

**SCHOOL DISTRICT
OF THE
BOROUGH OF LINCOLN PARK**

**Borough of Lincoln Park School District
Lincoln Park, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

Borough of Lincoln Park School District

Borough of Lincoln Park, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Borough of Lincoln Park School District
Board of Education**

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INTRODUCTORY SECTION

Lincoln Park Public Schools

92 Ryerson Road • Lincoln Park, NJ 07035 • www.lincolnparkboe.org
(973) 696-5500 (Phone) • (973) 696-9273 (Fax)

James W. Grube
Superintendent of Schools

Nicole Schoening, CPA,SFO
Business Administrator/
Board Secretary

November 18, 2019

The Honorable President and
Members of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Lincoln Park Borough School District (the "District") for the fiscal year ended June 30, 2019, 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 Lincoln Park Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: The Lincoln Park Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Lincoln Park Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade eight. These include regular, as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with an enrollment of 498 students at the LPES and 418 students at the LPMS. Lincoln Park high school-aged students attend Boonton High School on a tuition basis as well as the Morris County Academies. During the 2018-2019 school year 319 students attended Boonton High School and 53 students attended the Morris County Academies. At the end of June 2019, the K-8 enrollment was 916 students. The Lincoln Park Board of Education was responsible for the education of 1,298 students, which includes 10 out of district placed students.

Preparing Tomorrow's Leaders at Lincoln Park Schools Today

2) ECONOMIC CONDITION AND OUTLOOK: The two communities of the Lincoln Park Borough School District continue to experience moderate growth.

Long Term Financial Planning: New Jersey law limits the increase in NJ districts' tax levies to 2% annually. In order to exceed the cap, a public vote is required. The Lincoln Park Board of Education is committed to limiting tax increases and continues to explore alternate funding sources.

3) MAJOR INITIATIVES:

Academic School Improvement:

Academic improvement continues to be the goal in all areas of the school population. During the past school year, specific performance objectives for the elementary and middle school students in the areas of math and language arts were put in place. Both schools focused on using benchmark assessments to measure student's growth throughout the year. A new diagnostic software was purchased during the previous school year, which utilization was expanded during 2018-19 school year. The expanded use of this software assisted with reaching the district's goals and objectives. The 2018-19 school year was the first year that the new science textbook series was implemented, which aligned with the new science standards. The district continues to review and update the curricula throughout the district, assuring alignment with the New Jersey Student Learning Standards. The district continues to increase the rigor of the instruction, in order to better challenge the students. We have also placed a focus on Social Emotional Learning, to assure we are meeting all the needs of the students. The NJSLA results showed a high level of student growth.

The District continues to emphasize the importance of current and up to date technology in the areas of hardware, software, and infrastructure throughout the district. The Lincoln Park School District currently has two computer labs, laptop carts, and iPad carts in the schools. This District has continued a one to one iPad initiative with the fifth, sixth, seventh and eighth grade students. The elementary school has a one to one laptop initiative for the second through fourth grades. Research was done during the past year and committees were designated to investigate the one to one initiative. The District will be moving to a Chromebook one to one initiative in the upcoming years. Courses in computer literacy and problem solving using technology are offered to students and to professional staff. We are also provide interactive whiteboards and LCD projectors in the classrooms to enhance and enrich instruction. Computer hardware and software is continually assessed and updated as per the technology plan. The District upgraded its Professional Development and Mentoring Plans to assist the staff with classroom instruction throughout the District. All the attention that was focused on technology allowed the district schools to successfully implement the NJSLA Assessments.

Ongoing school improvement initiatives included:

- The District strives to maintain class sizes at no more than 20 children in each primary grade (K-2) and 25 children in each grade 4-8. With the tight budgets and trying to be fiscally conservative, this initiative is not being met in all grades, but the District continues to strive to achieve this goal.
- Updating the entire curricula to align with the New Jersey Learning Standards. This initiative has been accomplished. The District will continue this alignment as the State adopts new standards in future years.
- Inclusion of special education children in the regular education program, while also concentrating on differentiating instruction to meet all students' needs is an ongoing focus.
- The continued emphasis on the safe school climate has been and will continue to be a major focus of the District. The District continues to upgrade the safety measures that are in place in both schools.
- Ongoing staff training in writing, math, science and the use of technology as an instructional tool in the classroom, which assists the staff in meeting the needs of all the students.
- The administration and teaching staff continue to utilize a State approved evaluation system, assuring quality teaching is taking place in the schools.
- Continued development of the District's inclusive preschool program and expanding the special education programs offered to our students in order to meet the needs of all the children in the community.

