

**Lower Alloways Creek Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT

SALEM, NEW JERSEY 08079

**Lower Alloways Creek School Board of Education
Salem, New Jersey 08079**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Lower Alloways Creek School Board of Education
Salem, New Jersey 08079**

For the Fiscal Year Ended June 30, 2018

Prepared by:

**Lower Alloways Creek School
Board of Education Administration**

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organization Chart	2-5
Roster of Officials	6
Consultants and Advisors	7
	8
FINANCIAL SECTION	
	9
Independent Auditor's Report	10-12
Required Supplementary Information – Part I	13
Management's Discussion and Analysis	14-22
Basic Financial Statements	23
A. District-Wide Financial Statements:	24
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	27
Governmental Funds:	
B-1 Balance Sheet	28-29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	33
B-6 Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	35
B-8 Statement of Changes in Fiduciary Net Position	36
Notes to the Financial Statements	37-61
Required Supplementary Information – Part II	62
C. Budgetary Comparison Schedules:	63
C-1 Budgetary Comparison Schedule - General Fund	64-70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	71
Notes to the Required Supplementary Information – Part II	72
C-3 Budget-to-GAAP Reconciliation - Note to RSI	73

	Page
Required Supplementary Information – Part III	74
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	75
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability - PERS	76
L-2 Schedule of District Contributions - PERS	77
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability - TPAF	78
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	79
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	80
Notes to the Required Supplementary Information – Part III	81-83
Other Supplementary Information	84
D. School Based Budget Schedules (if applicable):	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	85
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	86-87
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	88
F-1 Summary Schedule of Project Expenditures	89
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	90
F-2(a) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	91-93
G. Proprietary Funds:	94
Enterprise Fund:	
G-1 Combining Schedule of Net Position	95
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	96
G-3 Combining Schedule of Cash Flows	97

	Page
G. Proprietary Funds: (Continued)	
Internal Service Fund:	
G-4 Combining Schedule of Net Position	98
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	99
G-6 Combining Schedule of Cash Flows	100
H. Fiduciary Funds:	101
H-1 Combining Statement of Fiduciary Net Position	102
H-2 Combining Statement of Changes in Fiduciary Net Position	103
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	104
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	104
I. Long-Term Debt:	N/A
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
STATISTICAL SECTION (Unaudited)	105
Introduction to the Statistical Section	106
Financial Trends	
J-1 Net Position by Component	107
J-2 Changes in Net Position	108-109
J-3 Fund Balances - Governmental Funds	110
J-4 Changes in Fund Balances - Governmental Funds	111
J-5 General Fund Other Local Revenue by Source	112
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	113
J-7 Direct and Overlapping Property Tax Rates	114
J-8 Principal Property Taxpayers	115
J-9 Property Tax Levies and Collections	116
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	117
J-11 Ratios of Net General Bonded Debt Outstanding	118
J-12 Direct & Overlapping Governmental Activities Debt	119
J-13 Legal Debt Margin Information	120
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	121
J-15 Principal Employers	122
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	123
J-17 Operating Statistics	124
J-18 School Building Information	125

	Page
Operating Information (Continued)	
J-19 Schedule of Required Maintenance Expenditures by School Facility	126
J-20 Insurance Schedule	127
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A
SINGLE AUDIT SECTION	128
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	129-130
K-2 Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance required by <i>Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)</i> , and New Jersey OMB's Circular 15-08	131-133
K-3 Schedule of Expenditures of Federal Awards, Schedule A	134
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	135
K-5 Notes to the Schedules of Awards and Financial Assistance	136-137
K-6 Schedule of Findings and Questioned Costs	138-139
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	140

INTRODUCTORY SECTION

Lower Alloways Creek School Board of Education



967 Main Street – Canton
Salem, NJ 08079

Telephone: (856) 935-6984
Fax: (856) 935-1955

January 21, 2019

Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Dear Board Members:

The comprehensive annual financial report of the Lower Alloways Creek Township School District for the fiscal year ending 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. 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 independent auditor's report, MD&A, and the basic financial statements including the District-wide statements, fund statements, notes to the financial statements, required supplementary information other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Lower Alloways Creek Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and/or the reporting requirements under NJ OMB's Circular Letter 15-08, "Audits of State and Local Governments," and "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Board constitutes the District's reporting entity.

The District provides a full range of education services appropriate to grade levels Pre-K through 8. Other classes include regular, remedial, and special education for students who require that accommodation. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Students may also choose to attend academies that are housed in several Salem County high school districts, including the Salem County Vo-Tech. There was a decrease from the previous year's District Average Daily Enrollment. The District completed the 2017-2018 fiscal year with an enrollment of 163.

2) ECONOMIC CONDITIONS AND OUTLOOK

The most recent data available, the 2010 U.S. Census, reveals a population decrease in the Township.

<u>Year</u>	<u>Population</u>
1970	1,400
1980	1,547
1990	1,858
2000	1,851
2010	1,770

3) MAJOR INITIATIVES

The Lower Alloways Creek Township School District is continuing ensure that each child will experience optimal academic, social, emotional, and physical success through a challenging and progressive learner-active educational program in a technology-infused, safe, and healthy learning environment. Once again, students will be partaking in the PARCC test in grades 3-8 for ELA and mathematics, and students in grades 5 and 8 will take the NJASK for science to be compliant with the NCLB mandates.

If needed, academic support and remediation is provided on an individual and small group basis to students based on the following criteria:

- Those individual State mandated test results (PARCC).
- Analysis of student performance in school via report cards, benchmark goals, MAP Testing, and progress reports during the four marking periods.
- Recognized individual student needs via the individual education plan (IEP), 504 Accommodation Plans, and IR&S Team.

The District continues to expose students to a varied amount of character education themes. Students are recommended for outstanding recognition as students of the month and each month students are invited to the local board meeting to receive a certificate of recognition.

The District circulates around excellence in the academics, athletics, and arts. Students are given instruction in ELA, Math, Science, and Social Studies (the core content areas) but are also given "specials" (electives) consisting of Spanish, Library/Computer Studies, Music, Art, Health, and Physical Education.

3) MAJOR INITIATIVES (CONTINUED)

The student's educational program is enhanced with a variety of educational field trips and programming provided for all students through the LAC Parent Teacher Organization.

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

As a 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 voters of the municipality. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the capital projects fund. The final budget amount 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 the fund balance at year-end.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and account groups which are converted from Governmental Fund balances to net position.

7) DEBT ADMINISTRATION

The School District has had no outstanding debt for the last twenty-three years, including 2018.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

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

10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and New Jersey OMB's Circular Letter 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

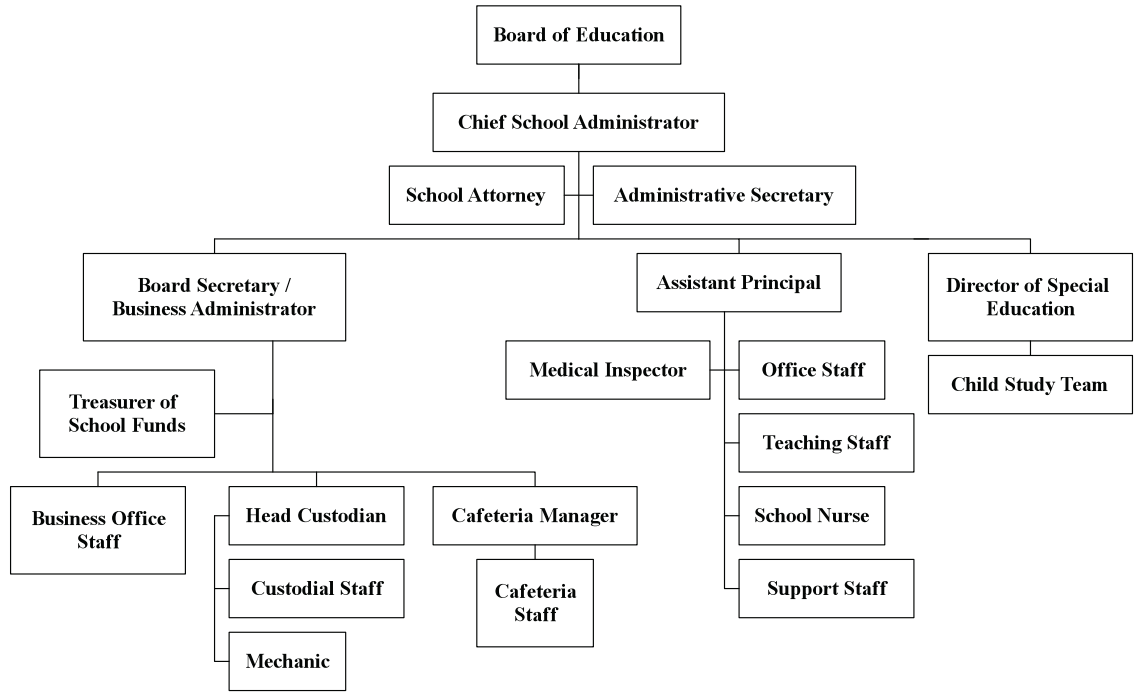
We would like to express our appreciation to the members of the Lower Alloways Creek School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

Phillip Neff
Phillip Neff, Chief School Administrator

Shannon N. DuBois-Brody
Shannon N. DuBois-Brody, Business
Administrator/Board Secretary

**Lower Alloways Creek Township Board of Education
Organization Chart**



**LOWER ALLOWAYS CREEK SCHOOL BOARD OF EDUCATION
SALEM, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Walter Sheets, President	2018
Tracy Beal, Vice President	2020
Laura Tice Crane	2018
Gail B. Donelson	2018
Robert Hill	2020
Tammy Murphy	2019
Jenni Eber	2018

OTHER OFFICIALS

Phillip Neff, Chief School Administrator

Shannon N. DuBois-Brody, Business Administrator/Board Secretary

Rebecca S. Joyce, Alternate Board Secretary

**LOWER ALLOWAYS CREEK SCHOOL BOARD OF EDUCATION
SALEM, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nick L. Petroni, CPA, RMA
Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
P.O. Box 279
Glassboro, NJ 08028

ATTORNEY

Robert A. Muccilli
Capehart Scatchard, PA
8000 Midlantic Drive, Suite 300S
P.O. Box 5016
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

Fulton Bank of New Jersey
1 South Main Street
Woodstown, NJ 08098

INSURANCE AGENCY

Conner Strong
P.O. Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

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 Lower Alloways Creek Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. 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 Board's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, Lower Alloways Creek, New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Alloways Creek Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedules of expenditures of Federal and State Awards, is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic

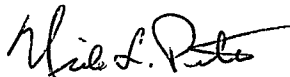
financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles*, (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2019, on our consideration of the Lower Alloways Creek Board of Education's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Lower Alloways Creek Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

Required Supplementary Information – Part I

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

This section of the Lower Alloways Creek Township 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.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *Required Supplementary Information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Key financial highlights for 2017-2018 are as follows:

- General revenues accounted for \$4,689,096 in revenue or 96% percent of all revenues. Program specific revenues in the form of charges for \$143,451 or 2.9% percent to total revenues of \$4,829,547 (See Exhibit A-2).
- Total net position of Governmental Activities decreased by \$405,422 comprised of changes in cash and cash equivalents, receivables, inventory, and capital assets. The net position of the Business-type Activities increased by \$2,266 (See Exhibit A-2).
- The School District had \$5,309,444 in expenses, of which only \$217,131 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid, and property taxes) of \$4,689,096 were adequate to provide for these programs. These revenues and expenses include the Business-type Activities (See Exhibit A-2).
- The Governmental Funds had \$4,832,547 in revenues and \$5,553,653 in expenditures. The General Fund's balance decreased \$671,325 over FY 2017 net change in fund balance (See Exhibit B-2).

District-wide Financial Statements – Reporting the School District as a Whole

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

District-wide Financial Statements – Reporting the School District as a Whole (Continued)

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The District has four kinds of funds:

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

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements (Continued)

- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other district programs and activities and for other districts. The District currently does have an Internal Service Fund.

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

Financial Analysis of the District as a Whole

Table 1 provides a comparative summary of the School District's net position for the fiscal years ended in 2018 and 2017.

