benefits	4,393,901	4,284,535	4,341,186	4,507,880	5,016,324	4,934,232	5,428,042	5,904,307	6,075,345	6,685,473
Capital Outlay	20,966	587,494	689,079	1,473,872	548,012	1,126,132	2,585,649	1,377,597	1,728,831	1,700,344
Debt Service:										
Principal	185,000	195,000	230,000	220,000	230,000	235,000	250,000	265,000	270,000	275,000
Interest and Other Charges	157,771	148,747	103,581	110,631	102,000	94,438	85,325	74,363	63,000	52,100
Total Expenditures	22,102,161	22,089,362	21,501,948	22,943,687	22,934,052	23,586,888	26,794,904	26,704,605	27,551,420	28,836,126

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,								
	2009	2010	2011	2012	2013	2014	2015	2016	2018
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 942,030	\$ 1,760,343	\$ 2,178,919	\$ 811,512	\$ 1,188,177	\$ 300,379	\$ (2,066,413)	\$ (500,751)	\$ (988,295)
Other Financing Sources (Uses)									
Capital Leases (non-budgeted)			150,841						
Prior Year Accounts Payable Canceled				340,184					
Transfers In	(75,000)	311,028	1,364,550	44,964	210,408		3,052,041	4,076,070	833,693
Transfers Out		(504,828)	(1,364,550)	(44,964)	(210,408)		(3,052,041)	(4,149,530)	(833,693)
Total Other Financing Sources (Uses)	(75,000)	(193,800)	150,841	340,184	-0-	-0-	-0-	(73,460)	-0-
Net Change in Fund Balances	\$ 867,030	\$ 1,566,543	\$ 2,329,760	\$ 1,151,696	\$ 1,188,177	\$ 300,379	\$ (2,066,413)	\$ (574,211)	\$ (988,295)
Debt Service as a Percentage of Noncapital Expenditures	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.4%	1.4%	1.2%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2008	\$ 106,762	\$ 284,856	\$ 38,459	\$ 430,077
2009	40,796	533,188	28,460	602,444
2010	37,710	494,364	190,356	722,430
2011	7,023	614,856	74,628	696,507
2012	18,698	644,224	131,683	794,605
2013	21,210	640,754	205,350	867,314
2014	22,031	679,742	164,245	866,018
2015	19,670	757,110	265,677	1,042,457
2016	18,126	1,045,332	170,221	1,233,679
2017	18,052	786,300	253,545	1,057,897
2018	35,587	764,466	124,468	924,521

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 34,544,900	\$ 787,768,560	\$ 2,720,400	\$ 133,330	\$ 26,299,900	\$ 17,824,100	\$ -0-	\$ 869,291,190	\$ 101,177,100	\$ 1,084,483	\$ 870,375,673	\$ 1.02	\$ 1,986,231,254
2009*	78,944,500	1,538,576,800	4,731,400	89,300	67,758,300	33,800,900	-0-	1,723,901,200	162,109,600	2,638,490	1,726,539,690	0.53	1,969,028,284
2010	77,893,500	1,534,609,300	5,547,700	91,000	65,443,100	33,014,800	-0-	1,716,599,400	162,472,400	2,386,377	1,718,985,777	0.54	1,849,100,408
2011	76,693,000	1,532,454,400	6,279,300	93,300	65,268,000	32,787,200	-0-	1,713,577,200	163,109,700	-0-	1,718,686,500	0.52	1,788,226,664
2012	75,741,900	1,532,168,100	5,738,400	282,100	64,018,300	32,787,200	-0-	1,710,756,000	163,768,200	-0-	1,710,756,000	0.53	1,732,676,783
2013	72,592,500	1,296,995,400	4,856,600	88,100	58,605,700	27,696,500	-0-	1,460,834,800	147,554,100	-0-	1,460,834,800	0.57	1,663,039,694
2014	72,228,000	1,299,371,100	4,856,600	87,000	57,819,200	26,997,700	-0-	1,461,359,600	147,844,100	-0-	1,461,359,600	0.63	1,631,134,925
2015	72,018,900	1,299,987,900	4,856,600	85,900	67,867,900	24,401,100	-0-	1,469,218,300	148,872,900	-0-	1,469,218,300	0.67	1,638,586,197
2016	71,481,100	1,300,644,000	4,428,500	85,500	67,941,200	23,407,800	5,607,700	1,473,595,800	144,198,500	-0-	1,473,595,800	0.71	1,644,909,923
2017	71,111,600	1,302,382,700	4,246,800	84,600	69,497,700	23,313,400	-0-	1,470,636,800	144,507,100	-0-	1,470,636,800	0.71	1,632,305,507