The Lincoln Park School District provides excellence in education while maintaining fiscal responsibility.

Preparing Tomorrow's Leaders at Lincoln Park Schools Today

Professional Staff:

Lincoln Park's professional staff included one superintendent of school, one School Business Administrator, one Director of Special Services, two Principals, and a Director of Curriculum and Instruction, 98 certified staff members, 10 paraprofessionals, 13 student aides, 1.5 guidance counselors, 2 school nurses, and 4 Child Study Team members.

Teachers regularly engage in professional development opportunities that include workshops/conferences, in-house workshops, articulation meetings; professional visitations; and pursuit toward advanced degrees in area universities and colleges and online. Teachers continued to serve as leaders in curriculum development throughout the District and across disciplines.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2019.

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

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property

and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on schedule J-20.

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”). The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NJSIG is included in the “Notes to the Basic Financial Statements”, in Note 13.

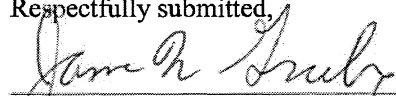
9) OTHER INFORMATION:

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


10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

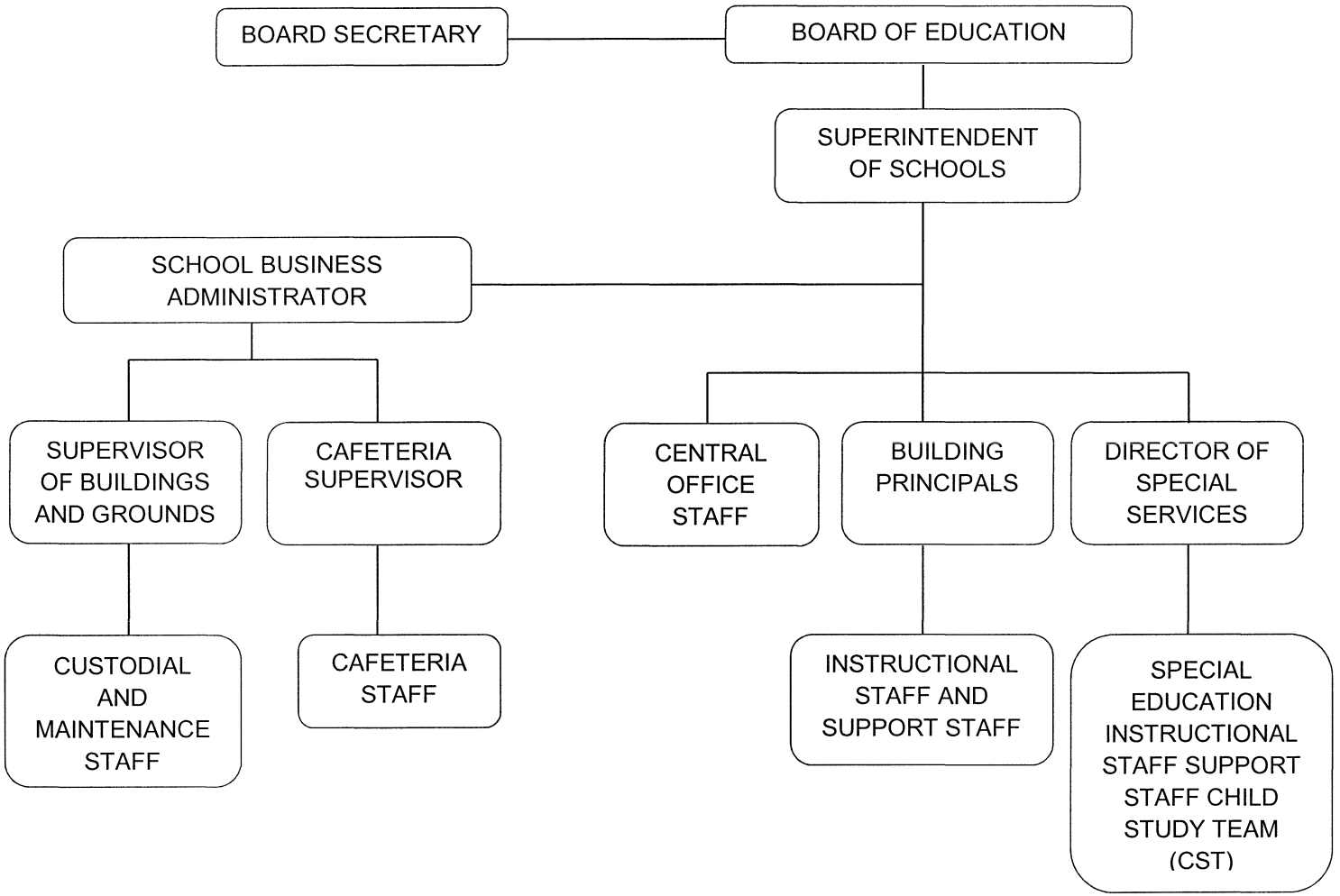


James W. Grube