Net Position: The District's combined net position is (\$11,667,540) on June 30, 2018. Approximately .18% of the total net position; are from Business-type Activities, while the balance of the total net position of 99.82% is attributable to Governmental Activities.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements (Continued)

Table 1

	Net Position (See Exhibit A-1)					
	FY 2018		FY 2017		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2018	FY 2017
Assets						
Current and other assets	\$ 1,235,275	\$ 11,828	\$ 1,941,075	\$ 8,743	\$ 1,247,103	\$ 1,949,818
Capital assets	2,569,760	9,319	1,698,792	10,138	2,579,079	1,708,930
Total assets	<u>3,805,035</u>	<u>\$ 21,147</u>	<u>3,639,867</u>	<u>\$ 18,881</u>	<u>3,826,182</u>	<u>3,658,748</u>
Deferred Outflows of Resources						
Deferred outflows related to pension	<u>42,771</u>		<u>232,572</u>		<u>42,771</u>	<u>232,572</u>
Liabilities						
Current liabilities	3,339		14,084		3,339	14,084
Noncurrent liabilities	63,225		62,480		62,480	62,480
Net pension liability	650,338		823,252		650,338	823,252
Net OPEB liability	13,090,301		14,218,377		13,090,301	14,218,377
Total liabilities	<u>13,807,203</u>		<u>15,118,193</u>		<u>13,807,203</u>	<u>15,118,193</u>
Deferred Inflows of Resources						
Deferred inflows related to pension	69,138		37,511		69,138	37,511
Deferred inflows related to OPEB	1,631,162				1,631,162	
	<u>1,700,300</u>		<u>37,511</u>		<u>1,700,300</u>	<u>37,511</u>
Net Position						
Invested in capital assets, net of related debt	2,569,760	\$ 9,319	1,698,792	\$ 10,138	2,579,079	1,708,930
Restricted	1,004,517		1,745,986		1,004,517	1,745,986
Unrestricted	(15,262,964)	11,828	(14,728,043)	8,743	(15,251,136)	(14,719,300)
Total net position	<u>\$ (11,688,687)</u>	<u>\$ 21,147</u>	<u>\$ (11,283,265)</u>	<u>\$ 18,881</u>	<u>\$ (11,667,540)</u>	<u>\$ (11,264,384)</u>

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements (Continued)

Changes in Net Position

Table 2 shows the changes in net position from FY 2018 and 2017.

Changes in Net Position

	FY 2018		FY 2017		Total	
	Governmental	Business-Type	Governmental	Business-Type	FY 2018	FY 2017
REVENUES:						
Program revenues:						
Charges for services		\$ 40,237		\$ 39,492	\$ 40,237	\$ 39,492
Operating and capital grants	\$ 143,451	27,829	\$ 101,604	27,316	171,280	128,920
General revenues:						
Property taxes	3,292,016		3,292,016		3,292,016	3,292,016
Grants and entitlements	1,353,245		1,345,135		1,353,245	1,345,135
Other	43,896	5,614	(2,033)	3,817	49,510	1,784
Total revenues	<u>4,832,608</u>	<u>73,680</u>	<u>4,736,722</u>	<u>70,625</u>	<u>4,906,288</u>	<u>4,807,347</u>
EXPENSES:						
Instruction - related	1,540,021		1,523,888		1,540,021	1,523,888
Instruction - tuition	784,485		1,035,380		784,485	1,035,380
Student & instructional related services	292,912		352,061		292,912	352,061
School administration	61,222		59,650		61,222	59,650
General administration	142,052		130,048		142,052	130,048
Central services	97,991		95,115		97,991	95,115
Administration information tech.			2,208			
Plant operations & maintenance	297,525		355,162		297,525	355,162
Pupil transportation	341,405		402,276		341,405	402,276
Employee benefits	1,488,483		956,966		1,488,483	956,966
Food service/childcare		74,414		77,456	74,414	77,456
Unallocated depreciation	177,515		155,968		177,515	155,968
Other	11,419		99,287		11,419	99,287
Total expenses	<u>5,235,030</u>	<u>74,414</u>	<u>5,168,009</u>	<u>77,456</u>	<u>5,309,444</u>	<u>5,245,465</u>
Transfers	(3,000)	3,000	(6,000)	6,000		
Increase (decrease) in net position	<u>\$ (405,422)</u>	<u>\$ 2,266</u>	<u>\$ (437,287)</u>	<u>\$ (831)</u>	<u>\$ (403,156)</u>	<u>\$ (438,118)</u>

Governmental Activities

The District's total revenues are \$4,906,288 for the fiscal period ended June 30, 2018. The revenue breakout for all funds is as follows: Property taxes 69%; state formula aid 28%; state and federal aid for specific programs fees charged for services and miscellaneous resources was 3%.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Governmental Activities (Continued)

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations only when the budget exceeds the State mandated CAP.

The total cost of services, as shown above, was \$5,235,030. The net costs of all Governmental programs and services was \$5,091,579. Instruction and instructional related services comprise 49.3% of the total District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services		Net Cost of Services	
	FY 2018		FY 2017	
Instruction	\$ 1,540,021	\$ 1,481,103	\$ 1,523,888	\$ 1,482,523
Support services:				
Tuition	784,485	784,485	1,035,380	1,035,380
Pupil and instructional staff	292,912	230,785	352,061	302,020
School administration	61,222	61,222	59,650	59,650
General administration	142,052	142,052	130,048	130,048
Central services	97,991	97,991	95,115	95,115
Administration information			2,208	2,208
Operation and maintenance	297,525	297,525	355,162	355,162
Pupil transportation	341,405	341,405	402,276	402,276
Employee benefits	1,488,483	1,476,077	956,966	946,768
Capital outlay	11,419	1,419	99,287	99,287
Unallocated depreciation	177,515	177,515	155,968	155,968
	<u>\$ 5,235,030</u>	<u>\$ 5,091,579</u>	<u>\$ 5,168,009</u>	<u>\$ 5,066,405</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teachers and students, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching the students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Extracurricular activities include instructional expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

General administration, school administration, and business administration include expenses associated with administrative and financial supervision of the District.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Governmental Activities (Continued)

Operation and maintenance of facilities of activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Other includes Enterprise Fund expenditures and unallocated depreciation.

Business-type Activities

Revenues of the District's Business-type Activities (food and nutrition services) were comprised of charges for services and federal and state reimbursements.

- Business-type Activities revenues exceeded expenditures by \$2,266.
- Charges for services represent \$45,851 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and donated commodities were \$27,829.

The School District's Funds

Information about the School District's Major Funds starts on (Exhibit B-1). These funds are accounted for using the modified accrual basis of accounting. All Governmental Funds implemented (i.e., General Fund, Special Revenue Fund, and Capital Projects Fund, presented in the fund-based statements) had total revenues of \$4,832,608 and expenditures of \$5,553,653 (Exhibit B-2). The net change in fund balance for the year was (\$724,045). This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds. The District was not required to maintain a Debt Service Fund in the 2017-2018 fiscal year.

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 schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Local sources	\$ 3,338,285	69.08%	\$ 7,648	0.23%
State sources	1,353,245	28.00%	8,110	0.60%
Federal sources	141,078	2.92%	41,678	41.93%
	<u>\$ 4,832,608</u>	<u>100.00%</u>	<u>\$ 57,436</u>	<u>1.20%</u>

The following schedules present a summary of General Fund, Special Revenue Fund, and Capital Projects Fund expenditures for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

The School District's Funds (Continued)

Expenditures	Amount	Percent of Total	(Decrease) from 2017	Increase (Decrease)
Current expense:				
Instruction	\$ 1,541,926	27.76%	\$ 17,293	1.13%
Undistributed	2,954,198	53.19%	(383,192)	-11.48%
Capital outlay	1,057,529	19.04%	937,365	780.07%
	<u>\$ 5,553,653</u>	<u>100.00%</u>	<u>\$ 571,466</u>	<u>11.47%</u>

The increase in capital outlay is attributed to various projects in FY 2018.

General Fund Budgetary Highlights

The School District's Budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the year, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

While the District's final budget for the General Fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show a change of (\$674,630) as shown on Exhibit C-1. There was a transfer to Food Service Fund of \$3,000.

The District's final FY 2018 budget anticipated \$540,166 in fund balance; \$17,303 of prior year encumbrances, offset by budgeted increase in capital reserve of \$50,000 and \$50 for interest budgeted for capital reserve for this fiscal period.

Capital Assets

The Lower Alloways Creek Township School District investment in capital assets for its Governmental and Business-type Activities as of June 30, 2018, amounts to \$2,579,079 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (more detailed information about capital assets can be found in Note 6 to the financial statements).

Lower Alloways Creek Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Capital Assets (Continued)

Capital Assets (Net of Depreciation)

	FY 2018		FY 2017		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2018	FY 2017
Land	\$ 31,918		\$ 31,918		\$ 31,918	\$ 31,918
Site improvements	26,135		31,139		26,135	31,139
Buildings	2,243,043		1,346,102		2,243,043	1,346,102
Machinery & equipment	268,664	\$ 9,319	289,633	\$ 10,138	277,983	299,771
Total	\$ 2,569,760	\$ 9,319	\$ 1,698,792	\$ 10,138	\$ 2,579,079	\$ 1,708,930

Overall capital assets increased by \$870,149 from fiscal year 2017 which is mainly attributed to depreciation. Depreciation expenses were \$177,515 for the fiscal year 2018 for Governmental Funds and \$8,196 for food service.

Long-Term Debt

Lower Alloways Creek Township School District has \$63,225 in compensated absences which is the only long-term debt as of June 30, 2018.

Factors Bearing on the District's Future

While Lower Alloways Creek Township is primarily a residential community, the funding of school operations is provided by industrial property owners.

The District anticipates an enrollment of 158 students for the 2018-2019 fiscal year.

In conclusion, the Lower Alloways Creek Township School District has committed itself to fiscal responsibility for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are function. The School District plans to continue its sound fiscal management to meet the requirements of the future, which entail matching revenues to meet expense requirements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Shannon N. DuBois-Brody, Business Administrator/Board Secretary, Lower Alloways Creek Township School District, 967 Main Street-Canton, Salem, NJ 08079.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business- type Activities	FY 2018
ASSETS			
Cash and cash equivalents	\$ 1,048,219	\$ 9,243	\$ 1,057,462
Receivables, net	114,969	1,502	116,471
Inventory		1,083	1,083
Restricted assets:			
Capital reserve account - cash	72,097		72,097
Capital assets:			
Non-depreciable assets	31,918		31,918
Assets net of depreciation	2,537,842	9,319	2,547,161
Total Assets	<u>3,805,045</u>	<u>\$ 21,147</u>	<u>3,826,192</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>42,771</u>		<u>42,771</u>
LIABILITIES			
Accounts payable	32,339		32,339
Noncurrent liabilities:			
Due beyond one year	63,225		63,225
Net pension liability	650,338		650,338
Net OPEB liability	13,090,301		13,090,301
Total liabilities	<u>13,836,203</u>		<u>13,836,203</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	69,138		69,138
Deferred inflows related to OPEB	1,631,162		1,631,162
	<u>1,700,300</u>		<u>1,700,300</u>
NET POSITION			
Invested in capital assets, net of related debt	2,569,760	\$ 9,319	2,579,079
Restricted for:			
Capital projects	107,619		107,619
Other purposes	896,898		896,898
Unrestricted	(15,262,964)	11,828	(15,251,136)
Total net position	<u>\$ (11,688,687)</u>	<u>\$ 21,147</u>	<u>\$ (11,667,540)</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,250,860			\$ (1,250,860)		\$ (1,250,860)
Special education	248,988		\$ 58,918	(190,070)		(190,070)
Other special education	39,193			(39,193)		(39,193)
Other instruction	980			(980)		(980)
Support services:						
Tuition	784,485			(784,485)		(784,485)
Student & instructional related services	292,912		62,127	(230,785)		(230,785)
General administration	142,052			(142,052)		(142,052)
School administrative services	61,222			(61,222)		(61,222)
Central services	97,991			(97,991)		(97,991)
Plant operations & maintenance	297,525			(297,525)		(297,525)
Pupil transportation	341,405			(341,405)		(341,405)
Employee benefits	1,488,483		12,406	(1,476,077)		(1,476,077)
Capital outlay	11,419		10,000	(1,419)		(1,419)
Unallocated depreciation	177,515			(177,515)		(177,515)
Total governmental activities	5,235,030		143,451	(5,091,579)		(5,091,579)
Business-type activities:						
Food service	69,715	\$ 40,237	27,829		\$ (1,649)	(1,649)
Latchkey program	4,699	5,614			915	915
Total business-type activities	74,414	45,851	27,829		(734)	(734)
Total primary government	\$ 5,309,444	\$ 45,851	\$ 171,280	\$ (5,091,579)	\$ (734)	\$ (5,092,313)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 3,292,016		\$ 3,292,016
Federal and state aid not restricted				1,353,245		1,353,245
Tuition charges				15,000		15,000
Transportation charges				5,260		5,260
Investment earnings				4,652		4,652
Miscellaneous income				18,984		18,984
Transfers				(3,000)	\$ 3,000	
Total general revenues, special items, extraordinary items, and transfers				4,686,157	3,000	4,689,157
Change in net position				(405,422)	2,266	(403,156)
Net position - beginning				2,935,112	18,881	2,953,993
Prior period adjustment of pension liability				(14,218,377)		(14,218,377)
Restated net position at the beginning of the period				(11,283,265)	18,881	(11,264,384)
Net position - end				\$ (11,688,687)	\$ 21,147	\$ (11,667,540)