BOROUGH OF WANAOQUE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 24,877,300	\$ 483,491,974	\$ -0-	\$ -0-	\$ 42,143,720	\$ 10,828,090	\$ 1,600,100	\$ 562,941,184	\$ 292,308,800	\$ 637,511	\$ 563,578,695	\$ 1.17	\$ 1,348,849,124
2008	24,025,200	498,917,774	-0-	-0-	40,972,420	10,828,090	1,600,100	576,343,584	293,031,100	677,148	577,020,732	1.18	1,425,532,571
2009	25,113,400	498,394,774	-0-	-0-	40,494,020	10,828,090	1,600,100	576,430,384	291,576,300	726,242	577,156,626	1.23	1,403,083,133
2010	24,185,700	502,053,074	-0-	3,800	41,896,720	10,591,890	1,600,100	580,331,284	291,958,900	-0-	580,331,284	1.30	1,386,159,406
2011	23,389,700	502,533,774	-0-	3,800	41,631,020	10,321,790	1,379,200	579,259,284	292,146,600	-0-	579,259,284	1.22	1,351,251,430
2012	23,115,800	507,724,774	-0-	3,800	41,574,020	10,321,790	1,379,200	584,119,384	291,755,000	-0-	584,119,384	1.21	1,347,018,699
2013*	43,414,200	963,498,900	-0-	5,800	88,604,200	22,020,000	2,178,100	1,119,721,200	471,787,000	-0-	1,119,721,200	0.70	1,212,597,512
2014	42,582,900	971,990,000	-0-	132,400	86,700,100	21,736,000	2,178,100	1,125,319,500	471,787,000	-0-	1,125,319,500	0.63	1,289,326,322
2015	36,099,300	976,794,800	-0-	132,400	86,193,800	19,791,700	2,178,100	1,121,190,100	476,711,500	-0-	1,121,190,100	0.63	1,257,130,277
2016	35,921,500	976,142,900	805,300	134,400	86,100,400	19,791,700	2,178,100	1,121,074,300	476,299,300	-0-	1,121,074,300	0.65	1,245,557,989
2017	33,925,800	988,682,600	805,300	7,700	72,102,400	19,349	2,178,100	1,097,721,249	477,932,000	-0-	1,097,721,249	0.69	1,262,422,911

* - Property revaluation became effective in this year.

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

b - Tax rates are per \$100.

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.

Source: Municipal Tax Assessors.

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

BOROUGH OF RINGWOOD

Year Ended December 31,	Lakeland Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Ringwood	Borough of Ringwood Public Schools	Passaic County	
2008	\$ 0.9972	\$ 0.0228	\$ 1.02	\$ 1.02		\$ 1.15	\$ 3.19
2009*	0.5184	0.0116	0.53	0.54	0.89	0.57	2.53
2010	0.5286	0.0114	0.54	0.58	0.91	0.58	2.61
2011	0.5093	0.0107	0.52	0.60	0.93	0.60	2.65
2012	0.5194	0.0106	0.53	0.63	0.98	0.65	2.79
2013	0.5580	0.0120	0.57	0.75	1.20	0.76	3.28
2014	0.6168	0.0132	0.63	0.75	1.23	0.79	3.40
2015	0.6562	0.0138	0.67	0.76	1.24	0.85	3.52
2016	0.6969	0.0131	0.71	0.77	1.30	0.84	3.62
2017	0.7001	0.0129	0.71	0.78	1.34	0.82	3.65

BOROUGH OF WANAQUE

Year Ended December 31,	Lakeland Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Wanaque	Borough of Wanaque Public Schools	Passaic County	
2008	\$ 1.1537	\$ 0.0263	\$ 1.18	\$ 1.35	\$ 1.91	\$ 1.25	\$ 5.69
2009	1.2031	0.0269	1.23	1.37	2.01	1.22	5.83
2010	1.2725	0.0275	1.30	1.44	2.07	1.30	6.11
2011	1.1950	0.0250	1.22	1.52	2.22	1.34	6.30
2012	1.1857	0.0243	1.21	1.58	2.24	1.46	6.49
2013*	0.6853	0.0147	0.70	0.87	1.18	0.73	3.48
2014	0.6168	0.0132	0.63	0.88	1.21	0.81	3.53
2015	0.6171	0.0129	0.63	0.88	1.24	0.85	3.60
2016	0.6374	0.0126	0.65	0.89	1.28	0.83	3.65
2017	0.6726	0.0124	0.69	0.90	1.32	0.83	3.74

* - Property revaluation became effective in this year.