Superintendent



Nicole C. Schoening, CPA, SFO
Business Administrator/Board Secretary

ORGANIZATIONAL CHART



Adopted: 11 June 1996
Revised: 24 January 2006

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term</u>	<u>Term Expires</u>
Frank Avena-Board President	3 Years	2021
Carol Nielsen-Vice President	3 Years	2020
Jack Gibbons	3 Years	2019
Todd Henches	3 Years	2020
Josh Kaufman	3 Years	2021
Robert Stager	3 Years	2019
Dina Stoel	3 Years	2019

Other Officers

James W. Grube, Superintendent

Juanita A. Petty, RSBA, SFO, Interim Business Administrator

Gary Stranz, Treasurer of School Moneys

Nathanya Simon, Board Counsel

LINCOLN PARK BOROUGH SCHOOL DISTRICT
Consultants and Advisors

Attorney

Nathanya Simon, Esq.
Schwartz, Simon, Edelstein and Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Audit Firm

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

Official Depositories

TD Banknorth
280 Passaic Avenue
Fairfield, New Jersey 07004

Valley National Bank
1455 Valley Road
Wayne, NJ 07470

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lincoln Park Board of Education School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
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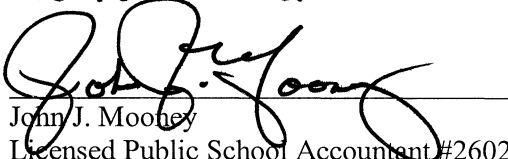
information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis Unaudited

This section of Lincoln Park Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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.

Table 1 shows how the various parts of this annual report are arranged and relate to one another.