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Major Funds			FY 2018
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 1,071,198			\$ 1,071,198
Receivables from other governments	18,059	\$ 4,500	\$ 92,410	114,969
Restricted cash and cash equivalents	72,097			72,097
Total assets	<u>\$ 1,161,354</u>	<u>\$ 4,500</u>	<u>\$ 92,410</u>	<u>1,258,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft		\$ 4,500	\$ 26,197	30,697
Accounts payable			32,339	32,339
Total liabilities		<u>4,500</u>	<u>58,536</u>	<u>63,036</u>
Fund balances:				
Restricted for:				
Excess surplus - current year	\$ 477,932			477,932
Maintenance reserve	118,685			118,685
Capital reserve	73,745			73,745
Capital projects fund			33,874	33,874
Assigned to:				
Designated by the BOE for subsequent year's expenditures	204,001			204,001
Designated by the BOE for subsequent year's expenditures - July 1 to August 1	96,280			96,280
Unassigned:				
General fund	190,711			190,711
Total fund balances	<u>1,161,354</u>		<u>33,874</u>	<u>1,195,228</u>
Total liabilities and fund balances	<u>\$ 1,161,354</u>	<u>\$ 4,500</u>	<u>\$ 92,410</u>	

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>FY 2018</u>
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$6,569,360 and the accumulated depreciation is \$3,999,600 (see Note 6).	2,569,760
Internal Service Funds are used by management to charge the cost of certain activities, such as shared teacher to other districts. Assets and liabilities of the internal service fund of \$7,718 are included in the Governmental Activities in the Statement of Net Position.	7,718
Net pension liability adjustment for GASB Statement No. 68 and 71	(676,705)
Net OPEB liability adjustment for GASB Statement No. 75	(503,086)
The cumulative effect of the change in accounting principles for adoption of GASB statement No. 75 is reported as a prior period adjustment of OPEB liability (see Note 23).	(14,218,377)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(63,225)
Net position of Governmental Activities	<u>\$ (11,688,687)</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Major Funds			FY 2018
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES:				
Local tax levy	\$ 3,292,016			\$ 3,292,016
Tuition charges	15,000			15,000
Transportation	5,260			5,260
Interest earned on investments	4,603			4,603
Interest earned on Capital Reserve Funds	49			49
Miscellaneous	18,984	\$ 2,373		21,357
	3,335,912	2,373		3,338,285
State sources	1,353,245			1,353,245
Federal sources		141,078		141,078
Total revenues	4,689,157	143,451		4,832,608
EXPENDITURES:				
Current:				
Regular instruction	1,252,315			1,252,315
Special education instruction	189,845	58,918		248,763
Other special instruction	39,868			39,868
Other instruction	980			980
Support services & undistributed costs:				
Tuition	784,485			784,485
Student & instruction related services	233,158	62,127		295,285
General administration	142,052			142,052
School administrative services	61,222			61,222
Central services	97,991			97,991
Plant operations and maintenance	297,525			297,525
Pupil transportation	338,755			338,755
Employee benefits	924,477	12,406		936,883
Capital outlay	81,548	10,000	\$ 965,981	1,057,529
Total expenditures	4,444,221	143,451	965,981	5,553,653
Excess (deficiency) of revenues over expenditures	244,936		(965,981)	(721,045)
Other financing sources (uses)				
Transfers out:				
Food Service Fund	(3,000)			(3,000)
Capital reserve to capital projects	(913,200)		913,200	
Total other financing sources (uses)	(916,200)		913,200	(3,000)
Net change in fund balances	(671,264)		(52,781)	(724,045)
Fund balance - July 1	1,832,618		86,655	1,919,273
Fund balance - June 30	<u>\$ 1,161,354</u>		<u>\$ 33,874</u>	<u>\$ 1,195,228</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2018

Total net change in fund balances - Governmental Funds (from B-2) \$ (724,045)

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	\$ 1,048,483	
Depreciation	<u>(177,515)</u>	870,968

Pension contributions are reported in Governmental Funds as expenditures.
 However, in the Statement of Activities, the contributions are adjusted for
 actuarial valuation adjustments.

(48,514)

OPEB contributions are reported in Governmental Funds as expenditures.
 However, in the Statement of Activities, the contributions are adjusted for
 actuarial valuation adjustments.

(503,086)

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

(745)

Change in net position of Governmental Activities

\$ (405,422)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Major Funds		Governmental Activities - Internal Service Fund
	Food Service	Latchkey Program	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,010	\$ 6,233	\$ 7,718
Accounts receivable	1,502		
Inventories	1,083		
Total current assets	<u>5,595</u>	<u>6,233</u>	<u>7,718</u>
Noncurrent assets:			
Furniture, machinery & equipment	79,854		
Less: accumulated depreciation	<u>(70,535)</u>		
Total noncurrent assets	<u>9,319</u>		
Total assets	<u>\$ 14,914</u>	<u>\$ 6,233</u>	<u>\$ 7,718</u>
NET POSITION			
Invested in capital assets net of related debt	\$ 9,319		
Unrestricted	<u>5,595</u>	<u>\$ 6,233</u>	<u>\$ 7,718</u>
Total net position	<u>\$ 14,914</u>	<u>\$ 6,233</u>	<u>\$ 7,718</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Business-type Activities - Major Funds		Governmental Activities - Internal Service Fund
	Food Service	Latchkey Program	
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs	\$ 29,109		
Daily sales - non-reimbursable programs	11,128		
Tuition		\$ 5,614	
Total operating revenue	<u>40,237</u>	<u>5,614</u>	
OPERATING EXPENSES:			
Salaries	30,877	4,365	
Employee benefits	2,393	334	
Purchased professional/technical services	1,695		
Purchased property services	350		
Cost of sales - reimbursable	29,271		
Cost of sales - non-reimbursable	4,148		
Depreciation	819		
Miscellaneous	162		
Total operating expenses	<u>69,715</u>	<u>4,699</u>	
Operating income (loss)	<u>(29,478)</u>	<u>915</u>	
NON-OPERATING REVENUES:			
State sources:			
National school lunch program - state	794		
Federal sources:			
National school lunch program	21,270		
School breakfast program	3,946		
Food distribution program	1,819		
Total non-operating revenues (expenses)	<u>27,829</u>		
Income (loss) before operating transfers	<u>(1,649)</u>	<u>915</u>	
Operating financing sources (uses):			
Operating transfer in - General Fund	3,000		
Net income (loss)	<u>1,351</u>	<u>915</u>	
Total net position - beginning	<u>13,563</u>	<u>5,318</u>	<u>\$ 7,718</u>
Total net position - ending	<u>\$ 14,914</u>	<u>\$ 6,233</u>	<u>\$ 7,718</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Major Funds		Governmental Activities - Internal Service Fund
	Food Service	Latchkey Program	
Cash flows from operating activities:			
Receipts from customers	\$ 40,237	\$ 5,614	
Payments to suppliers	(34,047)		
Payments to employees	(30,877)	(4,365)	
Payments for employee benefits	(2,393)	(334)	
Net cash provided (used) by operating activities	<u>(27,080)</u>	<u>915</u>	
Cash flows from non-capital financing activities:			
Cash received from state & federal reimbursements	26,087		
Board contribution	3,000		
Net cash provided by non-capital financing activities	<u>29,087</u>		
Net increase in cash & cash equivalents	2,007	915	
Cash and cash equivalents - July 1	1,003	5,318	\$ 7,718
Cash and cash equivalents - June 30	<u>\$ 3,010</u>	<u>\$ 6,233</u>	<u>\$ 7,718</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (29,478)	\$ 915	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	819		
Food distribution program	1,819		
Change in assets and liabilities:			
(Increase) decrease in inventory	(240)		
	<u>\$ (27,080)</u>	<u>\$ 915</u>	

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Funds			Totals FY 2018
	Scholarship Trust	Unemployment Compensation Trust	Agency Funds	
ASSETS				
Cash and cash equivalents	\$ 1,615	\$ 185,034	\$ 9,712	\$ 196,361
Total assets	<u>\$ 1,615</u>	<u>\$ 185,034</u>	<u>9,712</u>	<u>196,361</u>
LIABILITIES				
Due to student groups			6,823	6,823
Payroll deductions and withholdings			2,889	2,889
Total liabilities			<u>9,712</u>	<u>9,712</u>
NET POSITION				
Held in trust for:				
Unemployment claims		\$ 185,034		185,034
Scholarship awards	\$ 1,615			1,615
Total net position	<u>\$ 1,615</u>	<u>\$ 185,034</u>	<u>None</u>	<u>\$ 186,649</u>

See accompanying notes to the basic financial statements.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Funds		Totals FY 2018
	Scholarship Trust	Unemployment Compensation Trust	
ADDITIONS:			
Contributions:			
Plan members		\$ 3,350	\$ 3,350
Total contributions		3,350	3,350
Investment earnings:			
Interest		274	274
Total investment earnings		274	274
Total additions		3,624	3,624
DEDUCTIONS:			
Unemployment claims		187	187
Scholarships awarded	\$ 125		125
Total deductions	125	187	312
Change in net position	(125)	3,437	3,312
Net position - July 1	1,740	181,597	183,337
Net position - June 30	\$ 1,615	\$ 185,034	\$ 186,649

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Lower Alloways Creek Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are 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 financial statements of the Board of Education of Lower Alloways Creek Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Lower Alloways Creek Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

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

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

Based on the aforementioned criteria, the District has no component units.

B. Government-wide Statements

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's Major Funds). Both the Government-wide and fund financial statements categorize primary activities as either Governmental or Business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service and latchkey programs are classified as Business-type Activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay Subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds,

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund (Continued) - construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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 FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the Proprietary Funds of the District.

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other Governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governments and therefore not available to support District programs. The reporting focus is on net assets. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS (CONTINUED)

for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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.

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury 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.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. (NJSA 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 et seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in, first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in, first-out method. Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food - commodities	\$ 403
Food	680
	<u>\$ 1,083</u>

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables (Continued)

particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District, over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

M. 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 for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund, as described later. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 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.

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

T. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

U. Fund Balance Reserves

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:

Non-spendable - The Non-Spendable 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) it 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.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

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 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 an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balance are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

V. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement, which is effective for fiscal periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This statement, which is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61." This statement which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District’s cash and cash equivalents at June 30, 2018 and 2017, was \$1,325,920 and \$1,969,849. As of June 30, 2018 and 2017, \$0 of the District’s bank balance of \$1,199,172 and \$1,829,144, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2018 and 2017, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government Money Market Mutual Funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2018, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 110,469	\$ 47
Federal aid	4,500	1,455
	\$ 114,969	\$ 1,502

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$500 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2018, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2017	\$ 886,897
Deposit	150,000
Interest earnings	48
Approved withdrawal	<u>(963,200)</u>
Ending balance, June 30, 2018	<u><u>\$ 73,745</u></u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2018.

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2018</u>
Governmental activities:				
Land	\$ 31,918			\$ 31,918
Site improvements	94,935			94,935
Building & building improvements	3,931,232	\$ 1,010,143		4,941,375
Machinery & equipment	<u>1,462,792</u>	<u>38,340</u>		<u>1,501,132</u>
Totals at historical cost	<u>5,520,877</u>	<u>1,048,483</u>	None	<u>6,569,360</u>
Less: accumulated depreciation				
Site improvements	(63,796)	(5,004)		(68,800)
Building & building improvements	(2,585,130)	(113,202)		(2,698,332)
Machinery & equipment	<u>(1,173,159)</u>	<u>(59,309)</u>		<u>(1,232,468)</u>
Total accumulated depreciation	<u>(3,822,085)</u>	<u>(177,515)</u>	None	<u>(3,999,600)</u>
Governmental activities capital assets, net	<u>\$ 1,698,792</u>	<u>\$ 870,968</u>	None	<u>\$ 2,569,760</u>
Business-type activities:				
Machinery & equipment	\$ 79,854			\$ 79,854
Less: accumulated depreciation	<u>(69,716)</u>	<u>(819)</u>		<u>(70,535)</u>
Business-type capital assets, net	<u>\$ 10,138</u>	<u>\$ (819)</u>	None	<u>\$ 9,319</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for Governmental Activities.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: GENERAL LONG-TERM DEBT

Bonds are authorized in accordance with state law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 62,480	\$ 2,875	\$ 2,130	\$ 63,225	None

Bonds Payable

During the year ended June 30, 2018, the Board had no bonds issued or outstanding.

Bonds Authorized But Not Issued

As of June 30, 2018, the Board has \$0 of bonds authorized but not issued.

Capital Leases

As of June 30, 2018, the Board has \$0 capital leases.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the Federal Government. Thus, rebatable arbitrage liabilities related to Governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2018, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division).

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8: PENSION FUNDS (CONTINUED)

According to the State of New Jersey Administrative Code, all obligations of the System 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 Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 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 NJSA 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 generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions 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 7.34% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2018, 2017, and 2016, were \$25,881, \$24,694, and \$24,690, respectively, equal to the required contributions for each year. The School District's share of TPAF for normal contributions, post-retirement medical benefits and life insurance premiums for the years ending June 30, 2018, 2017, and 2016, which were \$357,961, \$293,915, and \$261,057, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2018, 2017, and 2016; \$103,528, \$108,147, and \$104,863, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - The Board's total payroll for the years ending June 30, 2018, 2017, and 2016, were \$1,889,540, \$1,934,029, and \$1,957,864, covered payroll was \$1,404,378, \$1,436,235, and \$1,394,094, for TPAF and \$188,732, \$191,679, and \$192,016, for PERS.