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxab

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

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.

Source: Municipal Tax Collector and School Business Administrator.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF RINGWOOD

Taxpayer	2018			2009		
	Taxable Assessed	Rank	% of Total District Net	Taxable Assessed	Rank	% of Total District Net
	Value		Assessed Value	Value		Assessed Value
North Jersey District Water Supply Commission	\$ 59,043,000	1	4.02%	\$23,179,000	1	2.69%
Tennessee Gas Transmission	12,442,400	2	0.85%	1,475,900	10	0.17%
Ringwood Plaza, LTD Partnership	11,536,700	3	0.79%	5,237,400	2	0.61%
Ringwood Associates, LTD, c/o Berger L	7,125,800	4	0.49%			
Serler LLC	3,615,700	5	0.25%	2,702,400	4	0.31%
Ponderosa Group I LLC	3,061,700	6	0.21%	1,592,600	9	0.18%
Chs Wks (DE) 16-81 Inc.	3,000,000	7	0.20%			
PSE&G Co.	2,967,500	8	0.20%	1,904,900	6	0.22%
Spring Lake Land LLC	2,877,800	10	0.20%	1,613,000	8	0.19%
Ringwood Commons, LLC	2,852,900	9	0.19%			
Franciscan Sisters of Ringwood				4,530,900	3	0.53%
Pitts, Howard T., LLP				2,189,000	5	0.25%
GKV Rental, LLC				1,680,100	7	0.19%
Total	\$108,523,500		7.40%	\$46,105,200		5.35%

BOROUGH OF WANAUQUE

Taxpayer	2018			2009		
	Taxable Assessed	Rank	% of Total District Net	Taxable Assessed	Rank	% of Total District Net
	Value		Assessed Value	Value		Assessed Value
North Jersey District Water Supply Commission	\$ 21,221,300	1	1.89%	\$16,164,800	1	3.11%
Wanaque Convalescent Center	16,537,000	2	1.47%	9,240,300	3	1.78%
Omni II LLC	11,641,400	3	1.04%			
Wanaque Building Assoc.	7,269,300	4	0.65%	3,450,000	5	0.66%
Arrow Group Industries	5,201,400	5	0.46%	2,500,000	6	0.48%
Algonquin Gas Trans. Co.	4,489,900	6	0.40%	2,086,390	7	0.40%
Shree Badha Shivan, LLC	3,645,000	7	0.33%			
Ringwood Park Plaza Realty	2,793,000	8	0.25%			
Haskell Town Center LLC	2,697,300	9	0.24%			
Greentree at Wanaque II LLC	2,160,000	10	0.19%			
Pulte Communities of NJ				12,494,200	2	2.40%
Di Rubbio, Ruck and McCauley				5,666,200	4	1.09%
Wanaque Realty Assoc.				1,984,200	8	0.38%
Bald Eagle Urban Renewal at Wanaque				1,545,000	9	0.30%
Haskell Products, Inc.				1,517,500	10	0.29%
Total	\$ 77,655,600		6.92%	\$56,648,590		10.90%

Source: Municipal Tax Assessors.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 8,869,611	\$ 8,869,611	100.00%	-0-
2010	9,164,471	9,164,471	100.00%	-0-
2011	9,220,218	9,220,218	100.00%	-0-
2012	8,976,308	8,976,308	100.00%	-0-
2013	8,980,549	8,980,549	100.00%	-0-
2014	8,267,727	8,267,727	100.00%	-0-
2015	9,232,810	9,232,810	100.00%	-0-
2016	9,621,236	9,621,236	100.00%	-0-
2017	10,415,794	10,415,794	100.00%	-0-
2018	10,490,115	10,490,115	100.00%	-0-

BOROUGH OF WANAQUE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 6,789,460	\$ 6,789,460	100.00%	-0-
2010	7,062,138	7,062,138	100.00%	-0-
2011	7,541,705	7,541,705	100.00%	-0-
2012	7,090,701	7,090,701	100.00%	-0-
2013	7,077,663	7,077,663	100.00%	-0-
2014	7,806,314	7,806,314	100.00%	-0-
2015	7,102,515	7,102,515	100.00%	-0-
2016	7,238,127	7,238,127	100.00%	-0-
2017	7,245,034	7,245,034	100.00%	-0-
2018	7,651,101	7,651,101	100.00%	-0-

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: Lakeland Regional High School District records, including the Certificate and Report of Report of School Taxes (A4F form).