Table 1
Organization of Lincoln Park Borough's Financial Report

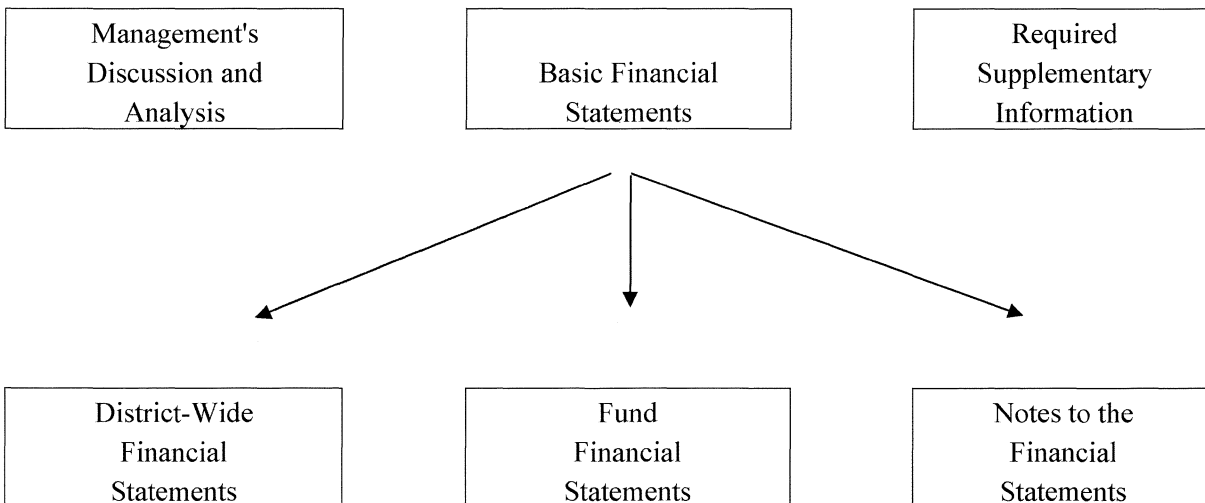


Table 2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Table 2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize internal service funds.

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

Notes to the basic financial statements:

The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

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

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

**Table 3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Current and							
Other Assets	\$2,776,667	\$3,148,165	\$ 11,565	\$ 35,470	\$2,788,232	\$3,183,635	
Capital Assets, Net	5,302,581	5,076,453	35,263	34,361	5,337,844	5,110,814	
Total Assets	<u>8,079,248</u>	<u>8,224,618</u>	<u>46,828</u>	<u>69,831</u>	<u>8,126,076</u>	<u>8,294,449</u>	2.07%
Deferred Outflows of Resources	<u>1,299,138</u>	<u>852,994</u>			<u>1,299,138</u>	<u>852,994</u>	-34.34%
Other Liabilities	237,934	248,609	11,565	6,776	249,499	255,385	
Long-term Liabilities	<u>4,906,757</u>	<u>3,441,637</u>			<u>4,906,757</u>	<u>3,441,637</u>	
Total Liabilities	<u>5,144,691</u>	<u>3,690,246</u>	<u>11,565</u>	<u>6,776</u>	<u>5,156,256</u>	<u>3,697,022</u>	-28.30%
Deferred Inflows of Resources	<u>1,003,917</u>	<u>1,556,143</u>			<u>1,003,917</u>	<u>1,556,143</u>	55.01%
Net Investment in Capital Assets	4,427,581	4,361,453	35,263	34,361	4,462,844	4,395,814	
Restricted	2,190,395	2,619,910			2,190,395	2,619,910	
Unrestricted/(Deficit)	<u>(3,388,198)</u>	<u>(3,150,140)</u>		<u>28,694</u>	<u>(3,388,198)</u>	<u>(3,121,446)</u>	
Total Net Position	<u>\$3,229,778</u>	<u>\$3,831,223</u>	<u>\$ 35,263</u>	<u>\$ 63,055</u>	<u>\$3,265,041</u>	<u>\$3,894,278</u>	19.27%

Changes in Net Position. The District’s *combined* net position was \$3,894,278 on June 30, 2019, \$629,237 or 19.27% more than the year before. (Table 3). The depreciation factored into the net position of the District as a decrease is \$441,272.

The net position of the governmental activities increased by \$601,445 which primarily resulted from decreases in total District spending.

The net position of the business-type activities increased \$27,792 (See Table 4). The increase in the net position of the business-type activities is attributable to revenues exceeding expenses.

Table 4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Revenue:							
Program Revenue:							
Charges for Services	\$ 72,868	\$ 50,960	\$ 238,084	\$ 247,593	\$ 310,952	\$ 298,553	
Operating Grants and Contributions	7,382,971	6,056,022	117,101	107,436	7,500,072	6,163,458	
General Revenue:							
Property Taxes	18,547,649	19,478,641			18,547,649	19,478,641	
Unrestricted State and Federal Aid	341,751	307,791			341,751	307,791	
Other	541,602	385,369	628	714	542,230	386,083	
Total Revenue	<u>26,886,841</u>	<u>26,278,783</u>	<u>355,813</u>	<u>355,743</u>	<u>27,242,654</u>	<u>26,634,526</u>	-2.23%
Expenses:							
Instruction	13,445,972	11,754,109			13,445,972	11,754,109	
Pupil and Instruction Services	9,145,657	9,166,755			9,145,657	9,166,755	
Administrative and Business	2,165,678	1,805,732			2,165,678	1,805,732	
Maintenance and Operations	1,897,849	1,720,903			1,897,849	1,720,903	
Transportation	1,134,783	1,166,681			1,134,783	1,166,681	
Other	44,494	58,874	385,318	332,235	429,812	391,109	
Total Expenses	<u>27,834,433</u>	<u>25,673,054</u>	<u>385,318</u>	<u>332,235</u>	<u>28,219,751</u>	<u>26,005,289</u>	-7.85%
Transfer		(4,284)		4,284	-0-	-0-	
Increase/(Decrease) in Net Position	<u>\$ (947,592)</u>	<u>\$ 601,445</u>	<u>\$ (29,505)</u>	<u>\$ 27,792</u>	<u>\$ (977,097)</u>	<u>\$ 629,237</u>	164.40%