For the year ended June 30, 2018, the District recognized pension expense of \$74,395. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 53,423
Net difference between expected and actual experience	\$ 8,812	
Net difference between projected and actual earnings on pension plan investments	8,078	
Changes in proportion and differences between District contributions and proportionate share of contributions		15,715
District contributions subsequent to the measurement date	25,881	
	\$ 42,771	\$ 69,138

\$25,881, reported as deferred outflows of resources related to pensions resulting from School District 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:

Year Ended	Amount
June 30,	
2019	\$ (3,874)
2020	5,030
2021	(6,178)
2022	(30,341)
2023	(16,885)
Thereafter	0
	\$ (52,248)

Additional information – Collective balances at June 30, 2017 and 2016, are as follows:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION FUNDS (CONTINUED)

	June 30, 2017	June 30, 2016
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's proportion	0.0027937381%	0.0027796485%

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2018, 2017, and 2016, were \$5,682, \$4,975, and \$6,276.

NOTE 9: POST-EMPLOYMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. 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 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.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2018, 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 at: <https://www.nj.gov/treasury/omb/publications/archives.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2017, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF). See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4.
Discount rate	3.58%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Mortality rates were based on the RP-2014 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

The actuarial assumptions used in the June 30, 2016, valuation were based on the result of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance at 6/30/16	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(7,086,599,129)
Contributions - Member	45,748,749
Benefit payments	(1,242,412,566)
Net changes	(4,191,942,326)
Balance at 6/30/17	\$ 53,639,841,858

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate. The following represents 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-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

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 are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2018, the Board of Education/Board of Trustees recognized OPEB expense of \$503,086 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Lower Alloways Creek Township Board of Education proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportions		\$ 83,025
Changes of assumptions or other inputs		1,548,137
Total	None	\$ 1,631,162

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30,	
2019	\$ (191,003)
2020	(191,003)
2021	(191,003)
2022	(191,003)
2023	(191,003)
Thereafter	(676,147)
	\$ (1,631,162)

NOTE 10: LABOR CONTRACTS

As of June 30, 2018, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Lower Alloways Creek Education Association collective bargaining unit, which will expire on June 30, 2020.

NOTE 11: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.	MetLife	Voya
-----------------------------------	---------	------

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2018, is \$63,225. The liability for compensated absences in the Food Service Fund at June 30, 2018, is \$0.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1, as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for staff as of July 1, 2011, was \$1,000.

NOTE 14: 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, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2018, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group – ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Worker's Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance:

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017-2018		\$ 3,350	\$ 187	\$ 185,034
2016-2017		3,685	8,198	181,597
2015-2016		3,494	1,641	185,838

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both Restricted and Unrestricted Fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned, and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an Undesignated Fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained. Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2018.

Restricted Fund Balance:

Capital Reserve Account - Of the \$73,745 balance in the capital reserve account at June 30, 2018, \$0 has been designated for utilization in the 2018-2019 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - Of the \$118,685 balance in the maintenance reserve account at June 30, 2018, \$0 has been designated for utilization in the 2018-2019 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15: FUND BALANCE APPROPRIATED (CONTINUED)

Emergency Reserve Account - At June 30, 2018, there was \$0 fund balance.

Excess Surplus - At June 30, 2018, excess surplus created in FY 2017 of \$0 will be utilized for expenditures in the 2018-2019 budget, while excess surplus created in FY 2018 of \$477,932 is restricted and will be utilized for budget expenditures in 2019-2020.

Debt Service Fund - At June 30, 2018, there was \$0 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2018.

Assigned Fund Balance - At June 30, 2018, the Board has assigned \$300,281 of General Fund balance to expenditures in the 2018-2019 budget. \$0 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2018, the District has \$190,711 of Unassigned Fund balance in the General Fund.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018, is \$477,932.

NOTE 17: ECONOMIC DEPENDENCY

The District is heavily reliant on the local tax levy and state sources to fund the District operations. State sources funded approximately 28% of the District's 2017-2018 Governmental Fund revenue, while local tax levy accounted for approximately 68.1%.

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2018.

NOTE 19: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$55-\$323 a month per machine. Total lease payments made during the year ended June 30, 2018, amounted to \$5,793. Future minimum lease payments are as follows:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19: OPERATING LEASES (CONTINUED)

Year Ended	
June 30,	Amount
2019	\$ 5,793
2020	1,921
2021	1,921
2022	1,921
	\$ 11,556

NOTE 20: TAX ABATEMENTS

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

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

The Township of Lower Alloways Creek did not have any tax abatements for the year ended December 31, 2017.

NOTE 21: COMMITMENTS AND CONTINGENCIES

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

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Lower Alloways Creek Township School District that would have a material or adverse effect on the Board or the financial position of the District.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and January 21, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

NOTE 23: CHANGE IN ACCOUNTING PRINCIPLE

During the year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OPEB.

The effect of this change was to decrease fiscal year ended June 30, 2017, net position by \$14,218,377 which is the prior period adjustment of net OPEB liability. Financial statements for the fiscal year ended June 30, 2017, have not been restated and the cumulative effect of the change totaling \$14,218,377 is shown as a one-time debit to net position in the fiscal year ended June 30, 2018, Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,292,016		\$ 3,292,016	\$ 3,292,016	
Tuition from individuals				15,000	\$ 15,000
Transportation fees				5,260	5,260
Interest on investments	5,000		5,000	4,603	(397)
Interest on capital reserve funds	50		50	49	(1)
Miscellaneous				18,984	18,984
Total - local sources	3,297,066		3,297,066	3,335,912	38,846
State sources:					
Transportation aid	120,883		120,883	120,883	
Special education aid	124,366		124,366	124,366	
Equalization aid	421,194		421,194	421,194	
Security aid	19,864		19,864	19,864	
Adjustment aid	178,734		178,734	178,734	
PARCC readiness aid	1,840		1,840	1,840	
Per pupil growth aid	1,840		1,840	1,840	
Professional learning community aid	1,610		1,610	1,610	
Extraordinary aid				15,739	15,739
Other state aid:					
Nonpublic transportation				2,320	2,320
TPAF post-retirement medical (on-behalf non-budgeted)				140,298	140,298
Teachers' pension & annuity fund (on-behalf non-budgeted)				217,221	217,221
TPAF long term disability insurance (on-behalf non-budgeted)				442	442
Reimbursed TPAF social security contributions (non-budgeted)				103,528	103,528
Total - state sources	870,331		870,331	1,349,879	479,548
Total revenues	4,167,397		4,167,397	4,685,791	518,394

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	115,251		115,251	110,095	5,156
Kindergarten	96,491		96,491	94,932	1,559
Grades 1-5	534,730	300	535,030	501,206	33,824
Grades 6-8	412,906	(300)	412,606	375,233	37,373
Regular programs - home instruction:					
Salaries of teachers	4,000		4,000	2,808	1,192
Purchased professional - education services	5,000		5,000	822	4,178
Regular programs - undistributed instruction:					
Other salaries for instruction	30,884		30,884	30,401	483
Purchased professional - education services	1,500		1,500	695	805
Purchased technical services	59,250		59,250	47,658	11,592
Other purchased services (400-500 series)	57,243		57,243	37,590	19,653
General supplies	76,177		76,177	49,099	27,078
Textbooks	4,880		4,880		4,880
Miscellaneous expenditures	3,980		3,980	1,776	2,204
Total regular programs	1,402,292		1,402,292	1,252,315	149,977
Resource room:					
Salaries of teachers	188,561		188,561	186,021	2,540
Other purchased services (400-500 series)	605		605	550	55
General supplies	2,985		2,985	2,725	260
Textbooks	550		550	549	1
Total resource room	192,701		192,701	189,845	2,856
Total special education	192,701		192,701	189,845	2,856
Basic skills/remedial:					
Salaries of teachers	45,685		45,685	38,550	7,135
General supplies	2,071		2,071	1,318	753
Total basic skills/remedial	47,756		47,756	39,868	7,888
School sponsored co-curricular activities:					
Salaries	1,500		1,500	980	520
Total school sponsored co-curricular activities	1,500		1,500	980	520
Total other instructional programs	49,256		49,256	40,848	8,408
Total - instruction	1,644,249		1,644,249	1,483,008	161,241

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within state-regular	364,510		364,510	364,510	
Tuition to other LEAs within state-special	56,500	11,000	67,500	67,198	302
Tuition to county vocational - regular	186,200		186,200	186,200	
Tuition to CSSD & regional day school	146,386	(11,000)	135,386	112,322	23,064
Tuition to private schools for the handicapped - within state	58,922		58,922	54,255	4,667
Total undistributed expenditures - instruction	812,518		812,518	784,485	28,033
Attendance and social work services:					
Salaries	19,084		19,084	19,075	9
Purchased professional/technical services	5,400		5,400	5,184	216
Total attendance and social work services	24,484		24,484	24,259	225
Health services:					
Salaries	55,257		55,257	53,711	1,546
Purchased professional/technical services	5,157		5,157	2,957	2,200
Supplies and materials	4,495		4,495	1,368	3,127
Total health services	64,909		64,909	58,036	6,873
Related services:					
Purchased professional - education services	45,000		45,000	43,056	1,944
Supplies and materials	200		200		200
Total related services	45,200		45,200	43,056	2,144
Extraordinary services:					
Other salaries for instruction	28,717	800	29,517	29,371	146
Purchased professional - education services	137,876	(20,800)	117,076	41,787	75,289
Supplies and materials	200		200		200
Total extraordinary services	166,793	(20,000)	146,793	71,158	75,635
Other support services - guidance services:					
Purchased professional - education services	17,850		17,850	17,850	
Supplies and materials	200		200		200
Total other support services - guidance services	18,050		18,050	17,850	200
Other support services - child study team					
Purchased professional - education services	18,411		18,411	9,565	8,846
Other purchased professional - technical services	2,000		2,000	1,400	600
Supplies and materials	450		450		450
Total other support services - child study team	20,861		20,861	10,965	9,896
Improvement of instruction services:					
Salaries of other professional staff	1,000		1,000		1,000
Purchased professional - education services	20,000		20,000		20,000
Total improvement of instruction services:	21,000		21,000		21,000

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Purchased professional - education services	850	35	885	885	
Supplies and materials	9,670	(35)	9,635	6,431	3,204
Total educational media services/school library	10,520		10,520	7,316	3,204
Instructional staff training:					
Salaries of other professional staff	500		500		500
Purchased professional - education services	2,000		2,000	294	1,706
Other purchased professional - technical services	1,000		1,000		1,000
Other purchased services (400-500 series)	3,707		3,707	224	3,483
Supplies and materials	500		500		500
Total instructional staff training	7,707		7,707	518	7,189
Support services general administration:					
Salaries	86,306	(184)	86,122	86,112	10
Legal services	3,000	4,990	7,990	7,362	628
Audit fees	11,500	550	12,050	12,050	
Other purchased professional services	3,600	7,693	11,293	10,282	1,011
Other purchased professional - technical services	500	(500)			
Other purchased services (400-500 series)	9,200	2,916	12,116	11,583	533
Communications/telephone	9,000	(1,155)	7,845	7,539	306
BOE other purchased services	50	(50)			
Supplies and materials	1,000	(405)	595	595	
BOE in-house training/meeting supplies	100	(100)			
Miscellaneous expenditures	3,950	(425)	3,525	3,518	7
BOE membership dues and fees	3,200	(189)	3,011	3,011	
Total support services general administration	131,406	13,141	144,547	142,052	2,495
Support services school administration:					
Salaries of principals/assistant principals	61,222		61,222	61,222	
Total support services school administration	61,222		61,222	61,222	
Central services					
Purchased professional services	79,500		79,500	79,500	
Purchased technical services	12,100	6,579	18,679	15,281	3,398
Miscellaneous purchased services	2,000	(249)	1,751	1,751	
Supplies and materials	1,000	(350)	650	619	31
Miscellaneous expenditures		879	879	840	39
Total central services	94,600	6,859	101,459	97,991	3,468
Required maintenance for school facilities:					
Other salaries	33,776		33,776	33,058	718
Cleaning, repair, and maintenance services	22,450		22,450	6,831	15,619
Supplies and materials	8,500		8,500	446	8,054
Other objects	200		200	115	85
Total required maintenance for school facilities	64,926		64,926	40,450	24,476