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities							Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Total District	Total District	Total District		
2009	3,945,651	-0-	-0-	-0-	3,945,651	3,945,651	0.40%	\$ 159.88	
2010	3,695,534	-0-	-0-	-0-	3,695,534	3,695,534	0.38%	148.68	
2011	3,426,257	-0-	150,841	-0-	3,577,098	3,577,098	0.38%	153.08	
2012	3,163,543	-0-	101,770	-0-	3,265,313	3,265,313	0.33%	137.91	
2013	2,887,092	-0-	51,782	-0-	2,938,874	2,938,874	0.30%	123.42	
2014	2,601,576	-0-	-0-	-0-	2,601,576	2,601,576	0.26%	108.41	
2015	2,296,640	-0-	-0-	-0-	2,296,640	2,296,640	0.22%	94.81	
2016	1,971,897	-0-	-0-	-0-	1,971,897	1,971,897	0.17%	81.16	
2017	1,636,927	-0-	-0-	-0-	1,636,927	1,636,927	0.14%	67.76	
2018	1,040,000	-0-	-0-	-0-	1,040,000	1,040,000	0.09%	42.54	

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.

b - Includes Early Retirement Incentive Plan (ERIP) refunding.

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

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH 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	\$ 3,229,000	\$ -0-	\$ 3,229,000	0.223%	\$ 130.84
2010	3,015,000	-0-	3,015,000	0.131%	121.30
2011	2,785,000	-0-	2,785,000	0.121%	119.18
2012	2,565,000	-0-	2,565,000	0.112%	108.33
2013	2,335,000	-0-	2,335,000	0.102%	98.06
2014	2,100,000	-0-	2,100,000	0.081%	87.51
2015	1,850,000	-0-	1,850,000	0.072%	76.37
2016	1,585,000	-0-	1,585,000	0.061%	65.24
2017	1,315,000	-0-	1,315,000	0.051%	54.43
2018	1,040,000	-0-	1,040,000	0.040%	42.54

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.

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

Source: School District Financial Reports.

LAKELAND REGIONAL HIGH 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>
Debt Repaid with Property Taxes:			
Borough of Ringwood	\$ 12,372,717	100.00%	\$ 12,372,717
Borough of Wanaque	20,875,930	100.00%	20,875,930
Passaic County General Obligation Debt	356,654,874	8.37%	<u>29,868,312</u>
Subtotal, Overlapping Debt			63,116,959
Lakeland Regional High School District Direct Debt			<u>1,040,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 64,156,959</u></u>

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

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 residents and businesses of Ringwood and Wanaque. 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 payment.

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Year Ended December 31,	Borough of Ringwood	Borough of Wanaque	Equalized Valuation Basis
2015	\$ 1,639,386,632	\$ 1,235,743,525	\$ 2,875,130,157
2016	1,634,967,048	1,257,091,612	2,892,058,660
2017	<u>1,661,924,285</u>	<u>1,282,640,487</u>	<u>2,944,564,772</u>
	<u>\$ 4,936,277,965</u>	<u>\$ 3,775,475,624</u>	<u>\$ 8,711,753,589</u>
Average Equalized Valuation of Taxable Property			<u>\$ 2,903,917,863</u>
Debt Limit (3% of Average Equalization Value)			\$ 87,117,536
Net Bonded School Debt			<u>1,040,000</u>
Legal Debt Margin			<u>\$ 86,077,536</u>

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 97,812,782	\$ 99,422,447	\$ 97,180,441	\$ 94,319,983	\$ 91,691,080
Total Net Debt Applicable to Limit	<u>3,229,000</u>	<u>3,015,000</u>	<u>2,785,000</u>	<u>2,565,000</u>	<u>2,335,000</u>
Legal Debt Margin	<u>\$ 94,583,782</u>	<u>\$ 96,407,447</u>	<u>\$ 94,395,441</u>	<u>\$ 91,754,983</u>	<u>\$ 89,356,080</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.30%	3.03%	2.87%	2.72%	2.55%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 89,385,043	\$ 87,593,392	\$ 86,715,758	\$ 86,543,953	\$ 87,117,536
Total Net Debt Applicable to Limit	<u>2,100,000</u>	<u>1,850,000</u>	<u>1,585,000</u>	<u>1,315,000</u>	<u>1,040,000</u>
Legal Debt Margin	<u>\$ 87,285,043</u>	<u>\$ 85,743,392</u>	<u>\$ 85,130,758</u>	<u>\$ 85,228,953</u>	<u>\$ 86,077,536</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.35%	2.11%	1.83%	1.52%	1.19%

a - Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other districts.

