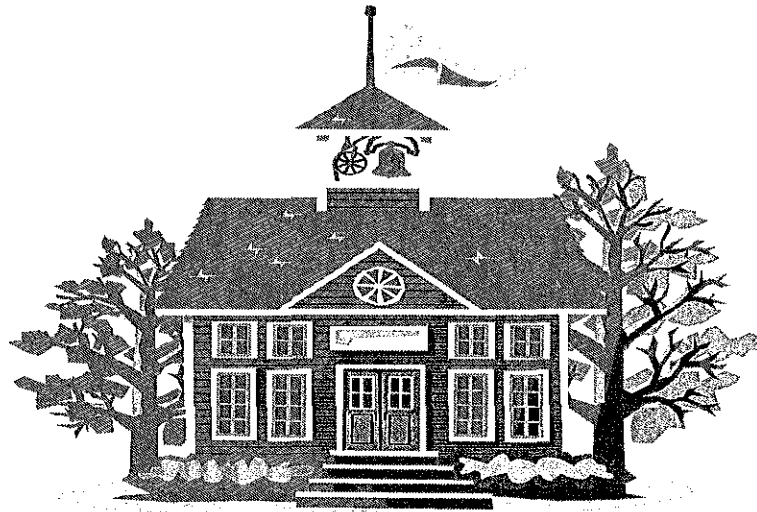


**SCHOOL DISTRICT**

**OF**

**LAVALLETTE**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LAVALLETTE BOARD OF EDUCATION**

**LAVALLETTE, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**PREPARED BY**

**LAVALLETTE BOARD OF EDUCATION  
FINANCE DEPARTMENT**

**LAVALLETTE SCHOOL DISTRICT**

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\*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

**LAVALLETTE SCHOOL DISTRICT**

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## **INTRODUCTORY SECTION**



LAVALLETTE BOARD OF EDUCATION

*105 Brooklyn Avenue  
Lavallette, New Jersey 08735*

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

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

November 15, 2018

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

Dear Board Members:

The comprehensive annual financial report of the Lavallette School District (District) for the fiscal year ended June 30, 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2018 fiscal year with an enrollment of 198 students, an increase of 10 students from June 2017, mainly due to high school enrollment. During the 2017/2018 school year, Lavallette became a receiving district for students from Seaside Park in grades K-6. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	143.6	-2.4%
2016-2017	147.1	4.5%
2015-2016	140.7	1.7%
2014-2015	138.3	1.6%
2013-2014	136.1	- 6.5%
2012-2013	145.9	-13.8 %
2011-2012	166.1	-0.6%
2010-2011	167.2	12.5%
2009-2010	148.6	6.4%
2008-2009	139.6	-5.9%

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

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Lavallette Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2017-2018 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

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

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

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

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

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

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2018, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increases/(Decreases) from 2017</u>	
			<u>\$</u>	<u>%</u>
Local	\$4,065,729	84%	150,983	3%
State	688,101	14%	86,657	14%
Federal	<u>89,828</u>	<u>2%</u>	<u>6,821</u>	8%
Total	<u>\$4,843,658</u>	<u>100%</u>	<u>\$244,461</u>	5%

The local tax levy increased year-to-year \$67,939. Interest earned, tuition and miscellaneous income equaled \$412,055 an increase of \$83,044 from 2016/2017.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2017</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,587,504	32.4%	26,424	1.7%
Undistributed				
Instruction	1,019,650	20.8%	(450,915)	(30.7)%
Other Expend	2,190,683	44.6%	778,457	55.1%
Capital Outlay	29,781	0.6%	1,408	5.0%
Debt Service				
Principal	60,000	1.2%	-	0.0%
Interest	<u>19,775</u>	<u>0.4%</u>	<u>(2,440)</u>	-11.0%
Total	<u>\$4,907,393</u>	<u>100.0%</u>	<u>\$352,934</u>	7.7%

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Lavallette's enviable position as one of the state's lowest school taxpaying districts. During 2017 Lavallette taxpayers were assessed the lowest general school tax for an operating school district in Ocean County. Faculty salaries increased and included expanded teacher hours for regular education and special education instruction. Capital Outlay monies were used for building maintenance equipment.

8. DEBT ADMINISTRATION: On March 8, 2005 the District sold \$1,187,000 of school bonds at a net interest rate of 4.109% for the purpose of renovations at the Lavallette Elementary School. At June 30, 2018 the District's outstanding debt was \$420,000.

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

secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$1,875,708 in cash and temporary investments at June 30, 2018.

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

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

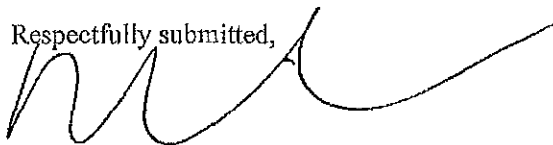
11. OTHER INFORMATION:

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

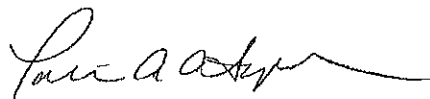
12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



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



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

## LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

## ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education:</u>	<u>Term Expires:</u>
Michael Vaeri, President	2019
Beth D'Aloisio, Vice President	2019
Alison Zylinski, Board Member	2021
Steve Shohfi, Board Member	2021
MaryAnn Baginski, Board Member	2020
June Korzeneski, Seaside Park Representative Board Member	

## Other Officials:

Dr. Peter S. Morris, Superintendent

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

Joan Buczkowski, Treasurer

LAVALLETTE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

**Audit Firm:**

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

**Official Depository:**

**Ocean First Bank**  
Hooper Avenue  
Toms River, NJ 08735

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

**BOARD OF EDUCATION**

**SUPERINTENDENT**

School Business Administrator/  
Board Secretary

Bookkeeper

Facilities Manager

Custodial Staff

Food Service Staff

Attendance Officer

Treasurer

Secretary to the Superintendent

School Secretary

Teaching Staff:

K-8

School Nurse

Foreign Language

Physical Education

Resource

Basic Skills

Guidance

Speech

Media Center

Music

Art

Student Resources

Aides



## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

9.

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

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2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lavallette School District, in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

### ***Other Matters***

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

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

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the Lavallette's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lavallette Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

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

November 15, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## LAVALLETTE SCHOOL DISTRICT

### Management's Discussion and Analysis

For the Year Ended June 30, 2018

This section of the School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 fiscal year include the following:

- The local tax levy increased from 2016-2017 by \$67,636 to \$3,653,674 due primarily to the overall increase in the District's general fund budget.
- Total spending for all programs was \$5,068,652 general revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs.

### District-wide Financial Analysis

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

	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 1,955,370	2,109,557
Capital Assets, Net	<u>2,913,347</u>	<u>3,106,499</u>
Total	<u>4,868,717</u>	<u>5,216,056</u>
Deferred Outflows	<u>156,308</u>	<u>222,731</u>
Deferred Inflows	<u>174,417</u>	<u>56,239</u>
Other Liabilities	118,079	163,671
Long-Term Liabilities	<u>1,013,952</u>	<u>1,271,397</u>
Total	<u>1,132,031</u>	<u>1,435,068</u>
Invest in Capital Assets, Net	2,493,347	2,609,477
Restricted	1,375,684	1,409,750
Unrestricted	<u>(150,454)</u>	<u>(71,747)</u>
Total Net Position	<u>\$ 3,718,577</u>	<u>3,947,480</u>

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

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



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

	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 331,442	308,453
Operating Grants and Contributions	142,279	97,647
General Revenues		
Property Taxes	3,573,899	3,503,823
Taxes Levied for Debt Service	79,775	82,215
Federal and State Aid	688,345	597,951
Miscellaneous & Investment Income	<u>24,009</u>	<u>43,123</u>
Total Revenues	<u>4,839,749</u>	<u>4,633,212</u>
Expenses:		
Instructional Services	1,537,827	1,561,080
Support Services/Undistributed Costs	3,488,286	3,180,620
Food Service	<u>42,539</u>	<u>41,346</u>
Total Expenses	<u>5,068,652</u>	<u>4,783,046</u>
Change in Net Position	<u>\$ (228,903)</u>	<u>(149,834)</u>

#### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2017 encumbrances, which "roll-over" into the subsequent year's budget (2017-2018) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2017-2018 budget.

#### **Economic Factors and Next Year's Budget**

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

#### **Contacting the District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**LAVALLETTE SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2018**

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ -	711	711
Receivables, Net	73,467	566	74,033
Prepaid Expense	4,345		4,345
Inventory		573	573
Restricted Assets:			
Cash and Cash Equivalents	1,064,301		1,064,301
Capital Reserve Account - Cash	811,407		811,407
Capital Assets, Net	2,913,347		2,913,347
Total Assets	<u>4,866,867</u>	<u>1,850</u>	<u>4,868,717</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>156,308</u>		<u>156,308</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>174,417</u>		<u>174,417</u>
<b><u>Liabilities</u></b>			
Accounts Payable and Accrued Interest	10,101	36,883	46,984
Deferred Revenue	3,033		3,033
Noncurrent Liabilities:			
Due Within One Year	68,062		68,062
Due Beyond One Year	1,013,952		1,013,952
Total Liabilities	<u>1,095,148</u>	<u>36,883</u>	<u>1,132,031</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	2,493,347		2,493,347
Restricted For:			
Other Purposes	1,375,684		1,375,684
Unrestricted	<u>(115,421)</u>	<u>(35,033)</u>	<u>(150,454)</u>
Total Net Position	<u>\$ 3,753,610</u>	<u>(35,033)</u>	<u>3,718,577</u>

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

**LAVALLETTE SCHOOL DISTRICT**

Exhibit A-2  
Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,090,657			1,090,657		1,090,657
Special Education	330,241	-	85,279	244,962		244,962
Other Instruction	116,929			116,929		116,929
Support Services:						
Tuition	1,019,650			1,019,650		1,019,650
Student & Instruction Related Services	425,157	308,682	48,275	68,200		68,200
School Administrative Services	224,236			224,236		224,236
Plant Operations and Maintenance	313,052			313,052		313,052
Pupil Transportation	203,128			203,128		203,128
Unallocated Benefits	1,068,966			1,068,966		1,068,966
Interest on Long-Term Debt	18,730			18,730		18,730
Capital Outlay	6,517			6,517		6,517
Depreciation	208,850			208,850		208,850
Total Government Activities	<u>5,026,113</u>	<u>308,682</u>	<u>133,554</u>	<u>4,583,877</u>	<u>-</u>	<u>4,583,877</u>
Business-Type Activities:						
Food Service	<u>42,539</u>	<u>22,760</u>	<u>8,725</u>	<u>-</u>	<u>11,054</u>	<u>11,054</u>
Total Business-Type Activities	<u>42,539</u>	<u>22,760</u>	<u>8,725</u>	<u>-</u>	<u>11,054</u>	<u>11,054</u>
Total Primary Government	<u>5,068,652</u>	<u>331,442</u>	<u>142,279</u>	<u>4,583,877</u>	<u>11,054</u>	<u>4,594,931</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2  
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net				3,573,899	3,573,899
Taxes Levied for Debt Service				79,775	79,775
Federal and State Aid Not Restricted				688,345	688,345
Investment Earnings				4,568	10 4,578
Miscellaneous				54,039	54,039
Transfers				(44,608)	10,000 (34,608)
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>4,356,018</u>	<u>10,010</u> <u>4,366,028</u>
Change in Net Position				(227,859)	(1,044) (228,903)
Net Position - Beginning				<u>3,981,469</u>	<u>(33,989)</u> <u>3,947,480</u>
Net Position - Ending				<u>\$ 3,753,610</u>	<u>(35,033)</u> <u>3,718,577</u>