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial services:					
Other salaries	53,512		53,512	50,428	3,084
Purchased professional and technical services	32,500	1,500	34,000	32,945	1,055
Purchased technical services	300		300		300
Cleaning, repair, and maintenance services	9,600	(1,500)	8,100	4,260	3,840
Insurance	31,500		31,500	31,500	
Miscellaneous purchased services	1,600		1,600	1,468	132
General supplies	27,000		27,000	21,212	5,788
Energy - electricity	75,000		75,000	57,798	17,202
Energy - oil	60,000		60,000	48,828	11,172
Energy - gasoline	300		300		300
Other objects	1,560		1,560	240	1,320
Total other operation and maintenance of plant services	292,872		292,872	248,679	44,193
Total operation and maintenance of plant services	357,798		357,798	289,129	68,669
Security					
Cleaning, repair, and maintenance services	9,000		9,000	8,396	604
General supplies	1,500		1,500		1,500
Total security	10,500		10,500	8,396	2,104
Student transportation services:					
Salaries (between home and school) - regular	72,232	(1,000)	71,232	61,259	9,973
Salaries (between home and school) - special	27,658	1,420	29,078	28,660	418
Salaries (other than between home and school)	35,776		35,776	35,041	735
Other purchased professional - technical services	26,500	2,520	29,020	28,810	210
Cleaning, repair, and maintenance services	3,000	11,580	14,580	7,136	7,444
Rental school bus	100		100		100
Aid in lieu - nonpublic	7,120	880	8,000	8,000	
Aid in lieu - choice	890	110	1,000	1,000	
Contracted services (regular students) - ESC and CTSA	80,652	(990)	79,662	34,149	45,513
Contracted services (special education students) - ESC	139,000	(21,520)	117,480	96,605	20,875
Miscellaneous purchased services	5,800		5,800	4,612	1,188
Supplies and materials	38,000	7,000	45,000	31,958	13,042
Miscellaneous expenditures	2,675		2,675	1,525	1,150
Total student transportation services	439,403		439,403	338,755	100,648
Unallocated benefits:					
Social security contributions	34,000		34,000	31,399	2,601
Other retirement contributions - PERS	31,000		31,000	25,881	5,119
Other retirement contributions - DCRP	7,000		7,000	5,682	1,318
Unemployment compensation	5,000		5,000		5,000
Workers' compensation	30,437	3,456	33,893	33,893	
Health benefits	501,250		501,250	362,839	138,411
Tuition reimbursement	10,000	(3,456)	6,544		6,544
Other employee benefits	15,000		15,000	557	14,443
Unused sick payments to terminated employees	14,000		14,000	2,737	11,263
Total unallocated benefits	647,687		647,687	462,988	184,699

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TPAF post-retirement medical (on-behalf non-budgeted)				140,298	(140,298)
Teachers' Pension & Annuity Fund (on-behalf non-budgeted)				217,221	(217,221)
TPAF long term disability insurance (on-behalf non-budgeted)				442	(442)
Reimbursed TPAF social security contributions (non-budgeted)				103,528	(103,528)
Total non-budgeted				461,489	(461,489)
Total undistributed expenditures	2,934,658		2,934,658	2,879,665	54,993
Total expenditures - current expense	4,578,907		4,578,907	4,362,673	216,234
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction - instructional equipment	30,000		30,000	26,339	3,661
Required maintenance - equipment	49,450	(408)	49,042	48,031	1,011
Security	5,000	249	5,249	2,753	2,496
Student transportation	3,200	159	3,359	3,167	192
Total equipment	87,650		87,650	80,290	7,360
Facilities acquisition and construction services:					
SDA debt service assessment	1,258		1,258	1,258	
Total facilities acquisition and construction services	1,258		1,258	1,258	
Total capital outlay	88,908		88,908	81,548	7,360
Total expenditures	4,667,815		4,667,815	4,444,221	223,594
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(500,418)		(500,418)	241,570	741,988
Other financing sources (uses)					
Transfer out - food service fund	(7,000)		(7,000)	(3,000)	(4,000)
Transfer out - capital reserve to capital projects		(913,200)	(913,200)	(913,200)	
Total other financing sources and uses	(7,000)	(913,200)	(920,200)	(916,200)	(4,000)
Net changes in fund balance	(507,418)	(913,200)	(1,420,618)	(674,630)	737,988
Fund balances - July 1	1,913,332		1,913,332	1,913,332	
Fund balances - June 30	\$ 1,405,914	\$ (913,200)	\$ 492,714	\$ 1,238,702	\$ 737,988

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 73,745	
Maintenance reserve				118,685	
Excess surplus - current year				477,932	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				204,001	
Designated for subsequent year's expenditures - July 1, 2018 - August 1, 2018				96,280	
Unassigned Fund Balance					
				<u>268,059</u>	
				1,238,702	
Reconciliation to Governmental Fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				(77,348)	
Fund balance per Governmental Funds (GAAP)				<u><u>\$ 1,161,354</u></u>	

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 47,818	\$ 93,260	\$ 141,078	\$ 141,078	
Local sources		2,373	2,373	2,373	
Total revenues	\$ 47,818	\$ 95,633	\$ 143,451	\$ 143,451	None
EXPENDITURES:					
Instruction:					
Salaries of teachers		\$ 35,210	\$ 35,210	\$ 35,210	
Supplies and materials		23,708	23,708	23,708	
Total Instruction		58,918	58,918	58,918	
Support services:					
Other salaries		4,500	4,500	4,500	
Personal services - employee benefits		12,406	12,406	12,406	
Purchased professional - educational services	47,818	3,706	51,524	51,524	
Other purchased services (400-500 series)		3,730	3,730	3,730	
Supplies and materials		2,373	2,373	2,373	
Total support services	47,818	26,715	74,533	74,533	
Facilities acquisition and construction services:					
Noninstructional equipment		10,000	10,000	10,000	
Total facilities acquisition and construction services		10,000	10,000	10,000	
Total expenditures	\$ 47,818	\$ 95,633	\$ 143,451	\$ 143,451	None

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund N-1</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 4,685,791	[C-2]	\$ 143,451
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	80,714		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(77,348)</u>		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 4,689,157</u>	[B-2]	<u>\$ 143,451</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] <u>\$ 4,444,221</u>		<u>\$ 143,451</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 4,444,221</u>	[B-2]	<u>\$ 143,451</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Five Fiscal Years

	Fiscal Year Ended				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0027937381%	0.0027796485%	0.0028718258%	0.0031921956%	0.0030527702%
District's proportionate share of the net pension liability (asset)	\$ 650,338	\$ 823,252	\$ 644,667	\$ 597,666	\$ 583,445
District's covered-employee payroll	202,668	201,632	201,865	212,498	228,970
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	320.89%	408.29%	319.36%	281.26%	254.81%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Five Fiscal Years

	Fiscal Year Ended				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 25,881	\$ 24,694	\$ 24,690	\$ 26,316	\$ 23,002
Contributions in relation to the contractually required contribution	25,881	24,694	24,690	26,316	23,002
Contribution deficiency (excess)	None	None	None	None	None
District's covered-employee payroll	\$ 202,668	\$ 201,632	\$ 201,865	\$ 212,498	\$ 228,970
Contributions as a percentage of covered-employee payroll	12.77%	12.25%	12.23%	12.38%	10.05%
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Five Fiscal Years

	Fiscal Year Ended				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0142306462%	0.0148837663%	0.0140471437%	0.0146315111%	0.0158131237%
District's proportionate share of the net pension liability (asset)	\$ 9,594,815	\$ 11,708,518	\$ 8,878,395	\$ 7,820,066	\$ 7,991,828
District's covered-employee payroll	1,524,887	1,439,159	1,463,829	1,476,750	1,477,064
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	629.21%	813.57%	606.52%	529.55%	541.06%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Fiscal Year

	<u>Fiscal Year Ended</u>
	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 335,636
Interest	410,657
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(1,582,335)
Member contributions	11,165
Benefit payments	(303,199)
Net change in total OPEB liability	(1,128,076)
Total OPEB liability - beginning	14,218,377
Total OPEB liability - ending	<u>\$ 13,090,301</u>
Covered employee payroll	\$ 1,727,555
Total OPEB liability as a percentage of covered employee payroll	757.74%

Notes to Schedule:

Changes of benefit terms:

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

2018	3.58%
------	-------

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO PENSION BENEFITS

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

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

NOTE 4: ACTUARIAL ASSUMPTIONS

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%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Pre-retirement 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. Post-retirement 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 and July 1, 2011 - June 30, 2014, for TPAF and PERS, respectively.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward Ex. E-1a	Rural Education Achievement Program	Title I Part A	NJ-SBA Safety Award	Totals	
					FY 2018	FY 2017
REVENUES:						
Federal sources	\$ 70,895	\$ 23,708	\$ 46,475		\$ 141,078	\$ 99,400
Local sources				\$ 2,373	2,373	2,204
Total revenues	\$ 70,895	\$ 23,708	\$ 46,475	\$ 2,373	\$ 143,451	\$ 101,604
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 1,060		\$ 34,150		\$ 35,210	\$ 38,064
Other purchased services (400-500 series)						3,301
Supplies and materials		23,708			23,708	
Total instruction	1,060	23,708	34,150		58,918	41,365
Support services:						
Other salaries	4,500				4,500	
Personal services - employee benefits	81		12,325		12,406	10,198
Purchased professional - educational services	51,524				51,524	44,646
Other purchased services (400-500 series)	3,730				3,730	3,191
Supplies and materials				\$ 2,373	2,373	2,204
Total support services	59,835		12,325	2,373	74,533	60,239
Facilities acquisition and construction services:						
Noninstructional equipment	10,000				10,000	
Total facilities acquisition and construction services	10,000				10,000	
Total expenditures	\$ 70,895		\$ 46,475	\$ 2,373	\$ 143,451	\$ 101,604

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Emergency Impact Aid	IDEA Preschool	IDEA Part B	Title IV	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part A Teacher & Principal Training & Recruiting Carryover	Total Carried Forward
REVENUES:							
Federal sources	\$ 4,500	\$ 724	\$ 47,094	\$ 10,000	\$ 6,853	\$ 1,724	\$ 70,895
Total revenues	<u>\$ 4,500</u>	<u>\$ 724</u>	<u>\$ 47,094</u>	<u>\$ 10,000</u>	<u>\$ 6,853</u>	<u>\$ 1,724</u>	<u>\$ 70,895</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers					\$ 1,060		\$ 1,060
Total instruction					<u>1,060</u>		<u>1,060</u>
Support services:							
Other salaries	\$ 4,500						4,500
Personal services - employee benefits					81		81
Purchased professional - educational services		\$ 724	\$ 47,094		1,982	\$ 1,724	51,524
Other purchased services (400-500 series)					3,730		3,730
Total support services	<u>4,500</u>	<u>724</u>	<u>47,094</u>		<u>5,793</u>	<u>1,724</u>	<u>59,835</u>
Facilities acquisition and construction services:							
Noninstructional equipment				\$ 10,000			10,000
Total facilities acquisition and construction services				<u>10,000</u>			<u>10,000</u>
Total expenditures	<u>\$ 4,500</u>	<u>\$ 724</u>	<u>\$ 47,094</u>	<u>\$ 10,000</u>	<u>\$ 6,853</u>	<u>\$ 1,724</u>	<u>\$ 70,895</u>

CAPITAL PROJECTS FUND

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2018

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2018
			Prior Years	Current Year	
Exterior door replacement, partial roof replacement & front vestibule	04/23/12	\$ 915,000	\$ 907,992		\$ 7,008
Bus garage boiler and roofing replacement	03/16/17	1,052,230	64,933	\$ 965,981	21,316
Subchapter 8 asbestos abatement monitoring & abatement	05/02/17	40,850	35,300		5,550
		<u>\$ 2,008,080</u>	<u>\$ 1,008,225</u>	<u>\$ 965,981</u>	<u>\$ 33,874</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2018

	FY 2018
Revenues & other financing sources	
Transfer from capital outlay	\$ 913,200
Total revenues	913,200
Expenditures & other financing uses	
Architect and engineer	13,552
Construction services	952,429
Total expenditures	965,981
Excess (deficiency) or revenues over (under) expenditures	(52,781)
Fund balance - beginning	86,655
Fund balance - ending	\$ 33,874

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Exterior Door Replacement, Partial Roof Replacement, and Front Vestibule
From Inception and for the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources:				
Transfer from capital reserve	\$ 915,000		\$ 915,000	\$ 915,000
Total revenues	915,000		915,000	915,000
Expenditures & other financing uses:				
Purchased professional & technical services	46,697		46,697	49,050
Construction services	861,295		861,295	865,950
Total expenditures	907,992		907,992	915,000
Excess (deficiency) or revenues over (under) expenditures	\$ 7,008	None	\$ 7,008	None
Additional project information:				
Project number	2800-050-13-1000			
Grant date	n/a			
Bond authorization date	n/a			
Bonds authorized	0			
Bonds issued	0			
Original authorized cost	\$ 915,000			
Additional authorized cost	None			
Revised authorized cost	915,000			
Percentage increase over original authorized cost	0%			
Percentage completion	100%			
Original target completion date	September 2013			
Revised target completion date	September 2013			

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Bus Garage Boiler and Roofing Replacement
 From Inception and for the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources:				
Transfer from capital outlay	\$ 139,030	\$ 913,200	\$ 1,052,230	\$ 1,052,230
Total revenues	139,030	913,200	1,052,230	1,052,230
Expenditures & other financing uses:				
Architect and engineer	42,092	13,552	55,644	56,000
Construction services	22,841	952,429	975,270	996,230
Total expenditures	64,933	965,981	1,030,914	1,052,230
Excess (deficiency) or revenues over (under) expenditures	\$ 74,097	\$ (52,781)	\$ 21,316	None
Additional project information:				
Project number	33-2800-X01-17-1000			
Grant date	n/a			
Bond authorization date	n/a			
Bonds authorized	n/a			
Bonds issued	n/a			
Original authorized cost	\$ 164,858			
Additional authorized cost	(25,828)			
Revised authorized cost	139,030			
Percentage increase over original authorized cost	0%			
Percentage completion	0%			
Original target completion date	June 2017			
Revised target completion date	August 2017			