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF RINGWOOD

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	12,602	\$ 502,908,014	\$ 39,907	4.6%
2009	12,712	494,903,584	38,932	9.0%
2010	12,240	487,237,680	39,807	9.2%
2011	12,320	509,690,720	41,371	9.0%
2012	12,343	516,233,632	41,824	8.9%
2013	12,385	518,398,945	41,857	8.6%
2014	12,420	542,592,540	43,687	5.9%
2015	12,448	587,408,672	47,189	4.7%
2016	12,399	589,535,253	47,547	4.6%
2017	12,454	592,150,338	47,547 *	4.6%

BOROUGH OF WANAQUE

Year	Population ^a	Personal Income (thousands of dollars) ^b	Passaic County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	12,077	\$ 481,956,839	\$ 39,907	4.3%
2009	12,144	472,790,208	38,932	8.4%
2010	11,128	442,972,296	39,807	8.6%
2011	11,357	469,850,447	41,371	8.4%
2012	11,469	479,679,456	41,824	8.3%
2013	11,612	486,043,484	41,857	13.3%
2014	11,804	515,681,348	43,687	6.2%
2015	11,848	559,095,272	47,189	5.0%
2016	11,759	559,105,173	47,547	4.6%
2017	11,994	570,278,718	47,547 *	4.6%

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

Source:

- a - Population information provided by the US Department of Census - Population Division.
- b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	83	78	65	62	62	74	75	76	70	N/A
Special Education	16	16	16	12	12	19	20	19	18	N/A
Other Special Instruction	15	16	17	16	16	14	15	20	1	N/A
Support Services:										
Student & Instruction Related Services	18	26	30	27	29	29	29	28	54	N/A
General Administrative Services	4	3	2	2	2	2	2	2	2	N/A
School Administrative Services	10	6	5	5	5	6	6	7	4	N/A
Plant Operations and Maintenance	15	16	10	10	10	12	12	10	9	N/A
Pupil Transportation	15	12	14	15	15	16	17	16	20	N/A
Business and Other Support Services	3	4	4	4	5	5	5	4	4	N/A
Food Service	11	7	11	12	12	14	14	10	8	N/A
Total	190	184	174	165	168	191	195	192	190	0

N/A - Not Available

Source: District Personnel Records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Operating Expenditures ^a		Cost Per Pupil	Percentage Change	Teaching Staff ^b	Senior High School	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures ^a					Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c				
2009	1,162	\$ 21,738,424	\$ 18,708	2.81%	112	1:10.30	1,162	1,085	1,162	1,085	-2.84%	93.37%
2010	1,167	21,158,121	18,130	-3.09%	110	1:10.60	1,167	1,102	1,167	1,102	0.43%	94.43%
2011	1,184	20,479,288	17,297	-4.60%	100	1:11.86	1,184	1,139	1,184	1,139	1.46%	96.20%
2012	1,112	21,139,184	19,010	9.91%	92	1:12.09	1,112	1,057	1,112	1,057	-6.08%	95.05%
2013	1,117	22,054,040	19,744	3.86%	105	1:10.87	1,117	1,106	1,117	1,106	0.45%	99.02%
2014	1,047	22,131,318	21,138	7.06%	93	1:11.17	1,039	993	1,039	993	-6.98%	95.57%
2015	1,003	23,873,930	23,803	12.61%	115	1:11.42	999	950	999	950	-3.85%	95.10%
2016	985	24,987,645	25,368	6.58%	115	1:12.06	989	942	989	942	-1.00%	95.25%
2017	969	25,489,589	26,305	3.69%	104	1:10.2	970	919	970	919	-1.92%	94.74%
2018	948	26,808,682	28,279	7.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

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).

Note: Enrollment based on annual October District count.