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 1,543,095		332,613	1,875,708
Accounts Receivables	45,346	28,121		73,467
Interfund Receivable	25,088			25,088
Prepaid Expense	4,345			4,345
<b>Total Assets</b>	<b><u>\$ 1,617,874</u></b>	<b><u>28,121</u></b>	<b><u>332,613</u></b>	<b><u>1,978,608</u></b>
<b><u>Liabilities and Fund Balance</u></b>				
<b>Liabilities:</b>				
Deferred Revenue	\$ -	3,033		3,033
Interfund Payable		25,088		25,088
Accounts Payable	2,895			2,895
<b>Total Liabilities</b>	<b><u>2,895</u></b>	<b><u>28,121</u></b>	<b><u>-</u></b>	<b><u>31,016</u></b>
<b>Fund Balance:</b>				
<b>Committed To:</b>				
<b>Designated for Subsequent Years Expenditures:</b>				
Excess Surplus	15,790			15,790
Emergency Reserve	45,000			45,000
Capital Reserve	50,000			50,000
By the BOE	3,351		47,513	50,864
Emergency Reserve Account	114,177			114,177
Maintenance Reserve Account	315,694			315,694
Capital Reserve Account	811,407			811,407
<b>Assigned To:</b>				
Other Purposes	20,265			20,265
<b>Unassigned:</b>				
Debt Service			285,100	285,100
General Fund	239,295			239,295
<b>Total Fund Balances</b>	<b><u>1,614,979</u></b>	<b><u>-</u></b>	<b><u>332,613</u></b>	<b><u>1,947,592</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 1,617,874</u></b>	<b><u>28,121</u></b>	<b><u>332,613</u></b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,032,437 and the accumulated depreciation is \$4,119,090.	2,913,347
Accrued Interest	(7,206)
Deferred outflow of resources - contributions to the pension plan	156,308
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(174,417)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(1,082,014)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 3,753,610</u></b>

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



**LAVALLETTES SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 3,573,899			79,775	3,653,674
Tuition Charges	308,682				308,682
Interest Earned	3,782				3,782
Interest Earned on Capital Reserve Funds	496				496
Interest Earned on Maintenance Reserve Funds	169				169
Interest Earned on Emergency Reserve Funds	121				121
Miscellaneous	54,039	44,766			98,805
Total Local Sources	3,941,188	44,766	-	79,775	4,065,729
State Sources	688,345	88,788			777,133
Federal Sources					-
Total Revenues	<u>4,629,533</u>	<u>133,554</u>	<u>-</u>	<u>79,775</u>	<u>4,842,862</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	1,091,019				1,091,019
Special Education Instruction	244,962	85,279			330,241
Other Instruction	116,929				116,929
Support Services and Undistributed Costs:					
Tuition	1,019,650				1,019,650
Student and Instruction Related Services	376,882	48,275			425,157
General and School Administration	224,236				224,236
Plant Operations and Maintenance	313,052				313,052
Pupil Transportation	203,128				203,128
Unallocated Benefits	1,073,385				1,073,385
Capital Outlay	29,781				29,781
Debt Service:					
Principal				60,000	60,000
Interest and Other Charges				19,755	19,755
Total Expenditures	<u>4,693,024</u>	<u>133,554</u>	<u>-</u>	<u>79,755</u>	<u>4,906,333</u>

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

LAVALLETTE SCHOOL DISTRICT

Exhibit B-2  
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,491)</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>(63,471)</u>
Other Financing Sources (Uses):					
Transfer from Capital Projects			(332,593)	332,593	-
Cancel State Grant Receivable			(41,113)		(41,113)
Cancel Accounts Payable			6,505		6,505
Transfers To Food Service Fund	<u>(10,000)</u>				<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>-</u>	<u>(367,201)</u>	<u>332,593</u>	<u>(44,608)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(73,491)</u>	<u>-</u>	<u>(367,201)</u>	<u>332,613</u>	<u>(108,079)</u>
Net Change in Fund Balances	<u>(73,491)</u>	<u>-</u>	<u>(367,201)</u>	<u>332,613</u>	<u>(108,079)</u>
Fund Balance - July 1	<u>1,688,470</u>		<u>367,201</u>		<u>2,055,671</u>
Fund Balance - June 30	<u>\$ 1,614,979</u>	<u>-</u>	<u>-</u>	<u>332,613</u>	<u>1,947,592</u>

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

LAVALLETTE SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$	(108,079)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Capital Outlays	15,698		
Depreciation	<u>(208,850)</u>		(193,152)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			60,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			7,566
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).			362
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position			(66,423)
Pension related deferrals			(118,178)
Changes in net pension liability			189,020
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.			<u>1,025</u>
Change in Net Position of Governmental Activities		\$	<u>(227,859)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2018

	<b>Business Type Activities Enterprise Fund</b>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 711
Accounts Receivable:	
State	23
Federal	468
Miscellaneous	75
Inventories	573
Total Current Assets	<u>1,850</u>
Noncurrent Assets:	
Furniture Machinery and Equipment	18,169
Less: Accumulated Depreciation	<u>(18,169)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>\$ 1,850</u>
<b><u>Liabilities</u></b>	
Accounts Payable	<u>\$ 36,883</u>
Total Liabilities	<u>\$ 36,883</u>
<b><u>Net Position</u></b>	
Unrestricted	<u>\$ (35,033)</u>
Total Net Position	<u>\$ (35,033)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	<u>Business Type Activities Enterprise Funds</u>
Operating Revenues:	
Changes for Services:	
Daily Sales-Reimbursable Programs	\$ 18,750
Daily Sales-Non-Reimbursable Programs	4,010
Total Operating Revenue	<u>22,760</u>
Operating Expenses:	
Cost of Sales-Reimbursable Programs	7,178
Cost of Sales-Non-Rembursable Programs	1,576
Management Fee	22,500
Miscellaneous	11,285
Total Operating Expenses	<u>42,539</u>
Operating Income (Loss)	(19,779)
Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	409
Federal Sources:	
National School Lunch PB Program	479
National School Lunch Program	7,837
Interest Revenue	10
Board Subsidy	10,000
Total Non-Operating Revenues (Expenses)	<u>18,735</u>
Change in Net Position	(1,044)
Total Net Position Beginning	<u>(33,989)</u>
Total Net Position Ending	<u>\$ (35,033)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2018

	<b>Business Type Activities Enterprise Funds</b>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 22,760
Payments to Suppliers & Employees	(42,338)
Net Cash Used by Operating Activities	<u>(19,578)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	409
Federal Sources	8,316
Board Subsidy	10,000
Net Cash Provided by Noncapital Financing Activities	<u>18,725</u>
Cash Flows from Investing Activities	<u>10</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(843)
Balances Beginning of Year	<u>1,554</u>
Balances End of Year	<u>\$ 711</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (19,779)
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	106
Increase/(Decrease) in Accounts Payable	279
(Increase)/Decrease in Inventories	<u>(184)</u>
Net Cash Used by Operating Activities	<u>\$ (19,578)</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 48,019
Total Assets	<u>\$ 48,019</u>
Net Position:	
Reserved - Unemployment Benefits	\$ 48,019
Total Net Position	<u>\$ 48,019</u>

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

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Contributions	\$ 3,096
Total Contributions	<u>3,096</u>
Investment Earnings:	
Interest	86
Net Investment Earnings	<u>86</u>
Total Additions	<u>3,182</u>
<b><u>Deductions</u></b>	
Unemployment Claims	-
Total Deductions	<u>-</u>
Change in Net Position	3,182
Net Position - Beginning of Year	<u>44,837</u>
Net Position - End of the Year	<u>\$ 48,019</u>

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



**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**LAVALLETTE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Lavallette. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B. Government-Wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****B. Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

**D. Fund Accounting:**

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

**Governmental Fund Types**

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

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

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

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

**Proprietary Fund Type**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Fiduciary Fund Types**

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

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

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

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were not significant.

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

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

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

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

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

**F. Encumbrances:**

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

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

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

**G. Short-Term Interfund Receivables/Payables:**

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

**H. Inventories and Prepaid Expenses**

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

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

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

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

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

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

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

Capital asset activity for the year ended June 30, 2018 was as follows:

	<b><u>Balance</u></b> <b><u>July 1, 2017</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2018</u></b>
Depreciable Assets:				
Buildings & Sites	\$ 5,854,378	4,998		5,859,376
Equipment	<u>1,262,362</u>	<u>10,699</u>	(100,000)	<u>1,173,061</u>
Total	<u>7,116,740</u>	<u>15,697</u>	(100,000)	<u>7,032,437</u>
Less: Accumulated				
Depreciation:				
Buildings & Sites	(2,826,718)	(184,379)		(3,011,097)
Equipment	<u>(1,183,522)</u>	<u>(24,471)</u>	<u>100,000</u>	<u>(1,107,993)</u>
Total Accumulated				
Depreciation	<u>(4,010,240)</u>	<u>(208,850)</u>	<u>100,000</u>	<u>(4,119,090)</u>
Net Depreciable Assets	<u>3,106,500</u>	<u>(193,153)</u>	_____	<u>2,913,347</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 3,106,500</u>	<u>(193,153)</u>	_____	<u>2,913,347</u>
Food Service:				
Equipment	\$ 18,961			18,961
Accumulated				
Depreciation	<u>(18,961)</u>	_____	_____	<u>(18,961)</u>
Net Depreciable Assets	<u>\$ _____</u>	_____	_____	<u>_____</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**I. Capital Assets and Depreciation (Continued)**

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 208,850</u>
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**J. Compensated Absences**

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

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

**K. Deferred Revenue**

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

**L. Fund Equity**

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

**M. Net Position**

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

*Net Investment in Capital Assets* – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

*Restricted* – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*Unrestricted* – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.



**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

***Assigned*** – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

***Unassigned*** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

**Deposits**

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

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

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

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

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

**Investments**

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

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

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

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

	<b><u>Cash and Cash Equivalents</u></b>
Checking, Money Market Accounts	<u>\$ 1,945,049</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2018 was \$1,945,049 and the bank balance was \$2,049,308. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,799,308 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Credit Risk Categories**

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

FDIC	\$ 250,000
GUPDA	1,799,308

As of June 30, 2018, the District did not hold any long-term investments.

**Custodial Credit Risk – Deposits**

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

The District had no uninsured deposits.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	<b><u>Balance June 30, 2017</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance June 30, 2018</u></b>	<b><u>Long-Term Portion</u></b>	<b><u>2018-19 Payment</u></b>
Pension Liability	\$ 739,273		(189,020)	550,253	550,253	
Capital Leases	17,022		(7,566)	9,456	1,394	8,062
Compensated Absences Payable	102,667		(362)	102,305	102,305	
Bonds Payable	<u>480,000</u>		<u>(60,000)</u>	<u>420,000</u>	<u>360,000</u>	<u>60,000</u>
	<u>\$ 1,338,962</u>		<u>(256,948)</u>	<u>1,082,014</u>	<u>1,013,952</u>	<u>68,062</u>

**NOTE 3: General Long-Term Debt (Continued)****A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.45% to 4.50% for the 2004 issue and the interest rates vary from 4.00% to 4.20% for the 2005 issue.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2019	\$ 60,000	17,294	77,294
2020	60,000	14,835	74,835
2021	60,000	12,375	72,375
2022	60,000	9,915	69,915
2023	60,000	7,455	67,455
2023-2025	<u>120,000</u>	<u>7,515</u>	<u>127,515</u>
	<u>\$ 420,000</u>	<u>69,389</u>	<u>489,389</u>

**B. Capital Leases Payable:**

On June 16, 2014 the district entered into a lease for copiers for \$36,019 for five years from 8/31/14 maturing 8/1/19 with a balance of \$9,456 at June 30, 2018.