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Subchapter 8 Asbestos Abatement Monitoring & Abatement
 From Inception and for the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues & other financing sources:				
Transfer from capital outlay	\$ 40,850		\$ 40,850	\$ 40,850
Total revenues	40,850		40,850	40,850
Expenditures & other financing uses:				
Purchased professional & technical services	35,300		35,300	40,850
Total expenditures	35,300		35,300	40,850
Excess (deficiency) or revenues over (under) expenditures	5,550	None	\$ 5,550	None
Additional project information:				
Project number		n/a		
Grant date		n/a		
Bond authorization date		n/a		
Bonds authorized		n/a		
Bonds issued		n/a		
Original authorized cost		\$ 40,850		
Additional authorized cost		None		
Revised authorized cost		40,850		
Percentage increase over original authorized cost		0%		
Percentage completion		99%		
Original target completion date		June 2017		
Revised target completion date		August 2017		

PROPRIETARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2018

	Business-type Activities			Totals FY 2017
	Food Service Fund	Latchkey Fund	Totals FY 2018	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,010	\$ 6,233	\$ 9,243	\$ 6,321
Accounts receivable:				
State	47		47	41
Federal	1,455		1,455	1,538
Inventory	1,083		1,083	843
Total current assets	<u>5,595</u>	<u>6,233</u>	<u>11,828</u>	<u>8,743</u>
Non-current assets:				
Machinery and equipment	79,854		79,854	79,854
Less: accumulated depreciation	(70,535)		(70,535)	(69,716)
Total non-current assets	<u>9,319</u>		<u>9,319</u>	<u>10,138</u>
Total assets	<u>\$ 14,914</u>	<u>\$ 6,233</u>	<u>\$ 21,147</u>	<u>\$ 18,881</u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 9,319		\$ 9,319	\$ 10,138
Unrestricted	5,595	\$ 6,233	11,828	8,743
Total net position	<u>\$ 14,914</u>	<u>\$ 6,233</u>	<u>\$ 21,147</u>	<u>\$ 18,881</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2018	Totals FY 2017
OPERATING REVENUES:				
Local sources:				
Daily sales:				
Reimbursable programs	\$ 29,109		\$ 29,109	\$ 23,525
Non-reimbursable programs	11,128		11,128	9,954
Tuition		\$ 5,614	5,614	6,013
Total operating revenue	40,237	5,614	45,851	39,492
OPERATING EXPENSES:				
Salaries	30,877	4,365	35,242	27,218
Employee benefits	2,393	334	2,727	3,082
Purchased professional/technical services	1,695		1,695	2,136
Purchased property services	350		350	1,015
Other purchased services				7,700
Supplies and materials				44
Cost of sales - reimbursable	29,271		29,271	23,754
Cost of sales - non-reimbursable	4,148		4,148	9,091
Depreciation	819		819	3,387
Miscellaneous	162		162	29
Total operating expenses	69,715	4,699	74,414	77,456
Operating income (loss)	(29,478)	915	(28,563)	(37,964)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	794		794	624
Federal sources:				
National school lunch program	21,270		21,270	20,101
School breakfast program	3,946		3,946	2,138
Food distribution program	1,819		1,819	4,453
Total non-operating revenues (expenses)	27,829		27,829	27,316
Income (loss) before operating transfers	(1,649)	915	(734)	(10,648)
Other financing sources (uses)				
Operating transfer in - general fund	3,000		3,000	6,000
Capital asset contributions				3,817
Net income (loss)	1,351	915	2,266	(831)
Total net position - July 1	13,563	5,318	18,881	19,712
Total net position - June 30	\$ 14,914	\$ 6,233	\$ 21,147	\$ 18,881

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business-type Activities			
	Food Service Fund	Latchkey Fund	Totals FY 2018	Totals FY 2017
Cash flows from operating activities:				
Receipts from customers	\$ 40,237	\$ 5,614	\$ 45,851	\$ 39,492
Payments to suppliers	(34,047)		(34,047)	(39,131)
Payments to employees	(30,877)	(4,365)	(35,242)	(27,218)
Payments for employee benefits	(2,393)	(334)	(2,727)	(3,082)
Net cash provided (used) by operating activities	(27,080)	915	(26,165)	(29,939)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	26,087		26,087	25,892
Board contribution	3,000		3,000	6,000
Net cash provided by non-capital financing activities	29,087		29,087	31,892
Net increase in cash and cash equivalents	2,007	915	2,922	1,953
Cash and cash equivalents - July 1	1,003	5,318	6,321	4,368
Cash and cash equivalents - June 30	\$ 3,010	\$ 6,233	\$ 9,243	\$ 6,321
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (29,478)	\$ 915	\$ (28,563)	\$ (37,964)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	819		819	3,387
Food distribution program	1,819		1,819	4,453
Change in assets and liabilities:				
(Increase) decrease in inventory	(240)		(240)	185
	\$ (27,080)	\$ 915	\$ (26,165)	\$ (29,939)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Position
 For the Fiscal Year Ended June 30, 2018

	Total FY 2018	Total FY 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,718	\$ 7,718
Total assets	\$ 7,718	\$ 7,718
LIABILITIES AND NET POSITION		
Net position:		
Unrestricted	\$ 7,718	\$ 7,718
Total liabilities and net position	\$ 7,718	\$ 7,718

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	Total FY 2018	Total FY 2017
Total net position - July 1	\$ 7,718	\$ 7,718
Total net position - June 30	\$ 7,718	\$ 7,718

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Total</u>	<u>Total</u>
	<u>FY 2018</u>	<u>FY 2017</u>
Cash and cash equivalents - July 1	<u>\$ 7,718</u>	<u>\$ 7,718</u>
Cash and cash equivalents - June 30	<u>\$ 7,718</u>	<u>\$ 7,718</u>

FIDUCIARY FUNDS

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Funds		Agency Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	Student Activity	Payroll & Payroll Agency	FY 2018	FY 2017
ASSETS						
Cash and cash equivalents	\$ 1,615	\$ 185,034	\$ 6,823	\$ 2,889	\$ 196,361	\$ 191,142
Total assets	<u>\$ 1,615</u>	<u>\$ 185,034</u>	<u>6,823</u>	<u>2,889</u>	<u>196,361</u>	<u>191,142</u>
LIABILITIES						
Due to student groups			6,823		6,823	7,137
Payroll deductions and withholdings				2,889	2,889	668
Total liabilities			<u>6,823</u>	<u>2,889</u>	<u>9,712</u>	<u>7,805</u>
NET POSITION						
Held in trust for:						
Unemployment claims		\$ 185,034			185,034	181,597
Scholarship awards	\$ 1,615				1,615	1,740
Total net position	<u>\$ 1,615</u>	<u>\$ 185,034</u>	<u>None</u>	<u>None</u>	<u>\$ 186,649</u>	<u>\$ 183,337</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Funds		Totals	
	Scholarship Trust	Unemployment Compensation Trust	FY 2018	FY 2017
ADDITIONS:				
Contributions:				
Plan members		\$ 3,350	\$ 3,350	\$ 3,685
Total contributions		3,350	3,350	3,685
Investment earnings:				
Interest		274	274	273
Total investment earnings		274	274	273
Total additions		3,624	3,624	3,958
DEDUCTIONS:				
Unemployment claims		187	187	8,198
Scholarships awarded	\$ 125.00		125	125
Total deductions	125	187	312	8,323
Change in net position	(125)	3,437	3,312	(4,365)
Net position July 1	1,740	181,597	183,337	187,702
Net position June 30	\$ 1,615	\$ 185,034	\$ 186,649	\$ 183,337

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
ACTIVITIES:				
Elementary school	\$ 7,137	\$ 9,049	\$ 9,363	\$ 6,823

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 668	\$ 2,066,093	\$ 2,063,872	\$ 2,889
Total assets	\$ 668	\$ 2,066,093	\$ 2,063,872	\$ 2,889
LIABILITIES				
Employees' net pay		\$ 1,161,859	\$ 1,161,859	
Payroll deductions and withholdings	\$ 668	904,216	901,995	\$ 2,889
Interfund Payable		18	18	
Total liabilities	\$ 668	\$ 2,066,093	\$ 2,063,872	\$ 2,889

**STATISTICAL SECTION
(Unaudited)**

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	107-112
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	113-116
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	117-120
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	121-122
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	123-127