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
Lakeland Regional High School (1958):										
Square Feet	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390	208,390
Capacity (students)	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267
Enrollment	1,162	1,167	1,184	1,112	1,117	1,047	1,003	985	969	948

Number of Schools at June 30, 2018:
 Elementary = 0
 Middle School = 0
 High School = 1
 Other = 0

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: Lakeland Regional High School District Facilities Office.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

School Facilities*	Project # (s)	Fiscal Year Ended June 30,				
		2009	2010	2011	2012	2013
High School	N/A	\$ 308,905	\$ 245,475	\$ 288,071	\$ 303,513	\$ 311,356
Total School Facilities		<u>308,905</u>	<u>245,475</u>	<u>288,071</u>	<u>303,513</u>	<u>311,356</u>
Grand Total		<u>\$ 308,905</u>	<u>\$ 245,475</u>	<u>\$ 288,071</u>	<u>\$ 303,513</u>	<u>\$ 311,356</u>

School Facilities*	Project # (s)	Fiscal Year Ended June 30,				
		2014	2015	2016	2017	2018
High School	N/A	\$ 234,235	\$ 263,032	\$ 449,464	\$ 312,185	\$ 373,035
Total School Facilities		<u>234,235</u>	<u>263,032</u>	<u>449,464</u>	<u>312,185</u>	<u>373,035</u>
Grand Total		<u>\$ 234,235</u>	<u>\$ 263,032</u>	<u>\$ 449,464</u>	<u>\$ 312,185</u>	<u>\$ 373,035</u>

N/A - Not Applicable.

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

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Company:		
Special Multi Peril:		
Property - Blanket Building and Contents (per Building)	N/A	N/A
Increased Cost of Construction, Combined -		
Per Building, Per Loss	N/A	N/A
Earthquake and Volcanic Eruption	N/A	N/A
Flood - Outside Zones A, B or V	N/A	N/A
Flood - Zone B	N/A	N/A
Flood - Zone A or V	N/A	N/A
Valuable Papers and Records - Per Entity	N/A	N/A
EDP Equipment - Catastrophe Limit	N/A	N/A
Combined Business Interruption and Extra Expense	N/A	N/A
Comprehensive General Liability:		
General Aggregate	N/A	
Per Occurrence	N/A	
Employee Benefits Liability	N/A	
Electronic Data Processing	N/A	
Limited Pollution Liability	N/A	
Boiler & Machinery: Property Damage - Blanket	N/A	N/A
Crime:		
Employee Theft - Per Loss	N/A	N/A
Forgery or Alteration	N/A	N/A
Inside the Premises - Robbery or Safe Burglary	N/A	N/A
Computer Fraud	N/A	N/A
Faithful Performance of Duty - Per Loss	N/A	
Commercial Automobile:		
Automobile Liability - Comprehensive and Collision	N/A	N/A
Additional Personal Injury Protection	N/A	
Medical Payments	N/A	
Uninsured Motorist	N/A	
Underinsured Motorist	N/A	
Commercial Umbrella (above \$1,000,000):		
Per Occurrence/Aggregate Limit	N/A	
Retention	N/A	

Source: Lakeland Regional High School District records.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Fireman's Fund Insurance Company:		
High Excess Liability (above \$10,000,000):		
Per Occurrence/Aggregate	N/A	
Pooled Insurance Program of New Jersey:		
Worker's Compensation	N/A	
State National Casualty Corporation:		
Worker's Compensation Excess Liability	N/A	
American Safety Casualty Insurance Company:		
Environmental Impairment Liability:		
Impairment Incident Limit	N/A	N/A
Impairment Aggregate per Named Insured	N/A	
Impairment Aggregate Limit	N/A	
Darwin National Assurance Company:		
School Board Legal Liability:		
Directors and Officers Policy Per Claim Aggregate	N/A	N/A
Employment Practices Liability		N/A
Selective Insurance Company:		
Public Employees' Faithful Performance Surety Position Bond:		
Treasurer	N/A	
Board Secretary/Business Administrator	N/A	
Zurich Insurance Company:		
Student Accident Insurance:		
Maximum Benefit	N/A	
XL Group:		
Cyber Liability	N/A	

N/A - Not Available

Source: Lakeland Regional High School District records.

SINGLE AUDIT SECTION



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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
Lakeland Regional High School District
County of Passaic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lakeland Regional Board of Education, in the County of Passaic (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
Lakeland Regional High 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.

Mount Arlington, New Jersey
January 18, 2019

Nisivoccia LLP
NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
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Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lakeland Regional High School District
 County of Passaic, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Lakeland Regional High 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 its 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 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 the 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.