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

2019	\$ 8,433
2020	<u>1,405</u>
	9,838
Less: Interest	<u>382</u>
Lease Payments	<u>\$ 9,456</u>

**NOTE 4: Pension Plans**

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

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

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

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**NOTE 4: Pension Plans (Continued)**

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

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

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

During the year ended June 30, 2018, the State of New Jersey contributed \$376,970 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$128,793 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

**Three-Year Trend Information for PERS**

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/18	\$ 25,774	100%	0
6/30/17	23,850	100%	0
6/30/16	29,157	100%	0

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

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/18	\$ 376,970	100%	0
6/30/17	285,994	100%	0
6/30/16	262,822	100%	0

**Pension Expense Deferred Outflows/Inflows – 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).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

**NOTE 4: Pension Plans (Continued)****Basis of Presentation**

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology and Reconciliation to Financial Statements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2016 through June 30, 2017. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.



**NOTE 4: Pension Plans (Continued)****Allocation Methodology and Reconciliation to Financial Statements (Continued)**

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.

For the year ended June 30, 2018, the District recognized pension expense of \$25,774. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 12,957	
Changes of Assumptions	110,857	110,451
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,747	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,973	63,966
District Contributions Subsequent to the Measurement Date	<u>25,774</u>	<u>          </u>
Total	<u>\$ 156,308</u>	<u>174,417</u>

\$156,308 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at December 31, 2017 and 2016 are as follows:

	<b><u>Dec. 31, 2017</u></b>	<b><u>Dec. 31, 2016</u></b>
Collective Deferred Outflows of Resources	\$ 156,308	222,731
Collective Deferred Inflows of Resources	174,417	56,239
Collective Net Pension Liability	550,253	793,273
District's Proportion	.00236%	.00268%

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

The components of the collective net pension liability of the participating employers as of June 30, 2017 were as follows:

	<b>2017</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 32,535,896,852	44,852,367,051	77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$ 25,645,622,797</u>	<u>23,278,401,588</u>	<u>48,924,024,385</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.18%	48.10%	36.78%

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

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

The collective 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%

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

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

The actuarial assumptions used in the July 1, 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.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's 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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NOTE 4: Pension Plans (Continued)****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 on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>2017</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (4.00%)</u></b>	<b><u>Rate (5.00%)</u></b>	<b><u>Increase (6.00%)</u></b>
State	\$ 29,818,581,732	25,645,622,797	22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
Total	<u>\$ 58,697,018,759</u>	<u>48,924,024,385</u>	<u>40,792,456,582</u>
	<b>2016</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (3.90%)</u></b>	<b><u>Rate (4.90%)</u></b>	<b><u>Increase (5.90%)</u></b>
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>

**NOTE 4: Pension Plans (Continued)****Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's 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 contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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, member's beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

**Basis of Presentation**

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**NOTE 4: Pension Plans (Continued)****Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation**

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total Pension Liability	\$ 90,726,371,000	101,746,770,000
Plan Fiduciary Net Position	<u>23,056,161,829</u>	<u>22,717,862,967</u>
Net Pension Liability	<u>\$ 67,670,209,171</u>	<u>79,028,907,033</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%

**NOTE 4: Pension Plans (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2017</u>	<u>2016</u>
District's Liability	<u>\$ 9,342,457</u>	<u>11,787,560</u>
District's Proportion	.01381%	.01492%

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

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

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

<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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets 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 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the 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 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 Net Pension Liability to Changes in the Discount Rate**

The following 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 was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2017 (3.25%, 4.25%, 5.25%)	\$ 80,394,331,171	67,670,209,171	57,188,022,171
2016 (2.22%, 3.22%, 4.22%)	94,378,176,033	79,028,907,033	66,494,248,033



**NOTE 5: Post-Retirement Benefits****General Information about the OPEB Plan****Plan description and benefits provided**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. (GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

**TPAF participant retirees:**

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

**PERS participant retirees:**

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's CAFR.

**NOTE 5: Post-Retirement Benefits****Total OPEB Liability (Continued)**

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. 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%	
	<u>TPAF</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55% - 4.55% based on years of service	2.15% - 4.15% based on age
Thereafter	2.00% - 5.45% based on years of service	3.15% - 5.15% based on age

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 the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy 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 trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend 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.

**NOTE 5: Post-Retirement Benefits (Continued)*****Discount Rate***

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

Changes in the Total OPEB Liability reported by the State of New Jersey.

	<b>Total OPEB Liability</b>
Balance at 6/30/2016 Measurement Date	\$ 57,831,784,184
Changes for the Year:	
Service Cost	2,391,878,884
Interest on Total OPEB Liability	1,699,441,736
Change of Assumptions	(7,086,599,129)
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Gross Benefit Payments	(1,242,412,566)
Contributions from the Member	<u>45,748,749</u>
Balance at 6/30/2017 Measurement Date	<u>\$ 53,639,841,858</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	53,639,841,858	45,680,364,453

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.



**NOTE 6: Compensated Absences (Continued)**

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

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

**NOTE 7: Capital Reserve Account**

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

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2017	\$ 832,804
Interest Earnings	496
Increase by Board resolution June 30, 2018	<u>28,107</u>
Ending Balance, June 30, 2018	<u>\$ 861,407</u>

The Board has appropriated \$50,000 of Capital Reserve for use in the 2018-19 budget.

**NOTE 8: Contingent Liabilities**

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

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

**NOTE 9: Deferred Compensation**

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

Vanguard Group  
AXA Equitable  
Valic

**NOTE 10: Equity Balance**

At June 30, 2018, the General Fund equity balance is as follows:

Designated for Subsequent Year's Expenditures	\$ 3,351
Excess Surplus – Designated for Subsequent Year's Expenditures	15,790
Emergency Reserve	114,177
Emergency Reserve – Designated for Subsequent Year's Expenditures	45,000
Capital Reserve – Designated for Subsequent Year's Expenditures	50,000
Maintenance Reserve	315,694
Capital Reserve	811,407
Reserved for Encumbrances	20,265
Unrestricted	<u>256,652</u>
	<u>\$ 1,632,336</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2018-2019 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding, budget. Designated for subsequent year's represents the amount appropriated in the 2018-2019 budget.

**2% Calculation of Excess Surplus**

2017-18 Total General Fund Expenditures Per the CAFR	\$ 4,693,024
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(505,763)</u>
Adjusted 2017-18 General Fund Expenditures	<u>\$ 4,187,261</u>
2% of Adjusted 2017-18 General Fund Expenditures	<u>\$ 83,745</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>6,652</u>
Maximum Unassigned Fund Balance	<u>\$ 256,652</u>

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

Total General Fund – Fund Balance @ 6-30-18	\$ 1,632,336
---	--------------

Decreased by:

Reserve for Encumbrances	(20,265)
Designated for Subsequent Year's Expenditures	(3,351)
Designated for Subsequent Year's Expenditures – Excess Surplus	(15,790)
Designated for Subsequent Year's Expenditures – Capital Reserve	(50,000)
Designated for Subsequent Year's Expenditures – Emergency Reserve	(45,000)
Other Reserves	<u>(1,241,278)</u>

Total Unassigned Fund Balance	<u>\$ 256,652</u>
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Restricted Fund Balance – Excess Surplus	<u>\$ 0</u>
--	-------------

**Section 3**

Excess Surplus – Current Year	\$
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Reserved Fund Balance – Excess Surplus – Designated for Subsequent Expenditures	<u>15,790</u>
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Total Excess Surplus	<u>\$ 15,790</u>
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**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 4,622
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Non-Public Transportation	<u>2,030</u>
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Total Allowable Adjustments	<u>\$ 6,652</u>
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**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 315,694
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Emergency Reserve	114,177
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Capital Reserve	<u>811,407</u>
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Total Other Restricted Fund Balance	<u>\$ 1,241,278</u>
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**NOTE 11: Risk Management**

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

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

**NOTE 11: Risk Management (Continued)**

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2017-2018	\$ 86	3,096		48,019
2016-2017	56	3,063		44,837
2015-2016	53	3,093		41,718

**NOTE 12: Current Expense Emergency Reserve Account**

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

**NOTE 13: Interfund Receivables and Payables**

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

There were interfunds as of June 30, 2018 as follows:

	<u>From</u>	<u>To</u>
General Fund	\$	25,088
Special Revenue Fund	<u>25,088</u>	<u>          </u>
	<u>\$ 25,088</u>	<u>25,088</u>

These interfund loans are due to the Special Revenue Fund awaiting State and Federal reimbursements. Once received, the interfunds will be eliminated, which is expected to be within one year.



**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
 Sheet 1 of 10

**GENERAL 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	\$ 3,573,899		3,573,899	3,573,899	-
Tuition	303,860		303,860	308,682	4,822
Interest	4,597		4,597	3,782	(815)
Interest Earned Capital Reserve Fund	200		200	496	296
Interest Earned Maintenance Reserve Fund	250		250	169	(81)
Interest Emergency Reserve Fund	70		70	121	51
Unrestricted Miscellaneous Revenue	25,000		25,000	54,039	29,039
Total Local Sources	<u>3,907,876</u>	<u>-</u>	<u>3,907,876</u>	<u>3,941,188</u>	<u>33,312</u>
State Sources:					
Special Education Aid	91,794		91,794	91,794	-
Security Aid	15,724		15,724	15,724	-
Adjustment Aid	4,798		4,798	2,340	(2,458)
Transportation Aid	60,168		60,168	60,168	-
Extraordinary Aid	2,090		2,090	6,712	4,622
PARCC Aid	1,170		1,170	1,170	-
Per Pupil Growth	1,170		1,170	1,170	-
Professional Learning Community Aid	1,230		1,230	1,230	-
TPAF Pension (On Behalf-Non-Budgeted)			-	376,970	376,970
TPAF Social Security (Reimbursed - Non-Budgeted)			-	128,793	128,793
Non-Public Transportation Aid			-	2,030	2,030
Total State Sources	<u>178,144</u>	<u>-</u>	<u>178,144</u>	<u>688,101</u>	<u>509,957</u>
Total Revenues	<u>4,086,020</u>	<u>-</u>	<u>4,086,020</u>	<u>4,629,289</u>	<u>543,269</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 2 of 10

**GENERAL 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>
<b><u>Expenditures:</u></b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	117,173	(9,624)	107,549	107,436	113
Grades 1-5 - Salaries of Teachers	558,750	(10,670)	548,080	547,491	589
Grades 6-8 - Salaries of Teachers	335,399	20,609	356,008	355,958	50
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	33,309	(12,447)	20,862	20,730	132
Purchased Professional-Educational Services	500	(101)	399	399	-
Purchased Technical Services	2,500	17,000	19,500	19,463	37
General Supplies	60,000	(37,497)	22,503	21,233	1,270
Textbooks	4,000	(1,996)	2,004	2,004	-
Other Objects	12,100	4,229	16,329	16,305	24
<b>Total Regular Programs - Instruction</b>	<u>1,123,731</u>	<u>(30,497)</u>	<u>1,093,234</u>	<u>1,091,019</u>	<u>2,215</u>
<b>Special Education - Instruction:</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	252,130	(8,104)	244,026	243,879	147
Purchased Educational Services	500	730	1,230	969	261
Textbooks	250	(250)	-	-	-
General Supplies	1,000	(732)	268	114	154
Other Objects	750	(750)	-	-	-
<b>Total Resource Room/Resource Center</b>	<u>254,630</u>	<u>(9,106)</u>	<u>245,524</u>	<u>244,962</u>	<u>562</u>
<b>Total Special Education - Instruction</b>	<u>254,630</u>	<u>(9,106)</u>	<u>245,524</u>	<u>244,962</u>	<u>562</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 3 of 10