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Net Position By Component
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2018
 Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 676,263	\$ 610,486	\$ 601,201	\$ 1,093,296	\$ 1,034,496	\$ 1,903,866	\$ 1,794,674	\$ 1,872,333	\$ 1,698,792	\$ 2,569,760
Restricted	1,151,420	1,186,001	1,410,710	1,512,647	1,955,939	1,412,851	1,706,965	1,949,793	1,745,986	1,004,517
Unrestricted	51,764	69,805	96,704	141,661	142,631	149,802	(418,542)	(449,727)	(14,728,043)	(15,262,964)
Total governmental activities net position	\$ 1,879,447	\$ 1,866,292	\$ 2,108,615	\$ 2,747,604	\$ 3,133,066	\$ 3,466,519	\$ 3,083,097	\$ 3,372,399	\$ (11,283,265)	\$ (11,688,687)
Business-type activities:										
Invested in capital assets, net of related debt	\$ 13,398	\$ 11,303	\$ 9,207	\$ 7,112	\$ 5,401	\$ 6,551	\$ 10,578	\$ 9,708	\$ 10,138	\$ 9,319
Unrestricted	2,653	17,542	5,300	3,214	10,405	6,582	11,886	10,004	8,743	11,828
Total business-type activities net position	\$ 16,051	\$ 28,845	\$ 14,507	\$ 10,326	\$ 15,806	\$ 13,133	\$ 22,464	\$ 19,712	\$ 18,881	\$ 21,147
District-wide:										
Invested in capital assets, net of related debt	\$ 689,661	\$ 621,789	\$ 610,408	\$ 1,100,408	\$ 1,039,897	\$ 1,910,417	\$ 1,805,252	\$ 1,882,041	\$ 1,708,930	\$ 2,579,079
Restricted	1,151,420	1,186,001	1,410,710	1,512,647	1,955,939	1,412,851	1,706,965	1,949,793	1,745,986	1,004,517
Unrestricted	54,417	87,347	102,004	144,875	153,036	156,384	(406,656)	(439,723)	(14,719,300)	(15,251,136)
Total district-wide net position	\$ 1,895,498	\$ 1,895,137	\$ 2,123,122	\$ 2,757,930	\$ 3,148,872	\$ 3,479,652	\$ 3,105,561	\$ 3,392,111	\$ (11,264,384)	\$ (11,667,540)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 1,495,052	\$ 1,508,549	\$ 1,441,678	\$ 1,336,507	\$ 1,382,904	\$ 1,396,118	\$ 1,466,324	\$ 1,418,544	\$ 1,264,634	\$ 1,250,860
Special education	210,381	211,250	166,930	155,811	157,600	166,215	175,065	219,793	222,499	248,988
Other special education	81,762	138,608	4,110	51,000					34,671	39,193
Other instruction	1,687	732	1,552	878	422	495	3,072	1,311	2,084	980
Support services:										
Tuition	595,614	488,660	761,204	795,473	456,836	578,708	593,506	672,701	1,035,380	784,485
Student & instruction and related services	267,415	300,073	251,425	278,268	274,120	315,367	307,449	252,937	352,061	292,912
General administration	124,318	130,919	112,810	118,218	127,322	136,260	133,373	115,076	130,048	142,052
School administrative services	57,719	59,241	59,241	60,808	59,422	58,715	57,820	48,341	59,650	61,222
Central services	84,447	89,152	86,226	90,799	94,316	101,450	110,245	92,298	95,115	97,991
Administrative information technology	1,797	2,156						2,860	2,208	
Plant operations and maintenance	334,194	359,133	283,799	311,990	416,061	317,915	332,329	308,008	355,162	297,525
Pupil transportation	355,780	344,052	314,203	342,116	299,835	351,905	372,798	369,315	402,276	341,405
Unallocated benefits	758,890	779,860	889,829	835,848	823,840	759,237	800,641	881,792	956,966	1,488,483
Capital outlay		14,412	3,113	2,315	61,391	1,258	6,508	10,760	99,287	11,419
Unallocated depreciation	60,026	57,739	80,907	123,654	122,517	132,947	141,625	147,183	155,968	177,515
Total governmental activities expenses	<u>4,429,082</u>	<u>4,484,536</u>	<u>4,457,027</u>	<u>4,503,685</u>	<u>4,276,586</u>	<u>4,316,590</u>	<u>4,500,755</u>	<u>4,540,919</u>	<u>5,168,009</u>	<u>5,235,030</u>
Business-type activities:										
Food service	95,888	90,611	89,053	94,612	91,778	96,311	74,584	75,172	73,099	69,715
Child care		9,497	7,744	6,526	5,374	3,193	2,721	3,849	4,357	4,699
Total business-type activities expense	<u>95,888</u>	<u>100,108</u>	<u>96,797</u>	<u>101,138</u>	<u>97,152</u>	<u>99,504</u>	<u>77,305</u>	<u>79,021</u>	<u>77,456</u>	<u>74,414</u>
Total District expenses	<u>\$ 4,524,970</u>	<u>\$ 4,584,644</u>	<u>\$ 4,553,824</u>	<u>\$ 4,604,823</u>	<u>\$ 4,373,738</u>	<u>\$ 4,416,094</u>	<u>\$ 4,578,060</u>	<u>\$ 4,619,940</u>	<u>\$ 5,245,465</u>	<u>\$ 5,309,444</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Instruction (tuition)				\$ 23,275	\$ 20,980	\$ 24,099	\$ 38,400	\$ 27,800		
Operating grants and contributions	\$ 108,198	\$ 152,197	\$ 132,441	108,584	96,444	95,246	103,837	217,681	\$ 101,604	\$ 143,451
Total governmental activities program revenues	<u>108,198</u>	<u>152,197</u>	<u>132,441</u>	<u>131,859</u>	<u>117,424</u>	<u>119,345</u>	<u>142,237</u>	<u>245,481</u>	<u>101,604</u>	<u>143,451</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Food service	48,642	53,140	51,945	50,152	49,573	42,263	42,206	37,599	33,479	40,237
Child care		9,040	8,593	6,637	5,806	4,275	3,099	5,116	6,013	5,614
Operating grants and contributions	21,008	25,722	21,921	24,168	22,253	29,693	32,081	28,554	27,316	27,829
Total business-type activities program revenues	69,650	87,902	82,459	80,957	77,632	76,231	77,386	71,269	66,808	73,680
Total District program revenue	\$ 177,848	\$ 240,099	\$ 214,900	\$ 212,816	\$ 195,056	\$ 195,576	\$ 219,623	\$ 316,750	\$ 168,412	\$ 217,131
Net (expense) revenue:										
Governmental activities:	\$ (4,320,884)	\$ (4,332,339)	\$ (4,324,586)	\$ (4,371,826)	\$ (4,159,162)	\$ (4,197,245)	\$ (4,358,518)	\$ (4,295,438)	\$ (5,066,405)	\$ (5,091,579)
Business-type activities	(26,238)	(12,206)	(14,338)	(20,181)	(19,520)	(23,273)	81	(7,752)	(10,648)	(734)
Total District-wide net expense	\$ (4,347,122)	\$ (4,344,545)	\$ (4,338,924)	\$ (4,392,007)	\$ (4,178,682)	\$ (4,220,518)	\$ (4,358,437)	\$ (4,303,190)	\$ (5,077,053)	\$ (5,092,313)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes levied for government purposes	\$ 3,170,000	\$ 3,230,000	\$ 3,359,200	\$ 3,359,200	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016
Unrestricted grants and contributions	1,322,368	933,733	1,178,253	1,354,182	1,232,736	1,213,118	1,230,631	1,273,425	1,345,135	1,353,245
Restricted grants and contributions		123,835								
Tuition charges	17,070	30,830	12,229	7,000	6,890	3,483		9,000	21,000	15,000
Transportation fees	55,150	13,200	575	250	62	600		617	2,225	5,260
Investment earnings	18,128	10,545	31,840	34,845	37,283	23,511	19,338	11,472	9,320	4,652
Gain on disposal of assets			(34,515)	(19,914)		(3,525)	(3,656)	(8,303)	(38,450)	
Transfers out	(25,000)	(25,000)		(16,000)	(25,000)	(18,000)	(4,000)	(5,000)	(6,000)	(3,000)
Insurance recovery				286,754						
Miscellaneous income	1,854	2,041	19,327	4,498	637	19,495	1,210	11,513	3,872	18,984
Total governmental activities	4,559,570	4,319,184	4,566,909	5,010,815	4,544,624	4,530,698	4,535,539	4,584,740	4,629,118	4,686,157
Business-type activities:										
Transfers	25,000	25,000			25,000	18,000	4,000	5,000	6,000	3,000
Capital asset contributions						2,600	5,250		3,817	
Total business-type activities	25,000	25,000			25,000	18,000	9,250	5,000	9,817	3,000
Total District-wide	\$ 4,584,570	\$ 4,344,184	\$ 4,566,909	\$ 5,010,815	\$ 4,569,624	\$ 4,548,698	\$ 4,544,789	\$ 4,589,740	\$ 4,638,935	\$ 4,689,157
Change in net position										
Governmental activities	\$ 238,686	\$ (13,155)	\$ 242,323	\$ 638,989	\$ 385,462	\$ 333,453	\$ 177,021	\$ 289,302	\$ (437,287)	\$ (405,422)
Business-type activities	(1,238)	12,794	(14,338)	(20,181)	5,480	(5,273)	9,331	(2,752)	(831)	2,266
Total District	\$ 237,448	\$ (361)	\$ 227,985	\$ 618,808	\$ 390,942	\$ 328,180	\$ 186,352	\$ 286,550	\$ (438,118)	\$ (403,156)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved	\$ 1,099,868	\$ 1,186,001								
Unreserved	193,786	163,914								
Restricted			\$ 1,118,667	\$ 1,382,706	\$ 1,147,303	\$ 1,356,523	\$ 1,631,171	\$ 1,885,507	\$ 1,629,034	\$ 670,362
Assigned			292,043	129,941	68,614	49,320	68,786	57,278	30,297	300,281
Unassigned			179,539	211,187	208,139	224,354	205,568	182,495	173,287	190,711
Total general fund	<u>\$ 1,293,654</u>	<u>\$ 1,349,915</u>	<u>\$ 1,590,249</u>	<u>\$ 1,723,834</u>	<u>\$ 1,424,056</u>	<u>\$ 1,630,197</u>	<u>\$ 1,905,525</u>	<u>\$ 2,125,280</u>	<u>\$ 1,832,618</u>	<u>\$ 1,161,354</u>
All other governmental funds:										
Unreserved, reported in:										
Capital projects fund					\$ 740,022	\$ 7,008	\$ 7,008	\$ 7,008	\$ 86,655	\$ 33,874
Total all other governmental funds	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$ 740,022</u>	<u>\$ 7,008</u>	<u>\$ 7,008</u>	<u>\$ 7,008</u>	<u>\$ 86,655</u>	<u>\$ 33,874</u>

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
Tax levy	\$ 3,170,000	\$ 3,230,000	\$ 3,359,200	\$ 3,359,200	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016
Tuition charges	17,070	30,830	12,229	7,000	6,890	3,483		9,000	21,000	15,000
Transportation fees	55,150	13,200	575	250	62	600		617	2,225	5,260
Interest earnings	18,128	10,545	31,840	34,845	37,283	23,511	19,338	11,472	9,320	4,652
Miscellaneous	1,854	5,959	24,634	8,597	3,938	19,495	5,028	13,664	6,076	21,357
State sources	1,323,719	934,733	1,178,253	1,315,617	1,232,736	1,213,118	1,230,631	1,365,835	1,345,135	1,353,245
Federal sources	106,847	271,114	127,134	143,050	93,143	95,246	100,019	123,120	99,400	141,078
Total revenue	4,692,768	4,496,381	4,733,865	4,868,559	4,666,068	4,647,469	4,647,032	4,815,724	4,775,172	4,832,608
EXPENDITURES:										
Instruction:										
Regular	1,489,200	1,504,926	1,447,868	1,328,293	1,368,160	1,371,383	1,446,096	1,398,986	1,266,391	1,252,315
Special	209,881	210,520	166,860	155,221	158,012	165,653	175,690	220,280	222,162	248,763
Other special instruction	83,308	139,050	3,935	51,045					33,996	39,868
Other instruction			1,552	878	422	1,095	3,072	1,311	2,084	980
Undistributed:										
Instruction	595,614	488,660	761,204	795,473	456,836	578,708	593,506	672,701	1,035,380	784,485
Student & instruction related services	255,870	293,584	251,425	317,505	274,120	315,367	307,449	252,937	352,061	295,285
General administration	124,318	130,919	112,810	118,218	127,322	136,260	133,373	115,076	130,048	142,052
School administration	57,719	59,241	59,241	60,808	59,422	58,715	57,820	48,341	59,650	61,222
Central administration	80,138	85,984	86,226	90,799	94,316	101,450	110,245	92,298	95,115	97,991
Administration information technology	1,797	2,156						2,860	2,208	
Plant operations & maintenance	340,704	356,620	289,128	314,600	415,121	355,293	332,329	308,008	355,162	297,525
Student transportation	339,182	331,056	314,203	342,116	299,835	347,725	376,048	368,515	402,056	338,755
Unallocated benefits	758,890	779,860	889,829	832,031	822,150	758,763	790,479	865,751	905,710	936,883
Capital outlay	20,282	32,544	109,250	311,987	125,108	969,722	41,597	243,905	120,164	1,057,529
Total expenditures	4,356,903	4,415,120	4,493,531	4,718,974	4,200,824	5,160,134	4,367,704	4,590,969	4,982,187	5,553,653
Excess (deficiency) of revenues over (under) expenditures	335,865	81,261	240,334	149,585	465,244	(512,665)	279,328	224,755	(207,015)	(721,045)
Other financing sources (uses)										
Transfer in - internal service fund						3,792				
Transfers out - food service	(25,000)	(25,000)		(16,000)	(25,000)	(18,000)	(4,000)	(5,000)	(6,000)	(3,000)
Total other financing sources (uses)	(25,000)	(25,000)		(16,000)	(25,000)	(14,208)	(4,000)	(5,000)	(6,000)	(3,000)
Net change in fund balance	\$ 310,865	\$ 56,261	\$ 240,334	\$ 133,585	\$ 440,244	\$ (526,873)	\$ 275,328	\$ 219,755	\$ (213,015)	\$ (724,045)

Debt service as a percentage of noncapital expenditures

Source: District records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Miscellaneous	Rentals	Refund Prior Year	Annual Totals
2009	\$ 338		\$ 1,516	\$ 1,854
2010	1,192		849	2,041
2011	3,304		16,023	19,327
2012	2,576		1,922	4,498
2013	183		454	637
2014	4,215		15,280	19,495
2015	1,210			1,210
2016	3,356		8,157	11,513
2017	125		3,747	3,872
2018	266	\$ 17,000	1,718	18,984
	<u>\$ 16,765</u>	<u>\$ 17,000</u>	<u>\$ 49,666</u>	<u>\$ 83,431</u>

Source: District Records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2009	2,479,700	60,678,500	25,347,500	4,181,210	1,527,200	112,994,100	0	207,208,210	689,861	207,898,071	231,109,347	0.000
2010	2,445,400	61,197,000	25,783,200	4,311,000	1,527,100	113,154,200	0	208,417,900	507,414	208,925,314	314,570,493	0.000
2011	2,614,300	61,954,200	25,588,300	4,168,500	1,527,200	113,229,100	0	209,081,600	610,966	209,692,566	265,310,796	0.000
2012	3,198,600	64,264,700	23,401,100	3,907,300	1,527,200	113,498,600	0	209,797,500	423,390	210,220,890	296,419,755	0.000
2013	3,229,600	69,945,000	18,928,500	3,772,300	1,633,600	113,498,600	0	211,007,600	436,054	211,443,654	276,948,769	0.000
2014	3,226,000	70,567,100	18,679,100	3,757,200	1,633,600	113,498,600	0	211,361,600	409,427	211,771,027	264,640,143	0.000
2015	3,023,500	70,949,400	19,112,000	3,749,800	1,633,600	113,498,600	0	211,966,900	247,473	212,214,373	301,889,459	0.000
2016	3,014,700	70,823,500	19,449,800	3,773,600	1,633,600	113,498,600	0	212,193,800	249,916	212,443,716	305,958,977	0.000
2017	2,976,300	71,209,500	19,574,300	3,732,600	1,633,600	113,498,600	0	212,624,900	258,243	212,883,143	305,958,977	0.000
2018	2,896,900	70,386,600	20,568,300	3,828,000	1,633,600	113,498,600	0	212,812,000	259,555	213,071,555		0.000

Source: Municipal Tax Collector

n/a = Not available at time of completion of CAFR

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
				Township of LAC	Salem County	
2009	0.000	0.000	0.000	0.000	1.127	1.127
2010	0.000	0.000	0.000	0.000	1.033	1.033
2011	0.000	0.000	0.000	0.000	1.336	1.336
2012	0.000	0.000	0.000	0.000	1.116	1.116
2013	0.000	0.000	0.000	0.000	1.268	1.268
2014	0.000	0.000	0.000	0.000	1.207	1.207
2015	0.000	0.000	0.000	0.000	1.376	1.376
2016	0.000	0.000	0.000	0.000	1.441	1.441
2017	0.000	0.000	0.000	0.000	1.549	1.549
2018	0.000	0.000	0.000	0.000	1.604	1.604

Source: Municipal Tax Assessor

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
PSE&G	113,592,800	53.38%	113,154,100	54.43%
Taxpayer #1	856,300	0.40%		
Taxpayer #2	782,500	0.37%		
Wave Maker 4 LLC	644,900	0.30%	538,500	0.26%
Verizon - New Jersey			507,414	0.24%
Taxpayer #3	398,800	0.19%	398,800	0.19%
Hancock, Tice & Crane LLC	396,600	0.19%		
Taxpayer #4	366,400	0.17%	288,900	0.14%
Taxpayer #5	362,500	0.17%	285,000	0.14%
Buckshorn Sportmans Club			282,300	0.14%
Taxpayer #6	345,200	0.16%	264,000	0.13%
Taxpayer #7	310,100	0.15%	262,700	0.13%
Taxpayer #8			142,000	0.07%
	<u>118,056,100</u>	<u>55.47%</u>	<u>116,123,714</u>	<u>55.86%</u>