The Honorable President and Members
of the Board of Education
Lakeland Regional High School District
Page 2

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.

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 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.

Mount Arlington, New Jersey
January 18, 2019

Nisivoccia LLP
NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		Amounts Provided to Subrecipients	
			From	To		Unearned Revenue/ Receivable	(Accounts Receivable)					Unearned Revenue	(Accounts Receivable)		
U.S. Department of Agriculture - Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
School Breakfast Program	10.553	N/A	7/1/17	6/30/18	\$ 38,107			\$ 35,330	\$ (38,107)				\$ (2,777)		
School Breakfast Program	10.553	N/A	7/1/16	6/30/17	36,148			2,700							
Federal Food Distribution Program	10.555	N/A	7/1/17	6/30/18	16,745			16,745	(16,745)						
National School Lunch Program	10.555	N/A	7/1/17	6/30/18	89,713			83,472	(89,713)				(6,241)		
National School Lunch Program	10.555	N/A	7/1/16	6/30/17	84,032			5,650	(144,565)				(9,018)		
Subtotal Child Nutrition Cluster								143,897	(144,565)				(9,018)		
Total U.S. Department of Agriculture															
								143,897	(144,565)				(9,018)		
U.S. Department of Education:															
General Fund:															
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/17	6/30/18	15,297			15,297	(15,297)						
Total General Fund															
								15,297	(15,297)						
Special Revenue Fund:															
Special Education Cluster:															
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-18	7/1/17	6/30/18	222,031			114,614	(222,031)				(107,417)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2510-17	7/1/16	6/30/17	233,428			87,813							
I.D.E.A. - Part B, Basic Regular - Carryover	84.027	IDEA-2510-08	9/1/07	8/31/09	229,011			\$ 45			\$ (45)				
Total Special Education Cluster															
								202,427	(222,031)				(107,417)		
Elementary and Secondary Education Act															
Title I	84.010A	ESEA-2510-18	7/1/17	6/30/18	94,198			9,681	(86,791)				(77,110)		
Title I	84.010A	NCLB-2510-17	7/1/16	6/30/17	83,637			30,207							
Title II	84.367A	ESEA-2510-18	7/1/17	6/30/18	21,255			2,152	(21,150)				(18,998)		
Title II	84.367A	NCLB-2510-17	7/1/16	6/30/17	15,571			12,921							
Title II - Carryover	84.367A	ESEA-2510-15	7/1/14	6/30/15	17,284			2,097			\$ (2,097)				
Total Special Revenue Fund															
								257,388	(329,972)				(203,525)		
Total U.S. Department of Education															
								272,685	(345,269)				(203,525)		
TOTAL FEDERAL AWARDS															
								\$ 416,582	\$ (489,834)				\$ (212,543)	\$ -0-	
								\$ 2,142	\$ (2,142)				\$ -0-	\$ -0-	

N/A - Not Available

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

LAKELAND REGIONAL HIGH 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		Program or Award Amount	Balance at June 30, 2017 Budgetary Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Cancellation	GAAP (Accounts Receivable)	MEMO		
		From	To							Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:												
General Fund:												
Equalization Aid	18-495-034-5120-078	7/1/17	6/30/18	\$ 3,876,700	\$ (372,931)	\$3,503,580	\$ (3,876,700)			\$ (373,120)	\$ 3,876,700	
Equalization Aid	17-495-034-5120-078	7/1/16	6/30/17	3,876,700	372,931	372,931	3,876,700				3,876,700	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	687,768	(66,162)	621,573	(687,768)			(66,195)	687,768	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	687,768	66,162	66,162	687,768				687,768	
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	19,744	(1,899)	17,844	(19,744)			(1,900)	19,744	
Security Aid	17-495-034-5120-084	7/1/16	6/30/17	19,744	1,899	1,899	19,744				19,744	
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	96,677	(9,300)	87,372	(96,677)			(9,305)	96,677	
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	96,677	9,300	9,300	96,677				96,677	
Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	126,667	(12,185)	114,476	(126,667)			(12,191)	126,667	
Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	126,667	12,185	12,185	126,667				126,667	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	10,240	(985)	9,254	(10,240)			(986)	10,240	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	10,240	985	985	10,240				10,240	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	10,240	(985)	9,254	(10,240)			(986)	10,240	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	6/30/17	10,240	985	985	10,240				10,240	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	9,470	(911)	8,559	(9,470)			(911)	9,470	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	6/30/17	9,470	911	911	9,470				9,470	
Extraordinary Special Education Aid	18-495-034-5120-044	7/1/17	6/30/18	385,196	(310,439)	310,439	(385,196)		\$ (385,196)	(385,196)	385,196	
Extraordinary Special Education Aid	17-495-034-5120-044	7/1/16	6/30/17	385,196	310,439	310,439	385,196				385,196	
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	29,290	(17,052)	17,052	(29,290)			(29,290)	29,290	
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16	6/30/17	29,290	17,052	17,052	29,290				29,290	
Homeless Tuition Reimbursement	N/A	7/1/17	6/30/18	41,202			(41,202)				17,052	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17	6/30/18	685,151	(33,742)	651,948	(685,151)			(41,202)	41,202	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16	6/30/17	685,151	33,742	33,742	685,151			(33,203)	685,151	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17	6/30/18	892,605		892,605	(892,605)				892,605	
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	7/1/16	6/30/17	892,605		892,605	892,605				892,605	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	32,743		32,743	(32,743)				32,743	
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16	6/30/17	32,743		32,743	32,743				32,743	
Total General Fund State Aid					(826,591)	8,127,115	(8,255,009)		(488,891)	(954,485)	14,105,342	
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	3,653		3,426	(3,653)			(227)	3,653	
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	2,909	(179)	179					2,909	
Total Enterprise Fund					(179)	3,605	(3,653)		(227)	(227)	6,562	