**GENERAL 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>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	5,889		5,889	5,889	-
General Supplies	150	150	300	291	9
Total Basic Skills/Remedial - Instruction	<u>6,039</u>	<u>150</u>	<u>6,189</u>	<u>6,180</u>	<u>9</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	20,336	1,826	22,162	21,662	500
School Sponsored Athletics - Instruction					
Salaries	33,500	1,465	34,965	34,965	-
Purchased Services (300-500 Series)	4,000	916	4,916	4,915	1
Supplies and Materials	7,500	458	7,958	7,958	-
Other Objects	2,250	62	2,312	2,312	-
Total School Sponsored Athletics - Instruction	<u>47,250</u>	<u>2,901</u>	<u>50,151</u>	<u>50,150</u>	<u>1</u>
Community Services Program/Operations - Instruction:					
Salaries	46,575	(4,908)	41,667	38,295	3,372
General Supplies	500		500	73	427
Other Objects	2,000		2,000	569	1,431
Total Community Services	<u>49,075</u>	<u>(4,908)</u>	<u>44,167</u>	<u>38,937</u>	<u>5,230</u>
Total Instruction	<u>1,501,061</u>	<u>(39,634)</u>	<u>1,461,427</u>	<u>1,452,910</u>	<u>8,517</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs Within the State - Regular	784,030	(250)	783,780	783,780	-
Tuition to Other LEAs Within the State - Special	60,668	(27,668)	33,000	32,578	422
Tuition to County Vocational - Special	3,000	(3,000)	-	-	-
Tuition to Private Schools for the Disabled - Within State	115,019	89,425	204,444	203,292	1,152
Total Undistributed Expenditures-Instruction	<u>962,717</u>	<u>58,507</u>	<u>1,021,224</u>	<u>1,019,650</u>	<u>1,574</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 4 of 10

**GENERAL 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>
Attendance and Social Work - Undistributed Services:					
Salaries	4,279	(112)	4,167	4,167	-
Purchased Professional Services	3,500	(3,500)	-	-	-
Other Objects	100	(1)	99	-	99
Total Attendance and Social Work - Undistributed Services	<u>7,879</u>	<u>(3,613)</u>	<u>4,266</u>	<u>4,167</u>	<u>99</u>
Health Services - Undistributed Expenditures:					
Salaries	74,663	453	75,116	74,210	906
Purchased Professional and Technical Services	5,000	(1,000)	4,000	2,812	1,188
Other Purchased Services (400-500 Series)	450	-	450	-	450
Supplies and Materials	1,000	-	1,000	663	337
Total Health Services	<u>81,113</u>	<u>(547)</u>	<u>80,566</u>	<u>77,685</u>	<u>2,881</u>
Other Support Services - Students - Related Services:					
Purchased Professional-Educational Services	33,000	3,348	36,348	32,984	3,364
Supplies and Materials	400	(400)	-	-	-
Total Other Support Services - Students - Related Services	<u>33,400</u>	<u>2,948</u>	<u>36,348</u>	<u>32,984</u>	<u>3,364</u>
Other Support Services - Students - Regular:					
Salaries-Guidance	67,319	-	67,319	67,319	-
Salaries of Secretarial and Clerical Assistants	6,418	428	6,846	6,846	-
Other Purchased Professional and Technical Services	2,000	(2,000)	-	-	-
Supplies and Materials	1,500	(1,000)	500	460	40
Total Other Support Services - Students - Regular	<u>9,918</u>	<u>(2,572)</u>	<u>74,665</u>	<u>74,625</u>	<u>40</u>
Other Support Services - Students - Special:					
Salaries of Other Professional Staff	11,789	-	11,789	11,788	1
Salaries of Secretarial and Clerical Assistants	8,528	456	8,984	8,984	-
Purchased Professional Educational Services	26,063	(1,348)	24,715	24,715	-
Other Purchased Professional and Technical Services	500	250	750	750	-
Supplies and Materials	100	(100)	-	-	-
Total Other Support Services - Students - Special	<u>46,980</u>	<u>(742)</u>	<u>46,238</u>	<u>46,237</u>	<u>-</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 5 of 10

**GENERAL 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>
<b>Improvement of Instructional Services:</b>					
Salaries of Other Professional Staff	10,738	10,455	21,193	10,665	10,528
Supervision Support	8,528	(356)	8,172	8,172	-
Supplies	200	(200)	-	-	-
Other Objects	1,000	-	1,000	1,000	-
<b>Total Improvement of Instructional Services</b>	<b>20,466</b>	<b>9,899</b>	<b>30,365</b>	<b>19,837</b>	<b>10,528</b>
<b>Educational Media Services/School Library:</b>					
Salaries	31,020	(8,464)	22,556	21,020	1,536
Salaries of Technology Coordinators	16,081	(2,192)	13,889	13,889	-
Purchased Professional and Technical Services	8,000	(2,226)	5,774	5,774	-
Other Purchased Services (400-500 Series)	22,000	2,617	24,617	24,617	-
Supplies and Materials	4,500	1,929	6,429	4,568	1,861
Other Objects	1,500	(1,500)	-	-	-
<b>Total Educational Media Services/School Library</b>	<b>83,101</b>	<b>(9,836)</b>	<b>73,265</b>	<b>69,868</b>	<b>3,397</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Supervisors of Instruction	30,802	(1,500)	29,302	29,009	293
Salaries of Secretarial and Clerical Assistants	10,239	457	10,696	10,696	-
Purchased Professional Educational Services	8,200	(6,260)	1,940	1,940	-
Purchased Professional and Technical Services	2,000	(1,520)	480	480	-
Other Purchased Services (400-500 Series)	9,000	(3,500)	5,500	5,462	38
Supplies and Materials	250	(107)	143	143	-
Other Objects	4,500	(751)	3,749	3,749	-
<b>Total Instructional Staff Training Services</b>	<b>64,991</b>	<b>(13,181)</b>	<b>51,810</b>	<b>51,479</b>	<b>331</b>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 6 of 10

**GENERAL 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>
Support Services - General Administration:					
Salaries	40,744	(5,085)	35,659	35,659	-
Legal Services	8,500	8,743	17,243	15,298	1,945
Audit Fees	8,500	(500)	8,000	8,000	-
Purchased Technical Services	250	(164)	86	86	-
Communications/Telephone	1,800	667	2,467	2,467	-
Other Purchased Services (400-500 Series)	4,900	(2,509)	2,391	2,391	-
Supplies and Materials	250	927	1,177	1,177	-
Membership Dues and Fees	3,300	(709)	2,591	2,591	-
Other Objects		3,480	3,480	3,480	-
<b>Total Support Services - General Administration</b>	<b>68,244</b>	<b>4,850</b>	<b>73,094</b>	<b>71,149</b>	<b>1,945</b>
Support Services - School Administration:					
Salaries of Principal/Assistant Principals	52,998	(3,255)	49,743	49,743	-
Supplies and Materials	200	143	343	343	-
Other Objects	1,500	(1,500)	-	-	-
<b>Total Support Services - School Administration</b>	<b>54,698</b>	<b>(4,612)</b>	<b>50,086</b>	<b>50,086</b>	<b>-</b>
Central Services:					
Salaries	94,808	(10,074)	84,734	84,734	-
Purchased Technical Services	100	(100)	-	-	-
Other Purchased Services	12,000	(5,626)	6,374	6,374	-
Supplies and Materials	500	(302)	198	198	-
Interest on Lease Purchase Agreements	250		250		250
Miscellaneous Expenditures	500	1,195	1,695	1,695	-
<b>Total Central Services</b>	<b>108,158</b>	<b>(14,907)</b>	<b>93,251</b>	<b>93,001</b>	<b>250</b>



**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 7 of 10

**GENERAL 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>
Administration Information Technical:					
Purchased Technical Services	6,200	3,800	10,000	10,000	-
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	37,000	(3,170)	33,830	33,830	-
General Supplies	8,000	2,085	10,085	9,818	267
Total Required Maintenance for School Facilities	<u>45,000</u>	<u>(1,085)</u>	<u>43,915</u>	<u>43,648</u>	<u>267</u>
Other Operations & Maintenance of Plant:					
Salaries	69,382	6,203	75,585	75,153	432
Salaries of Non-Instructional Aides	13,640	(97)	13,543	13,543	-
Purchased Professional and Technical Services	32,000	(10,158)	21,842	21,842	-
Cleaning, Repair and Maintenance Services	25,300	(4,881)	20,419	20,419	-
Other Purchased Property Services	6,300	(1,424)	4,876	3,639	1,237
Insurance	39,800	(1,181)	38,619	38,619	-
Miscellaneous Purchased Services	250	(200)	50	12	38
General Supplies	3,000	2,378	5,378	5,310	68
Energy ( Heat & Electricity)	3,500	1,700	5,200	5,083	117
Energy (Natural Gas)	17,500	(1,500)	16,000	14,923	1,077
Total Other Operations & Maintenance of Plant	<u>210,672</u>	<u>(9,160)</u>	<u>201,512</u>	<u>198,543</u>	<u>2,969</u>
Care and Upkeep of Grounds					
Salaries	7,944	(850)	7,094	6,465	629
Cleaning, Repair and Maintenance Services	5,500	1,200	6,700	6,565	135
General Supplies	500	(500)	-	-	-
Total Upkeep and Care of Grounds	<u>13,944</u>	<u>(150)</u>	<u>13,794</u>	<u>13,030</u>	<u>764</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 8 of 10

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Undistributed Expenditures - Security					
Salaries	33,292	2,310	35,602	35,488	114
Purchased Professional and Technical Services	25,500	(3,500)	22,000	20,201	1,799
Cleaning, Repair and Maintenance Services	3,600	(1,500)	2,100	1,900	200
General Supplies	500	(258)	242	242	-
Total Undistributed Expenditures - Security	<u>62,892</u>	<u>(2,948)</u>	<u>59,944</u>	<u>57,831</u>	<u>2,113</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Regular	1,194		1,194	1,194	-
Salaries for Pupil Transportation (Between Home and School) Special Education	1,100	(97)	1,003	1,003	-
Salaries for Pupil Transportation (Non-Public) Between Home and School	1,100		1,100	1,100	-
Contr. Serv. (Between Home & School)-Vendors	5,700	5,800	11,500	11,500	-
Contr. Serv. (Other Than Between Home & School)-Vendors	18,460	(4,985)	13,475	13,475	-
Contr. Serv. (Between Home & School) - Jointures	90,004	(7,863)	82,141	82,056	85
Contr. Serv. (Special Education) - Vendors	255	(55)	200	200	-
General Supplies	50	(50)	-	-	-
Contr. Serv. (Special Education) - ESC's and CTSA's	25,000	59,600	84,600	84,600	-
Aid in Lieu of Transportation - Non-Public School	5,304	2,696	8,000	8,000	-
Total Student Transportation Services	<u>148,167</u>	<u>55,046</u>	<u>203,213</u>	<u>203,128</u>	<u>85</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 9 of 10