Source: Municipal Tax Assessor

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2009	\$ 3,170,000	\$ 3,170,000	100.00%	
2010	3,230,000	3,230,000	100.00%	
2011	3,359,200	3,359,200	100.00%	
2012	3,359,200	3,359,200	100.00%	
2013	3,292,016	3,292,016	100.00%	
2014	3,292,016	3,292,016	100.00%	
2015	3,292,016	3,292,016	100.00%	
2016	3,292,016	3,292,016	100.00%	
2017	3,292,016	3,292,016	100.00%	
2018	3,292,016	3,292,016	100.00%	

Source: District records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-type	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes	Activities Capital Leases		
2009	0	0	0	0	0	0	0.00%
2010	0	0	0	0	0	0	0.00%
2011	0	0	0	0	0	0	0.00%
2012	0	0	0	0	0	0	0.00%
2013	0	0	0	0	0	0	0.00%
2014	0	0	0	0	0	0	0.00%
2015	0	0	0	0	0	0	0.00%
2016	0	0	0	0	0	0	0.00%
2017	0	0	0	0	0	0	0.00%
2018	0	0	0	0	0	0	0.00%

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	0	0	0	0.00%	0
2010	0	0	0	0.00%	0
2011	0	0	0	0.00%	0
2012	0	0	0	0.00%	0
2013	0	0	0	0.00%	0
2014	0	0	0	0.00%	0
2015	0	0	0	0.00%	0
2016	0	0	0	0.00%	0
2017	0	0	0	0.00%	0
2018	0	0	0	0.00%	0

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 as of December 31, 2017
 Unaudited

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Lower Alloways Creek	0	100%	0
Salem County General Obligation Debt	\$ 43,364,364	5.96%	\$ 2,582,878
Subtotal, overlapping debt			<u>2,582,878</u>
Lower Alloways Creek School District			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 2,582,878</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Equalized Valuation Basis	
Year		
2017	\$	295,353,382
2016		292,003,162
2015		301,240,488
	\$	<u>888,597,032</u>
Average equalized valuation of taxable property	\$	296,199,011
Debt limit (3% of average equalized value)		8,885,970
Total net debt applicable to limit		0
Legal debt margin	\$	<u>8,885,970</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 7,803,869	\$ 7,988,957	\$ 8,676,642	\$ 8,302,877	\$ 8,303,129	\$ 8,347,514	\$ 8,653,225	\$ 9,043,440	\$ 8,970,953	\$ 8,885,970
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 7,803,869</u>	<u>\$ 7,988,957</u>	<u>\$ 8,676,642</u>	<u>\$ 8,302,877</u>	<u>\$ 8,303,129</u>	<u>\$ 8,347,514</u>	<u>\$ 8,653,225</u>	<u>\$ 9,043,440</u>	<u>\$ 8,970,953</u>	<u>\$ 8,885,970</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	1,885	\$ 73,793,980	\$ 39,148	5.80%
2010	1,892	74,629,940	39,445	6.20%
2011	1,778	71,288,910	40,095	5.90%
2012	1,767	73,289,859	41,477	7.90%
2013	1,752	72,170,136	41,193	8.20%
2014	1,741	72,380,334	41,574	7.80%
2015	1,727	73,269,702	42,426	6.20%
2016	1,711	75,744,259	44,269	7.20%
2017	1,699	76,772,713	45,187	6.80%
2018	1,688	n/a	n/a	n/a

Source: Data regarding school district population and per capita personal income was provided by the Department of Education.

n/a - Not available at the time of CAFR completion.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Public Service Electric & Gas	1,300	169.49% *	1500	165.93%
LAC Township	52	6.78%	75	8.30%
LAC Board of Education	47	6.13%	51	5.64%
	<u>1,399</u>	<u>182.40%</u>	<u>1,626</u>	<u>179.87%</u>

Source: County of Salem Department of Economic Development.

* Labor force consists of a significant number of employees for PSE&G from other municipalities, therefore, the percentage of employees to the labor force is greater than 100%.

N/A - Not available

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	24.1	23.5	21.70	19.21	20.76	21.24	22.16	21.24	20.04	19.04
Special education	5.1	5.4	3.52	3.84	3.45	3.37	3.37	4.14	4.64	4.64
Support services:										
Student & instruction related services	1.2	1.2	1.20	1.00	1.10	1.00	1.00	1.00	1.00	1.00
General administration	1.0	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
School administration	1.0	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business administrative services	0.9	0.8	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plants operations and maintenance	3.7	3.7		0.50	0.50	0.50	0.50	0.50	0.50	0.50
Pupil transportation	6.9	4.7	5.10	4.36	5.26	3.56	4.05	4.03	4.02	4.02
Custodial services							2.52	2.52	2.52	2.26
Food service	0.0	2.3	2.30	2.30	2.30	2.29	1.58	1.53	1.53	1.53
Child care	0.0	0.0	0.9	0.30	0.50	0.36	0.29	0.29	0.36	0.36
Total	<u>44</u>	<u>44</u>	<u>37</u>	<u>34</u>	<u>36</u>	<u>34</u>	<u>37.5</u>	<u>37.3</u>	<u>36.6</u>	<u>35.35</u>

Source: District personnel records

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2009	230	\$ 4,336,621	\$ 18,855	11.68%	26.8	1:9	221.7	209.7	-4.65%	94.59%
2010	230	4,382,576	19,055	1.06%	27.0	1:8	219.3	203.1	-1.08%	92.61%
2011	223	4,384,281	19,660	3.18%	27.0	1:8	199.6	186.2	-8.98%	93.29%
2012	215	4,406,987	20,498	4.26%	24.7	1:8	198.5	189.0	-0.55%	95.21%
2013	202	4,075,716	20,177	-1.57%	22.3	1:9	200.2	191.3	0.86%	95.55%
2014	201	4,190,412	20,848	3.33%	22.3	1:9	193.9	186.1	-3.17%	95.99%
2015	191	4,326,107	22,650	8.64%	22.3	1:9	177.4	167.8	-8.50%	94.61%
2016	162	4,347,064	26,834	18.47%	22.4	1:8	161.9	154.9	-8.72%	95.68%
2017	158	4,862,023	30,772	35.86%	23.1	1:7	161.2	153.9	-0.43%	95.44%
2018	163	4,496,124	27,584	2.79%	21.4	1:8	165.7	154.2	2.78%	93.10%

Sources: District records, ASSA

Note: Enrollment based on annual October District count.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Lower Alloways Creek:										
Square feet	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	237	220	200	197	201	194	173	162	162	161

Number of schools at June 30, 2018
 Elementary = 1

Source: District office

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2018
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

* School Facilities	Gross Square Footage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Lower Alloways Creek	54,110	<u>\$ 42,033</u>	<u>\$ 41,754</u>	<u>\$ 47,539</u>	<u>\$ 74,341</u>	<u>\$ 159,012</u>	<u>\$ 73,806</u>	<u>\$ 84,498</u>	<u>\$ 75,698</u>	<u>\$ 101,625</u>	<u>\$ 40,450</u>	<u>\$ 740,756</u>

* School facilities as defined under EFCA
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Educational Risk and Insurance Consortium - South		
Property - blanket buildings & contents	\$ 12,434,436	\$ 5,000
School board legal liability	5,000,000	
Automobile liability	5,000,000	None
Workmens compensation - NJ School Boards Association		
Insurance group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Pollution liability	25,000,000	10,000
Student accident - Berkley Health and Life	1,000,000	None
Public employees' faithful performance bonds -		
Liberty Mutual Insurance Company		
Employee bond - Shannon N. DuBois-Brody, Business		
Administrator/Board Secretary	185,000	None
Employee bond - Rebecca S. Joyce, Alternate		
Board Secretary	10,000	None

Source: District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

EXHIBIT K-1

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

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Lower Alloways Creek Township School District, in the County of Salem, 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 Lower Alloways Creek Township School District's basic financial statements and have issued our report thereon dated January 21, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Lower Alloways Creek Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08***

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Lower Alloways Creek Township School District
967 Main Street - Canton
Salem, New Jersey 08079

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lower Alloways Creek Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements as prescribed by the Office of School Finance, Department of

Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid. Those standards and the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Lower Alloways Creek Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Lower Alloways Creek Township School District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

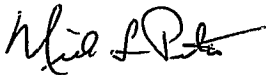
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance
Required by Uniform Guidance and New Jersey OMB's Circular 15-08.**

We have audited the financial statements Lower Alloways Creek Township School District as of and for the year ended June 30, 2018, and have issued our report thereon dated January 21, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018			Memo Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010A	S010A170030	ESEA280018	\$46,475	07/11/17	- 06/30/18			\$ 46,475	\$ (46,475)						\$ 46,475
Title I - Part A	84.010A	S010A160030	ESEA280017	48,231	07/11/16	- 06/30/17	(6,753)		6,753							48,231
Subtotal							(6,753)		53,228	(46,475)						94,706
Title II-A - Teacher & Principal Training	84.367	S367A170029	ESEA280018	8,577	07/11/17	- 06/30/18			8,577	(8,577)						8,577
Title II-A - Teacher & Principal Training	84.367	S367A160029	ESEA280017	4,946	07/11/16	- 06/30/17	(3,222)		3,222							3,222
Subtotal							(3,222)		11,799	(8,577)						11,799
Title IV-Student Support & Academic Enrichment	84.424	S424A170031	ESEA280018	10,000	07/11/17	- 06/30/18			10,000	(10,000)						10,000
Special Education Cluster																
IDEA Part B, Basic Regular	84.027A	H027A170100	IDEA280018	47,094	07/11/17	- 06/30/18			47,094	(47,094)						47,094
IDEA Part B, Basic Regular	84.027A	H027A160100	IDEA280017	47,218	07/11/16	- 06/30/17	(5,687)		5,687							47,218
IDEA Part B, Preschool	84.173	H173A170114	IDEA280018	724	07/11/17	- 06/30/18			724	(724)						724
Total Special Education Cluster							(5,687)		53,505	(47,818)						95,036
Rural Education Achievement Program	84.358	S358B170030	S358A172294	23,708	07/11/17	- 09/30/18			23,708	(23,708)						23,708
Emergency Impact Aid	84.938C			4,500	07/11/17	- 06/30/18				(4,500)			\$ (4,500)			4,500
Total Special Revenue Fund							(15,662)		152,240	(141,078)			(4,500)			239,749
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	171NJ304N1099	n/a	1,819	07/11/17	- 06/30/18			1,819	(1,416)			\$ 403			1,819
Food Distribution Program	10.555	171NJ304N1099	n/a	4,453	07/11/16	- 06/30/17	415			(415)						4,453
National School Lunch Program	10.555	171NJ304N1099	n/a	21,270	07/11/17	- 06/30/18			20,039	(21,270)			(1,231)			21,270
National School Lunch Program	10.555	171NJ304N1099	n/a	20,101	07/11/16	- 06/30/17	(1,320)		1,320							20,101
National School Breakfast Program	10.553	171NJ304N1099	n/a	3,946	07/11/17	- 06/30/18			3,722	(3,946)			(224)			3,946
National School Breakfast Program	10.553	171NJ304N1099	n/a	2,138	07/11/16	- 06/30/17	(217)		217							2,138
Total Enterprise Fund/Child Nutrition Cluster							(1,122)		27,117	(27,047)			(1,455)	403		47,643
Total Federal Financial Awards							<u>\$ (16,784)</u>		<u>\$ 179,357</u>	<u>\$ (168,125)</u>			<u>\$ (5,955)</u>	<u>\$ 403</u>		<u>\$ 287,392</u>

The accompanying notes to the schedules of expenditures of awards and financial assistance are an integral part of this schedule.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018**

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include Federal and State activity of the Board of Education, Lower Alloways Creek Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal and State awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other Government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and 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. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June 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. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,366 for the General Fund and \$0 for the Special Revenue Fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018**

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund		\$ 1,353,245	\$ 1,353,245
Special revenue fund	\$ 141,078		141,078
Food service fund	27,035	794	27,829
Total financial assistance	<u>\$ 168,113</u>	<u>\$ 1,354,039</u>	<u>\$ 1,522,152</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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2018, Lower Alloways Creek Township School District has food commodities totaling \$403 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. 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.

NOTE 7: INDIRECT COST RATE

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

NOTE 8: ADJUSTMENT TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

The adjustment for Lead testing for school's aid in the amount of \$1,207 is to realize the amount expended in the prior fiscal year.

NOTE 9: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None

Noncompliance material to basic financial statements noted? Yes X No

Federal awards

N/A

State awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X No

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-085	Adjustment Aid
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

Section II – Financial Statement Findings

None

**Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

N/A

STATE AWARDS

None

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Status of Prior Year Findings

N/A

Findings

N/A

Condition

N/A

Current Status

N/A