LAKELAND REGIONAL HIGH 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		Program or Award Amount	Balance at June 30, 2017 Budgetary/Unearned Revenue/(Accounts Receivable)	Cash Received	Budgetary Expenditures	Cancellation	GAAP (Accounts Receivable)	MEMO		
		From	To							Budgetary Receivable	Cumulative Total Expenditures	
Schools Development Authority:												
Capital Projects Fund:												
Boiler Replacement Project	SP-2510-050-14-1001	6/12/14	11/30/17	\$ 257,091	\$ (218,191)	\$ 51,418		\$ (166,773)			\$ 257,091	
HVAC Upgrades	SP-2510-050-14-1002	6/12/14	6/30/17	700,529	(277,806)	130,535		(147,271)			700,529	
Total Capital Projects Fund				181,953	(495,997)	181,953		(147,271)			957,620	
Total State Awards Subject to Single Audit Determination				\$ (1,322,767)	\$ 88,312,673	\$ (8,258,662)		\$ (147,271)	\$ (489,118)	\$ (954,485)	\$ 15,069,524	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TP AF Pension System Contributions:												
On-Behalf TP AF Pension System Contributions	18-495-034-5094-001	7/1/17	6/30/18	(892,605)			892,605					
On-Behalf TP AF Pension System Contributions	18-495-034-5094-002	7/1/17	6/30/18	(1,349,258)			1,349,258					
On-Behalf TP AF Pension System Contributions	18-495-034-5094-004	7/1/17	6/30/18	(32,743)			32,743					
On-Behalf TP AF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	(2,058)			2,058					
Subtotal - On-Behalf TP AF Pension System Contributions				2,276,664								
Total State Awards Subject to Single Audit Major Program Determination				\$ (5,981,998)								

N/A - Not Available

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO 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 includes the federal and state awards activity of the Board of Education, Lakeland Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules are presented in accordance with the requirements of the 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 using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the 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. Pass-through identifying numbers are presented where available.

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, special revenue fund and capital projects 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 fiscal 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 June state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent fiscal 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. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$236) for the general fund, \$100 for local grants in the special revenue fund and \$130,997 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO 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 financial statements on a GAAP basis as presented below:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 15,297	\$ 8,254,773	\$ 8,270,070
Special Revenue Fund	330,072		330,072
Capital Projects Fund		181,952	181,952
Proprietary Fund	144,565	3,653	148,218
Total Financial Assistance	<u>\$ 489,934</u>	<u>\$ 8,440,378</u>	<u>\$ 8,930,312</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,271,664 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2018, \$775,667 has been expended and submitted for reimbursement and \$775,667 has been received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

LAKELAND REGIONAL HIGH 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 Circular.
- The District's state programs tested as major for the current fiscal year were the following:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State Program:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$3,876,700	\$ 3,876,700
Special Education				
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	687,768	687,768
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	126,667	126,667
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	19,744	19,744
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	10,240	10,240
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	10,240	10,240
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	9,470	9,470

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

LAKELAND REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.