**GENERAL 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>
Unallocated Benefits:					
Social Security Contributions	26,000	(7,627)	18,373	16,299	2,074
Other Retirement Contributions - PERS	23,000	8,917	31,917	25,774	6,143
Workmen's Compensation	22,200	(1,836)	20,364	20,364	-
Health Benefits	458,787	24,294	483,081	472,406	10,675
Tuition Reimbursement	5,942		5,942	5,942	
Other Employee Benefits	23,115	3,950	27,065	26,837	228
Total Unallocated Benefits	<u>559,044</u>	<u>27,698</u>	<u>586,742</u>	<u>567,622</u>	<u>19,120</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				376,970	(376,970)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				128,793	(128,793)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,763</u>	<u>(505,763)</u>
Total Undistributed Expenditures	<u>2,587,584</u>	<u>99,395</u>	<u>2,754,298</u>	<u>3,210,333</u>	<u>(456,036)</u>
Interest Earned on Reserves	<u>520</u>		<u>520</u>		<u>520</u>
Total Current Expense	<u>4,089,165</u>	<u>59,761</u>	<u>4,216,245</u>	<u>4,663,243</u>	<u>(446,999)</u>
Capital Outlay:					
Equipment:					
Instructional Equipment	10,000	4,680	14,680	7,301	7,379
Care of Grounds	5,000		5,000	1,720	3,280
Required Maintenance School Facilities	25,000	3,906	28,906	20,707	8,199
Facilities Acquisition and Construction Services:					
Other Objects - SDA Assessment	53		53	53	-
Total Capital Outlay	<u>40,053</u>	<u>8,586</u>	<u>48,639</u>	<u>29,781</u>	<u>18,858</u>
Total Expenditures	<u>4,129,218</u>	<u>68,347</u>	<u>4,264,884</u>	<u>4,693,024</u>	<u>(428,141)</u>

**LAVALLETTE SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**

Exhibit C-1  
Sheet 10 of 10

**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(43,198)	(68,347)	(178,864)	(63,735)	115,128
Other Financing Sources/(Uses):					
Transfer to Food Service Fund	(10,000)		(10,000)	(10,000)	
Total Other Financing Sources/(Uses)	(10,000)	-	(10,000)	(10,000)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(53,198)	(68,347)	(188,864)	(73,735)	115,128
Fund Balance July 1	1,706,071		1,706,071	1,706,071	
Fund Balance June 30	\$ 1,652,873	(68,347)	1,517,207	1,632,336	115,128
Recapitulation:					
Assigned To:					
Reserve for Encumbrances				\$ 20,265	
Committed To:					
Emergency Reserve				114,177	
Maintenance Reserve				315,694	
Capital Reserve				811,407	
Designated for Subsequent Year's Expenditures - Excess Surplus				15,790	
Designated for Subsequent Year's Expenditures - Emergency Reserve				45,000	
Designated for Subsequent Year's Expenditures - Capital Reserve				50,000	
Designated for Subsequent Year's Expenditures By The BOE				3,351	
Unassigned Fund Balance				256,652	
				1,632,336	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments Not Recognized On GAAP Basis				(17,357)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,614,979	

**LAVALLETTE SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE 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	\$ -	44,766	44,766	44,766	
Federal Sources	<u>70,630</u>	<u>19,198</u>	<u>89,828</u>	<u>89,828</u>	
Total Revenues	<u>\$ 70,630</u>	<u>63,964</u>	<u>134,594</u>	<u>134,594</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 33,350	(7,850)	25,500	25,500	
Other Purchased Services	37,280	(21,227)	16,053	16,053	
General Supplies		44,766	44,766	44,766	
Total Instruction	<u>70,630</u>	<u>15,689</u>	<u>86,319</u>	<u>86,319</u>	<u>-</u>
Support Services:					
Employee Benefits		7,140	7,140	7,140	
Purchased Professional Educational Services		35,535	35,535	35,535	
General Supplies		5,600	5,600	5,600	
Total Support Services	<u>-</u>	<u>48,275</u>	<u>48,275</u>	<u>48,275</u>	
Total Expenditures	<u>\$ 70,630</u>	<u>63,964</u>	<u>134,594</u>	<u>134,594</u>	<u>-</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

LAVALLETTE SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATIONNOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual Amounts (Budgetary Basis) "Revenues" from the Budgetary Comparison Schedule	\$ 4,629,289	134,594
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		(1,040)
State aid recognized for GAAP statements in the current year previously recognized for budgetary purposes.	17,601	
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33)	<u>(17,357)</u>	
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,629,533</u>	<u>133,554</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,693,024	134,594
Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the supplies are received for financial reporting purposes.		<u>(1,040)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,693,024</u>	<u>133,554</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**



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

**LAVALLETTE SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - PERS**

**Exhibit L-1**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 550,253	793,273	555,082	496,715	570,078
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 550,253</u>	<u>793,273</u>	<u>555,082</u>	<u>496,715</u>	<u>570,078</u>
District's Covered-Employee Payroll	\$ 143,921	164,345	172,126	170,571	179,369
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	26.16%	20.72%	31.01%	34.34%	31.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.78%	31.02%	38.21%	42.74%	40.71%

**LAVALLETTE SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**

**Exhibit L-2**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 23,850	23,850	22,888	27,069	18,197
Contributions in Relation to the Contractually Required Contribution	<u>23,850</u>	<u>23,850</u>	<u>22,888</u>	<u>27,069</u>	<u>18,197</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 143,921	164,345	172,126	170,571	179,369
Contributions as a Percentage of Covered-Employee Payroll	16.57%	14.51%	13.30%	15.87%	10.15%

**LAVALLETTE SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE**

**NET PENSION LIABILITY - TPAF**

**Exhibit L-3**

**LAST FIVE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>9,342,457</u>	<u>11,787,560</u>	<u>9,380,978</u>	<u>7,756,905</u>	<u>7,696,473</u>
Total	<u>\$ 9,342,457</u>	<u>11,787,560</u>	<u>9,380,978</u>	<u>7,756,905</u>	<u>7,696,473</u>
District's Covered-Employee Payroll	\$ 1,630,999	1,596,604	1,447,121	1,466,800	1,445,916
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	17.46%	13.54%	15.43%	18.91%	18.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR OPEB (GASB 75) - M**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST TWO FISCAL YEARS**

Exhibit M-1

	<u>2017</u>	<u>2016</u>
<b><u>State of New Jersey's Total OPEB Liability</u></b>		
Service Cost	\$ 2,391,878,884	1,723,999,319
Interest	1,699,441,736	1,823,643,792
Benefit Payments	(1,242,412,566)	(1,223,298,019)
Member Contributions	45,748,749	46,273,747
Change of Assumptions	<u>(7,086,599,129)</u>	<u>8,611,513,521</u>
Net Change in Total OPEB Liability	<u>(4,191,942,326)</u>	<u>10,982,132,360</u>
 Total OPEB Liability - Beginning	 <u>57,831,784,184</u>	 <u>46,849,651,824</u>
 Total OPEB Liability - Ending	 <u>\$ 53,639,841,858</u>	 <u>57,831,784,184</u>
 <b><u>State's OPEB Liability Attributable to the District</u></b>		
Service Cost	\$ 283,931	*
Interest	201,170	*
Benefit Payments	(148,123)	*
Member Contributions	5,454	*
Change of Assumptions	<u>(792,875)</u>	*
Net Change in Total OPEB Liability	<u>(450,443)</u>	*
 Total Attributable OPEB Liability - Beginning	 <u>6,845,488</u>	 <u>*</u>
 Total Attributable OPEB Liability - Ending	 <u>\$ 6,395,045</u>	 <u>6,845,488</u>
 District's Proportionate Share of Total OPEB Liability	 Zero	 Zero
 District's Covered Payroll	 \$ 1,774,920	 1,760,949
 District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	 0.00%	 0.00%
 District's Contribution	 None	 None
 State Covered Employee Payroll (6/30/16 Census Data)	 \$ 13,493,400,208	 13,493,400,208
 Total State OPEB Liability as a Percentage of it's Covered-Employee Payroll	 397.53%	 428.59%

\* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**



**SPECIAL REVENUE FUND – E**

LAVALLETTE SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

	<u>Local Grant</u>	<u>IDEA Preschool</u>	<u>IDEA Basic</u>	<u>NCLB</u>		<u>Title IV</u>	<u>Total</u>
				<u>Title I</u>	<u>Title IIA</u>		
Revenues:							
Local Sources	\$ 44,766						44,766
Federal Sources		1,068	40,260	32,575	5,925	10,000	89,828
Total Revenues	<u>\$ 44,766</u>	<u>1,068</u>	<u>40,260</u>	<u>32,575</u>	<u>5,925</u>	<u>10,000</u>	<u>134,594</u>
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -			18,000	2,500	5,000	25,500
Other Purchased Services		1,068	12,260		2,725		16,053
General Supplies	44,766						44,766
Total Instruction	<u>44,766</u>	<u>1,068</u>	<u>12,260</u>	<u>18,000</u>	<u>5,225</u>	<u>5,000</u>	<u>86,319</u>
Support Services:							
Employee Benefits				5,040	700	1,400	7,140
Purchased Professional Educational Services			28,000	7,535			35,535
General Supplies				2,000		3,600	5,600
Total Support Services	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>14,575</u>	<u>700</u>	<u>5,000</u>	<u>48,275</u>
Total Expenditures	<u>\$ 44,766</u>	<u>1,068</u>	<u>40,260</u>	<u>32,575</u>	<u>5,925</u>	<u>10,000</u>	<u>134,594</u>

**CAPITAL PROJECTS FUND – F**

LAVALLETTE SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2018

Other Financing Sources/(Uses)	
Cancel State Grant Receivable	(41,113)
Cancel Accounts Payables	6,505
Transfer to Debt Service	(332,593)
Total Other Financing Sources/(Uses)	<u>(367,201)</u>
Fund Balance - Beginning	<u>367,201</u>
Fund Balance - Ending	<u>\$ -</u>

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

**LAVALLETTE SCHOOL DISTRICT**

**Exhibit H-1**

**TRUST AND AGENCY FUND**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AS OF JUNE 30, 2018**

	<b><u>Student Activity</u></b>	<b><u>Net Salary</u></b>	<b><u>Payroll Agency</u></b>	<b><u>Unemployment Compensation Expendable Trust</u></b>	<b><u>Total 2018</u></b>
Assets:					
Cash and Cash Equivalents	\$ 14,401	3	6,207	48,019	68,630
Total Assets	<u>\$ 14,401</u>	<u>3</u>	<u>6,207</u>	<u>48,019</u>	<u>68,630</u>
Liabilities and Fund Balances:					
Liabilities:					
Due to Student Groups	\$ 14,401				14,401
Payroll Withholdings and Deductions		3	6,207		6,210
Total Liabilities	<u>\$ 14,401</u>	<u>3</u>	<u>6,207</u>	<u>-</u>	<u>20,611</u>
Net Position:					
Reserved - Unemployment Benefits				48,019	48,019
Total Net Position				<u>48,019</u>	<u>48,019</u>

LAVALLETTE SCHOOL DISTRICTEXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGESIN FIDUCIARY NET POSITIONJUNE 30, 2018

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$           86
Employee Contributions	3,096
Total Additions	<u>              3,182</u>
Deletions:	
Claims Paid	<u>                  -</u>
Change in Net Position	3,182
Net Position - Beginning of Year	<u>              44,837</u>
Net Position - End of the Year	<u><u>              \$       48,019</u></u>



**LAVALLETTE SCHOOL DISTRICT**

**Exhibit H-3**

**STUDENT ACTIVITY AGENCY FUND**

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Balance</u></b> <b><u>July 1, 2017</u></b>	<b><u>Cash</u></b> <b><u>Receipts</u></b>	<b><u>Cash</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2018</u></b>
Elementary School: Lavallette Elementary	\$ 17,717	48,945	52,261	14,401

LAVALLETTE SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and Cash Equivalents	\$ 52,744	1,627,401	1,673,938	6,207
Total Assets	<u>\$ 52,744</u>	<u>1,627,401</u>	<u>1,673,938</u>	<u>6,207</u>
Liabilities:				
Payroll Deductions, Withholdings	\$ 52,744	1,627,401	1,673,938	6,207
Total Liabilities	<u>\$ 52,744</u>	<u>1,627,401</u>	<u>1,673,938</u>	<u>6,207</u>

**LONG-TERM DEBT – I**

**LAVALLETTE SCHOOL DISTRICT**  
**GENERAL LONG-TERM DEBT GROUP**

Exhibit I-1

**STATEMENT OF SERIAL BONDS**

**JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Various School Projects	3/8/05	\$ 1,187,000	2/1/19-23	\$ 60,000	4.10%	\$ 480,000	60,000	420,000
			2/1/24	60,000	4.13%			
			2/1/25	60,000	4.20%			
						<u>\$ 480,000</u>	<u>60,000</u>	<u>420,000</u>

LAVALLETTE SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2018

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2017</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2018</u>
Copiers - 14/15	5%	\$ 36,019	\$ 17,022	7,566	9,456
			<u>\$ 17,022</u>	<u>7,566</u>	<u>9,456</u>

**LAVALLETTE SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**Exhibit I-3**

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative) Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	<u>\$ 79,775</u>		<u>79,775</u>	<u>79,775</u>	<u>-</u>
Total Revenues	<u>79,775</u>	<u>-</u>	<u>79,775</u>	<u>79,775</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	19,775		19,775	19,755	20
Redemption of Principal	<u>60,000</u>		<u>60,000</u>	<u>60,000</u>	
Total Expenditures	<u>79,775</u>	<u>-</u>	<u>79,775</u>	<u>79,755</u>	<u>20</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	20	20
Other Financing Sources (Uses)					
Transfer from Capital Projects				<u>332,593</u>	<u>332,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				<u>332,613</u>	<u>332,613</u>
Fund Balance July 1					
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>332,613</u>	<u>332,613</u>

**STATISTICAL SECTION**

**(Unaudited)**

Lavallette Borough Board of Education  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

GASB B-1  
 J-1

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 4,257,954	\$ 4,007,291	\$ 3,784,319	\$ 3,539,201	\$ 3,784,319	\$ 3,000,708	\$ 2,848,956	\$ 2,101,303	\$ 2,609,477	\$ 2,493,347
Restricted	741,317	707,348	690,663	821,714	1,134,419	1,367,088	1,747,978	1,863,693	1,409,750	1,375,684
Unrestricted	8,883	50,963	60,684	152,844	116,361	240,675	(343,195)	168,976	(37,758)	(115,421)
<b>Total governmental activities net assets</b>	<u>\$ 5,008,154</u>	<u>\$ 4,765,602</u>	<u>\$ 4,535,666</u>	<u>\$ 4,513,759</u>	<u>\$ 5,035,099</u>	<u>\$ 4,608,471</u>	<u>\$ 4,253,739</u>	<u>\$ 4,133,972</u>	<u>\$ 3,981,469</u>	<u>\$ 3,753,610</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(3,930)	(33,779)	(28,201)	(41,634)	(39,464)	(36,404)	(36,334)	(36,658)	(33,989)	(35,033)
<b>Total business-type activities net assets</b>	<u>\$ (3,930)</u>	<u>\$ (33,779)</u>	<u>\$ (28,201)</u>	<u>\$ (41,634)</u>	<u>\$ (39,464)</u>	<u>\$ (36,404)</u>	<u>\$ (36,334)</u>	<u>\$ (36,658)</u>	<u>\$ (33,989)</u>	<u>\$ (35,033)</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 4,257,954	\$ 4,007,291	\$ 3,784,319	\$ 3,539,201	\$ 3,784,319	\$ 3,000,708	\$ 2,848,956	\$ 2,101,303	\$ 2,609,477	\$ 2,493,347
Restricted	741,317	707,348	690,663	821,714	1,134,419	1,367,088	1,747,978	1,863,693	1,409,750	1,375,684
Unrestricted	4,953	17,184	32,483	111,210	76,897	204,271	(379,529)	132,318	(71,747)	(150,454)
<b>Total district net assets</b>	<u>\$ 5,004,224</u>	<u>\$ 4,731,823</u>	<u>\$ 4,507,465</u>	<u>\$ 4,472,125</u>	<u>\$ 4,995,635</u>	<u>\$ 4,572,067</u>	<u>\$ 4,217,405</u>	<u>\$ 4,097,314</u>	<u>\$ 3,947,480</u>	<u>\$ 3,718,577</u>

Source: CAFR Schedule A-1



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

J-2

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 961,112	\$ 1,039,630	\$ 1,077,059	\$ 1,093,759	\$ 1,074,466	\$ 1,062,368	\$ 1,087,849	\$ 1,091,019	\$ 1,149,861	\$ 1,090,657
Special education	234,793	214,776	183,586	215,431	339,087	279,505	214,237	244,962	274,042	330,241
Other instruction	63,111	50,183	101,148	84,342	64,116	105,816	182,149	116,929	137,177	116,929
Support Services:										
Tuition	1,022,513	978,737	1,114,194	958,509	957,271	992,209	719,961	1,019,650	820,617	1,019,650
Student & instruction related services	230,368	311,156	294,434	331,541	342,312	343,973	335,164	376,882	470,114	425,157
School administrative services	211,443	219,896	277,054	250,121	257,968	248,824	221,413	224,236	179,834	224,236
Plant operations and maintenance	205,607	204,412	218,465	227,522	206,994	271,779	263,967	313,052	322,360	313,052
Pupil transportation	132,875	152,439	109,294	113,888	71,294	86,935	134,997	203,128	130,045	203,128
Unallocated benefits	585,733	611,509	693,655	747,012	776,099	785,193	812,176	1,073,385	959,821	1,068,966
Interest on long-term debt	53,402	48,882	49,898	33,606	28,666	21,505	26,282	19,775	22,215	18,730
Depreciation	350,729	352,716	353,830	354,752	330,257	335,868	352,890	208,850	244,121	208,850
Total governmental activities expenses	4,051,686	4,184,336	4,472,617	4,410,483	4,448,530	4,533,975	4,351,085	4,891,868	4,710,207	5,019,596
Business-type activities:										
Food service	77,010	76,388	68,793	75,867	65,685	41,601	45,292	42,540	41,346	42,539
Total business-type activities expense	77,010	76,388	68,793	75,867	65,685	41,601	45,292	42,540	42,947	42,539
Total district expenses	\$ 4,128,696	\$ 4,260,724	\$ 4,541,410	\$ 4,486,350	\$ 4,514,215	\$ 4,575,576	\$ 4,396,377	\$ 4,934,408	\$ 4,545,947	\$ 5,062,135
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 64,126	\$ 79,847	\$ 169,991	\$ 172,408	\$ 148,727	\$ 155,490	\$ 193,281	\$ 308,682	\$ 285,591	\$ 356,957
Student & instruction related services	13,707	55,227								
Business and other support services	3,000									
Operating grants and contributions			83,386	95,770	133,792	105,945	73,553	182,338	86,702	85,279
Capital grants and contributions										
Total governmental activities program revenues	80,833	135,074	253,377	268,178	282,519	261,435	266,834	491,020	259,945	442,236
Business-type activities:										
Charges for services										
Food service	24,716	24,153	26,126	34,173	7,599	18,562	27,334	22,760	22,863	22,760
Operating grants and contributions	11,628	13,510	15,219	13,252	35,820	13,160	11,528	8,725	11,147	8,725
Total business type activities program revenues	36,344	37,663	41,345	47,425	43,419	31,722	38,862	31,485	24,010	31,485
Total district program revenues	\$ 117,177	\$ 172,737	\$ 294,722	\$ 315,603	\$ 325,938	\$ 293,157	\$ 305,696	\$ 522,505	\$ 283,955	\$ 473,721
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,970,853)	\$ (4,049,262)	\$ (4,219,240)	\$ (4,142,305)	\$ (4,166,011)	\$ (4,272,540)	\$ (4,084,251)	\$ (4,400,848)	\$ (4,337,914)	\$ (4,577,360)
Business-type activities	(40,666)	(38,725)	(27,448)	(28,442)	(222,266)	(9,879)	(4,085)	(11,405)	(9,235)	(11,405)
Total district-wide net expense	\$ (4,011,519)	\$ (4,087,987)	\$ (4,246,688)	\$ (4,170,747)	\$ (4,388,277)	\$ (4,282,419)	\$ (4,088,336)	\$ (4,412,253)	\$ (4,253,384)	\$ (4,588,765)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 2,920,121	\$ 3,158,403	\$ 3,521,351	\$ 3,554,925	\$ 3,752,526	\$ 3,580,976	\$ 3,600,931	\$ 3,573,899	\$ 3,503,823	\$ 3,573,899
Taxes levied for debt service	137,061	132,655	131,469	127,567	123,664	119,762	115,860	79,775	82,215	79,775
Unrestricted grants and contributions	589,059	462,000	361,485	447,207	532,075	554,992	521,611	1,006,783	684,451	688,345
Tuition received	72,768	100,440								
Investment earnings	20,177	388	173	91	458	1,868	2,247	4,568	2,780	4,568
Cancel Receivable	(25,000)									

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

J-2

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Miscellaneous income		(2,813)	7,832	2,521	11,944	45,452	32,852	54,039	40,337	54,039
Transfers	(45,000)	(31,187)	(33,006)	(15,000)	(24,450)	(12,900)	(6,500)	(10,000)	(10,000)	(44,068)
<b>Total governmental activities</b>	<b>3,669,186</b>	<b>3,819,886</b>	<b>3,989,304</b>	<b>4,117,311</b>	<b>4,396,217</b>	<b>4,290,150</b>	<b>4,267,001</b>	<b>4,709,064</b>	<b>4,303,606</b>	<b>4,356,558</b>
Business-type activities:										
Investment earnings		104	20	9	16	9		10	6	10
Miscellaneous income		301								
Cancel payable	45,000									
Transfers	25,000	31,187	33,006	15,000	24,450	12,900	6,500	10,000	10,000	10,000
<b>Total business-type activities</b>	<b>70,000</b>	<b>31,592</b>	<b>33,026</b>	<b>15,009</b>	<b>24,466</b>	<b>12,909</b>	<b>6,500</b>	<b>10,010</b>	<b>10,005</b>	<b>10,010</b>
<b>Total district-wide</b>	<b>\$ 3,739,186</b>	<b>\$ 3,851,478</b>	<b>\$ 4,022,330</b>	<b>\$ 4,132,320</b>	<b>\$ 4,420,683</b>	<b>\$ 4,303,059</b>	<b>\$ 4,273,501</b>	<b>\$ 4,719,074</b>	<b>\$ 4,133,293</b>	<b>\$ 4,366,568</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (163,089)	\$ (242,552)	\$ (229,936)	\$ (24,994)	\$ 50,206	\$ 17,610	\$ 182,750	\$ (119,767)	\$ (43,543)	\$ (227,859)
Business-type activities	18,656	(7,434)	5,578	(13,433)	2,200	3,030	70	(324)	771	(1,044)
<b>Total district</b>	<b>\$ (144,433)</b>	<b>\$ (249,986)</b>	<b>\$ (224,358)</b>	<b>\$ (38,427)</b>	<b>\$ 52,406</b>	<b>\$ 20,640</b>	<b>\$ 182,820</b>	<b>\$ (120,091)</b>	<b>\$ (42,772)</b>	<b>\$ (228,903)</b>

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

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

GASB B-3  
J-3

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 374,116	\$ 249,841	\$ 226,418	\$ 540,431	\$ 767,218	\$ 999,887	\$ 1,452,488	\$ 1,417,085	\$ 1,417,085	\$ 1,375,684
Unreserved	210,928	340,147	362,522	266,646	257,992	240,675	242,448	254,611	254,611	239,295
Total general fund	<u>\$ 585,044</u>	<u>\$ 589,988</u>	<u>\$ 588,940</u>	<u>\$ 807,077</u>	<u>\$ 1,025,210</u>	<u>\$ 1,240,562</u>	<u>\$ 1,694,936</u>	<u>\$ 1,671,696</u>	<u>\$ 1,671,696</u>	<u>\$ 1,614,979</u>
All Other Governmental Funds										
Reserved	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 367,201	\$ 47,513
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	285,100
Total all other governmental funds	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 332,613</u>

Source: CAFR Schedule B-1

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

GASB B-4  
 J-4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 3,173,373	\$ 3,291,058	\$ 3,652,820	\$ 3,682,492	\$ 3,696,190	\$ 3,700,738	\$ 3,716,791	\$ 3,547,247	\$ 3,586,038	\$ 3,653,674
Tuition charges	76,824	100,440	169,991	172,408	148,727	155,490	193,281	173,243	285,591	308,682
Interest earnings	2,959	388	173	91	458	1,868	2,247	2,547	2,780	4,568
Miscellaneous	4,055	12,437	9,825	10,625	49,238	75,681	34,724	22,318	40,337	98,805
State sources	479,899	462,000	361,485	447,207	532,075	491,992	521,611	562,421	601,444	688,101
Federal sources	62,288	132,898	81,393	87,666	96,498	138,716	71,681	85,457	83,007	89,828
<b>Total revenue</b>	<b>3,799,398</b>	<b>3,999,221</b>	<b>4,275,687</b>	<b>4,400,489</b>	<b>4,523,186</b>	<b>4,564,485</b>	<b>4,540,335</b>	<b>4,393,233</b>	<b>4,599,197</b>	<b>4,843,658</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	955,955	1,040,914	1,077,059	1,093,759	1,074,446	1,062,368	1,087,849	1,169,845	1,149,861	1,177,338
Special education instruction	234,793	214,776	164,033	215,431	339,087	279,505	214,237	196,617	274,042	244,962
Other instruction	63,111	50,183	98,067	84,342	64,116	105,816	182,149	207,836	137,177	165,204
<b>Support Services:</b>										
Tuition	1,022,513	978,737	1,133,747	958,509	957,271	992,209	719,961	819,542	820,617	1,019,650
Student & instruction related services	230,368	311,156	282,728	331,541	342,312	343,973	335,164	389,586	470,114	376,882
Support services School Administration	211,443	219,896	277,054	250,121	257,968	248,824	221,413	200,769	179,834	224,236
Plant operations and maintenance	205,607	204,412	230,171	227,522	206,994	271,779	263,967	264,084	322,360	313,052
Pupil Transportation	132,875	152,439	109,294	113,888	71,294	86,935	134,997	175,888	130,045	203,128
Unallocated employee benefits	585,733	611,509	709,760	743,966	820,919	772,814	773,823	894,903	959,821	1,073,385
Capital outlay	5,237	15,229	12,490	6,548	8,971	39,324	17,736	71,042	28,373	29,781
<b>Debt service:</b>										
Principal	100,000	100,000	100,000	100,000	100,000	100,000	100,000	60,000	60,000	60,000
Interest and other charges	55,285	50,765	46,245	41,725	37,205	32,685	28,165	24,675	22,215	19,775
<b>Total expenditures</b>	<b>3,802,920</b>	<b>3,950,016</b>	<b>4,240,648</b>	<b>4,167,352</b>	<b>4,280,583</b>	<b>4,336,232</b>	<b>4,079,461</b>	<b>4,474,787</b>	<b>4,554,459</b>	<b>4,907,393</b>
Excess (Deficiency) of revenues over (under) expenditures	(3,522)	49,205	35,039	233,137	242,603	228,253	460,874	(81,554)	44,738	(63,735)
<b>Other Financing sources (uses)</b>										
Costs related to Sandy					(56,154)					
Recoveries related to Sandy					56,154					
Accounts Receivable cancelled										
Adjustment of fund balance		(13,074)								
Transfers in										
Transfers out	(8,119)	(31,187)	(33,006)	(15,000)	(24,450)	(12,900)	(6,500)	(10,000)	(10,000)	(10,000)
<b>Total other financing sources (uses)</b>	<b>(8,119)</b>	<b>(44,261)</b>	<b>(33,006)</b>	<b>(15,000)</b>	<b>(24,450)</b>	<b>(12,900)</b>	<b>(6,500)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Net change in fund balances</b>	<b>\$ (11,641)</b>	<b>\$ 4,944</b>	<b>\$ 2,033</b>	<b>\$ 218,137</b>	<b>\$ 218,153</b>	<b>\$ 215,353</b>	<b>\$ 454,374</b>	<b>\$ (91,554)</b>	<b>\$ 34,738</b>	<b>\$ (73,735)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.1%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>1.9%</b>	<b>1.8%</b>	<b>1.6%</b>

Source: CAFR Schedule B-2

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

J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2009	2,520	76,824	3,555	\$ 82,899
2010	388	100,440	10,261	\$ 111,089
2011	173	169,991	7,832	\$ 177,996
2012	91	172,408	10,625	\$ 183,124
2013	458	148,727	49,238	\$ 198,423
2014	1,868	155,490	75,681	\$ 233,039
2015	2,247	193,231	32,077	\$ 227,555
2016	2,547	173,243	22,318	\$ 198,108
2017	2,780	285,591	40,337	\$ 328,708
2018	4,568	308,682	98,805	\$ 412,055

Source: District Records

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

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate *	Estimated Actual (County Equalized Value)
2012	18,391,000	1,813,383,150			38,833,660		4,843,100	1,875,460,910	40,634,200		1,877,320,947	0.196	2,269,502,866
2013	18,391,000	1,779,166,450			37,562,360		4,204,600	1,839,324,410	40,634,200		1,879,956,610	0.201	2,130,254,413
2014	21,925,500	1,777,897,250			37,956,060		4,843,100	1,842,621,910	40,629,200		1,883,251,110	0.202	2,076,248,298
2015	19,257,200	1,790,789,750			37,959,760		4,843,100	1,852,849,810	40,629,200		1,893,479,010	0.191	2,008,291,578
2016	35,899,700	1,789,981,650			37,439,960		4,843,100	1,834,268,410	39,557,100		1,873,825,510	0.192	2,059,847,514
2017	33,675,800	1,798,905,774			37,497,160		4,843,100	1,874,921,634	39,557,100		1,914,478,734	0.195	2,163,791,174
2018	37,751,000	1,818,255,074			37,765,480		4,843,100	1,899,614,634	40,070,700		1,938,685,334	0.199	2,145,867,686

Sources: Ocean County Abstract of Ratables

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

J-7

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Lavallette Borough Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Lavallette Borough	Ocean County	
2009	0.167	0.008	0.175	0.258	0.411	0.844
2010	0.173	0.008	0.181	0.260	0.423	0.864
2011	0.188	0.008	0.196	0.260	0.423	0.879
2012	0.198	0.007	0.204	0.267	0.439	0.902
2013	0.195	0.007	0.201	0.267	0.453	0.921
2014	0.195	0.006	0.201	0.272	0.460	0.933
2015	0.187	0.004	0.191	0.286	0.452	0.929
2016	0.188	0.004	0.192	0.296	0.372	0.860
2017	0.191	0.004	0.195	0.306	0.480	0.981
2018	0.195	0.004	0.199	0.306	0.466	0.971

Source: District Records and Ocean County Abstract of Ratables

**Note:**

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

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

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

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

J-8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
			0.31%			
MINKS, HERBERT A&GEORGIANA T	5,808,900	1	0.25%			
LITTLE GIANT, LLC	4,635,700	2	0.19%			
LAVALLETTA YACHT CLUB	3,484,900	3	0.18%			
MELLA COURT, LLC % TROPEANO	3,371,400	4	0.17%			
VANDERBEEK, JEFFREY	3,209,100	5	0.17%			
GIANT REALTY LLC	3,121,900	6	0.17%	3,924,304	3	0.22%
DINALLO, DONALD N	3,115,100	7	0.17%			
DONATO, MICHELE	3,094,400	8	0.16%			
SUSINNO, BARBARA FAMILY TRUST	3,053,500	9	0.15%			
LOUISE-C INC	2,852,400	10	0.15%			
Joseph Pesci				4,988,134	1	0.27%
Donald & Lisa Storms				3,924,304	2	0.22%
Donald Friccone				3,547,523	4	0.20%
Michael & Anna Sherlock				3,443,002	5	0.19%
Wacchovia Bank				3,418,375	7	0.19%
Richard & Mary Molke				3,332,856	8	0.18%
Brian and Ellen Walsh				3,266,538	9	0.18%
Jaohn & Kathleen Serra				2,386,153	10	0.13%
Total	<u>\$ 35,747,300</u>		<u>1.74%</u>	<u>\$ 32,231,189</u>		<u>0.49%</u>
Total Net Assessment	<u>\$ 1,938,685,334</u>			<u>\$ 1,815,938,286</u>		

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



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

**J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	3,057,182	3,057,182	100.00%	-
2009	3,173,373	3,173,373	100.00%	-
2010	3,291,058	3,313,072	100.67%	(22,014)
2011	3,682,492	3,682,492	100.00%	
2012	3,696,190	3,696,190	100.00%	
2013	3,700,738	3,700,738	100.00%	
2014	3,716,791	3,716,791	100.00%	
2015	3,547,247	3,547,247	100.00%	
2016	3,586,038	3,586,038	100.00%	
2017	3,653,674	3,653,674	100.00%	

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

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

**Exhibit J-10**  
**GASB D-1**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	County Per Capita Income*
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009	1,200,000	-	5,193	-	-	1,205,193	Data unavailable	
2010	1,100,000	-	18,369	-	-	1,118,369		
2011	1,000,000	-	23,904	-	-	1,023,904		
2012	900,000	-	17,668	-	-	917,668		
2013	800,000	-	11,012	-	-	811,012		
2014	700,000	-	3,920	-	-	703,920		
2015	600,000	-	31,243	-	-	631,243		
2016	540,000	-	24,121	-	-	564,121		
2017	480,000	-	17,022	-	-	497,022		
2018	420,000	-	9,457	-	-	429,457		

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

\* Source-Ocean County Department of Planning

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2009	1,200,000		1,200,000	0.07%	\$ 450.28
2010	1,100,000		1,100,000	0.06%	\$ 412.76
2011	1,000,000		1,000,000	0.06%	\$ 375.23
2012	900,000		900,000	0.05%	\$ 337.71
2013	800,000		800,000	0.04%	\$ 300.19
2014	700,000		700,000	0.04%	\$ 262.66
2015	600,000		600,000	0.03%	\$ 225.14
2016	540,000		540,000	0.03%	\$ 298.84
2017	480,000		480,000	0.03%	\$ 262.01
2018	420,000		420,000	0.02%	\$ 229.26

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

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

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

\* Data unavailable

Lavallette Borough Board of Education  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2018

<b>Exhibit J-12</b> GASB D-3 NJ J-8 modified
--

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Lavallette Borough	\$ 9,818,511	100.00%	\$ 9,818,511
<b>Lavallette Borough School District Direct Debt</b>			<u>420,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 10,238,511</u></u>

**Sources:** Lavallette Borough Finance Officer

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

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

	Equalized valuation basis	
	2018 #	2,145,867,686
	2017 #	2,163,791,174
	2018	<u>2,059,847,514</u>
	[A]	<u>\$ 6,369,506,374</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,123,168,791
Debt limit (3 % of average equalization)	[B]	63,695,064 <sup>a</sup>
Net bonded school debt	[C]	<u>420,000</u>
Legal debt margin	[B-C]	<u>\$ 63,275,064</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 72,303,183	72,493,822	71,384,787	68,943,470	67,023,803	64,760,056	62,147,943	62,147,943	61,043,252	63,695,064
Total net debt applicable to limit	<u>1,200,000</u>	<u>1,100,000</u>	<u>1,000,000</u>	<u>900,000</u>	<u>800,000</u>	<u>700,000</u>	<u>600,000</u>	<u>540,000</u>	<u>480,000</u>	<u>420,000</u>
Legal debt margin	<u>\$ 71,103,183</u>	<u>\$ 71,393,822</u>	<u>\$ 70,384,787</u>	<u>\$ 68,043,470</u>	<u>\$ 66,223,803</u>	<u>\$ 64,060,056</u>	<u>\$ 61,547,943</u>	<u>\$ 61,607,943</u>	<u>\$ 60,563,252</u>	<u>\$ 63,275,064</u>
Total net debt applicable to the limit as a percentage of debt limit	1.66%	1.52%	1.40%	1.31%	1.19%	1.08%	0.97%	0.87%	0.79%	0.66%

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

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

Lavallette Borough Board of Education  
 Demographic and Economic Statistics  
 Selected years

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

Year	Population **	County Per Capita Personal Income *	State of NJ Unemployment Rate
2000	2,665	\$ 30,332	3.50%
2010	1,875		
2015	1,807	\$ 46,109	6.3%
2016	1,832		4.7%

**Lavallette Borough Board of Education  
Principal Employers,  
Current Year**

J-15  
GASB E-2

Borough of Lavallette

Crab's Claw Inn

Lavallette Board of Education

Diane Turton Realtors

Remax Realtors

Crossroads Realtors

Birchler Realtors

Schlosser Real Estate

B & B Department Store

Rite Aid

Source: Borough of Lavallette

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

J-16  
 GASB F-1

<u>Function/Program</u>	<u>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	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Special education	4.6	5.6	5.6	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Support Services:										
Student & instruction related services	4.9	5.7	5.7	6.1	6.1	6.1	6.1	6.1	6.1	6.1
General administrative services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
School administrative services	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Business administrative services	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Plant operations and maintenance	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Food Service	1.4	1.4	1.4	1.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	<u>29.3</u>	<u>31.1</u>	<u>31.1</u>	<u>32.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>

Source: District Personnel Records



Lavallette Borough Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Pupil/ Teaching Staff</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) b</u>	<u>Average Daily Attendance (ADA) b</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	138	3,581,255	21	1:6.6	139.6	131.1	-5.930%	93.91%
2010	148	3,799,251	21	1:7	148.6	139.7	6.447%	94.01%
2011	167	4,047,104	19	1:7	167.2	156.9	12.517%	93.84%
2012	166	4,025,627	19	1:7.9	166.1	157.4	-0.658%	94.76%
2013	146	4,143,378	19	1:7	145.9	136.3	-12.161%	93.42%
2014	137	4,336,222	19	1:7	136.1	129.0	-6.717%	94.81%
2015	138	4,079,461	19	1:7	138.2	131.2	1.572%	94.91%
2016	141	4,268,720	19	1:7	141.3	133.2	2.214%	94.27%
2017	149	4,236,664	19	1:7	147.3	139.9	4.246%	94.98%
2018	144	4,663,243	19	1:7	141.3	136.0	-4.073%	96.25%

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

**Note:** Enrollment based on annual October district count.

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

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

J-18

<u>District Building</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Lavallette Elementary School (19856, 1982)									
Square Feet	20,900	20900	20900	20900	20900	20900	20900	20900	20900
Capacity (students)	217	217	217	217	217	217	217	217	217
Enrollment	138	148	167	166	146	137	138	140.7	149.1

Source: District records, ASSA

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

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

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

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

School Facilities	2014	2015	2016	2017	2018
Lavallette Elementary	\$ 8,764	\$ 8,764	\$ 8,764	\$ 8,764	\$ 8,764
Total School Facilities	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>

Source: Schedule C-1

## LAVALLETTE SCHOOL DISTRICT

## Insurance Schedule

June 30, 2018 - Unaudited

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

**SINGLE AUDIT SECTION**

*Robert A. Hulsart and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

105.

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

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

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lavallette Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lavallette Board of Education, County of Ocean, State of New Jersey's basic financial statements, and have issued our report thereon dated November 15, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

***Robert A. Hulsart***

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

November 15, 2018

**LAVALLETTE SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Schedule A  
K-3

Federal Grantor/Pass-Through Grantor/Program Title U.S. Department of Education Passed-Through State Department of Education	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2018			
					From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	
Special Revenue Fund: L.D.E.A.:																
Basic	84.027	H027A160100	N/A	\$ 40,260	7/1/2017	6/30/2018	\$ -		40,260	(40,260)						
Preschool	84.173	H173A160114	N/A	1,068	7/1/2017	6/30/2018			1,068	(1,068)						
No Child Left Behind:																
Title I	84.010A	S010A160030	N/A	32,575	7/1/2017	6/30/2018			9,412	(32,575)		(23,163)				
Title II A	84.367	S367A160029	N/A	5,925	7/1/2017	6/30/2018			2,460	(5,925)		(3,465)				
Title IV	84.424	S424A170031	N/A	10,000	7/1/2017	6/30/2018			10,000	(10,000)						
Total Special Revenue									63,200	(89,828)		(26,628)				
U.S. Department of Agriculture Passed Through State Department of Education																
National School Lunch Program	10.555	171NJ304N1099	N/A	10,235	7/1/2016	6/30/2017	(581)		581				(441)			
National School Lunch Program	10.555	181NJ304N1099	N/A	7,838	7/1/2017	6/30/2018			7,397	(7,838)		(441)				
School Lunch Program - HHFKA	10.555	18161NJ304N1099	N/A	479	7/1/2017	6/30/2018			432	(479)		(27)				
School Lunch Program - HHFKA	10.555	17161NJ304N1099	N/A	522	7/1/2016	6/30/2017	(29)		29							
Total Enterprise Fund							(610)		8,459	(8,317)		(468)				
Total Federal Financial Assistance							\$ (610)		71,659	(98,145)		(27,096)				

See accompanying Notes to Schedules of Financial Assistance.



**LAVALLETTE SCHOOL DISTRICT**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

**FOR FISCAL YEAR ENDED JUNE 30, 2018**

Schedule B  
K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2018			MEMO	
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Aid	18-495-034-5120-089	\$ 91,794	7/1/2017	6/30/2018	\$ -			82,595	(91,794)					(9,199)	91,794
Security Aid	18-495-034-5120-084	15,724	7/1/2017	6/30/2018				14,162	(15,724)					(1,562)	15,724
Adjustment Aid	18-495-034-5120-085	2,340	7/1/2017	6/30/2018				2,166	(2,340)					(174)	2,340
Transportation Aid	18-495-034-5120-014	60,168	7/1/2017	6/30/2018				54,093	(60,168)					(6,075)	60,168
Extraordinary Aid	17-495-034-5120-044	12,341	7/1/2016	6/30/2017	(12,341)			12,341							
Extraordinary Aid	18-495-034-5120-044	6,712	7/1/2017	6/30/2018					(6,712)			(6,712)			6,712
Non-Public Transportation Aid	17-495-034-5120-014	1,010	7/1/2016	6/30/2017	(1,010)			1,010							
Non-Public Transportation Aid	18-495-034-5120-014	2,030	7/1/2017	6/30/2018					(2,030)			(2,030)			2,030
PARCC Readiness Aid	18-495-034-5120-098	1,170	7/1/2017	6/30/2018				1,083	(1,170)					(87)	1,170
Per Pupil Growth Aid	18-495-034-5120-097	1,170	7/1/2017	6/30/2018				1,083	(1,170)					(87)	1,170
Professional Learning Comm. Aid	18-495-034-5120-101	1,230	7/1/2017	6/30/2018				1,057	(1,230)					(173)	1,230
On-Behalf Pension Contributions	18-100-034-5095-003	376,970	7/1/2017	6/30/2018				376,970	(376,970)						376,970
Reimbursed TPAF Social Security	18-100-034-5095-003	128,793	7/1/2017	6/30/2018				128,793	(128,793)						128,793
Reimbursed TPAF Social Security	17-100-034-5095-003	126,199	7/1/2016	6/30/2017	(6,358)			6,358							
<b>Total General Fund</b>					<b>(19,709)</b>	<b>-</b>	<b>-</b>	<b>681,711</b>	<b>(688,101)</b>	<b>-</b>	<b>(8,742)</b>	<b>-</b>	<b>-</b>	<b>(17,357)</b>	<b>688,101</b>
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
School Lunch Program (State Share)	17-100-010-3360-023	390	7/1/2016	6/30/2017	(22)			22							
School Lunch Program (State Share)	18-100-010-3360-023	409	7/1/2017	6/30/2018				386	(409)			(23)			409
					(22)	-	-	408	(409)	-		(23)	-	-	409
<b>Total State Financial Assistance</b>					<b>\$ (19,731)</b>	<b>-</b>	<b>-</b>	<b>682,119</b>	<b>(688,510)</b>	<b>-</b>	<b>(8,765)</b>	<b>-</b>	<b>-</b>	<b>(17,357)</b>	<b>688,510</b>

See accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**

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**LAVALLETTE SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2018****NOTE 1: General**

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

**NOTE 2: Basis of Accounting**

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

**NOTE 3: Relationship to General Purpose Financial Statements**

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

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

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

	<u>General Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 688,101	409	688,510
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)			
	<u>244</u>	—	<u>244</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 688,345</u>	<u>409</u>	<u>688,754</u>

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

	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>			
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$ 89,828	8,317	98,145
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 89,828</u>	<u>8,317</u>	<u>98,145</u>

**NOTE 4: Relationship to Federal and State Financial Reports**

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

**NOTE 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part I - Summary of Auditor's Results*

**Financial Statement Section**

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

**Description**

Unmodified

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No

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

\_\_\_\_\_ Yes      x   None Reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ Yes      x   No

**Federal Awards**

NOT APPLICABLE

**State Awards**

NOT APPLICABLE

LAYALLETTE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part II - Schedule of Financial Statement Findings*

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

There are none.

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

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2018*****Part III - Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs***

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

**Current Year Federal Awards**

Not Applicable

**Current Year State Awards**

Not Applicable

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

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**Status of Prior Year Findings**

There were none.