Governmental Activities

As noted above, the financial position of the District increased by 19.27%. Maintaining existing instructional programs for a relatively stable student enrollment while providing a multitude of special education programs and services for disabled students placed great demands on District resources. Steps to reduce expenses that do not affect the quality of the educational program have generated some savings, but these have not been sufficient enough to offset rising costs of insurance premiums, special education program costs and utility expenses.

Among the many significant cost savings actions implemented and/or continued during the year were:

- An agreement with the Borough of Lincoln Park to provide lawn mowing and snow removal services
- Participation in Cooperative Purchasing agreements
- Transportation through the Morris County Educational Services Commission
- Participation in the ACES consortium for the bulk purchase of natural gas and electric generation
- E-rate which provides for 40% discounts on all telecommunication services and equipment
- Participation in the Morris County Educational Technology Training Center for professional development in technology

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

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Table 5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017/18	2018/19	2017/18	2018/19
Instruction	\$ 13,445,972	\$ 11,754,109	\$ 7,896,610	\$ 7,373,123
Pupil and Instruction Services	9,145,657	9,166,755	8,736,000	8,729,692
Administrative and Business	2,165,678	1,805,732	1,537,325	1,359,756
Maintenance and Operations	1,897,849	1,720,903	1,695,079	1,537,508
Transportation	1,134,783	1,166,681	469,086	507,119
Other	44,494	58,874	44,494	58,874
	<u>\$ 27,834,433</u>	<u>\$ 25,673,054</u>	<u>\$ 20,378,594</u>	<u>\$ 19,566,072</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$27,792 (refer to Table 4). Factors contributing to these results included food service revenue exceed expenses by \$27,792 accounting for the increase in the unrestricted net position of the business-type activities primarily as a result of an increase in student participation.

Financial Analysis of the District's Funds

The District's financial position did not change significantly over the past year. The District continues to provide and enhance educational programs for its students while trying to balance increased fixed costs. Although out of district special education placement costs continue to increase, initiatives to provide for additional services to maintain students in district continue to be an important priority for the District.

The District continued again to end the year with audited excess surplus, which the District must use to offset the tax levy in the 2020-2021 school district budget. The use of these funds helps to stabilize the tax levy and tax rate. However, if the District cannot sustain the levels of excess surplus in future years, it will place a burden on the District to build its budget without this additional revenue in order to stay within the State imposed 2% tax levy cap. Reductions in expenditures would be required and make it difficult for the District to maintain its current level or student programs and services.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times through transfers

in line accounts. Some revisions in the budget were made to recognize revenues that were not anticipated, while others were made to prevent the over expenditure of funds in specific line item accounts.

Many transfers were made within salary and benefit line item accounts to properly align staff and costs to appropriate budget line accounts.

Other transfers were necessitated in out-of-district special education line accounts due to a reduction in federal funding, which is used to offset these costs, and increased costs of placing students out of district. Budgeting for these students is established using existing and known incoming students; however, the influx of students into the District over the course of the school year and/or students newly classified can place an additional burden on the District, requiring additional revisions to be made.

Table 6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Land	\$ 719,980	\$ 719,980			\$ 719,980	\$ 719,980	
Buildings and Building Improvements	3,927,565	3,694,330			3,927,565	3,694,330	
Furniture, Machinery and Equipment	655,036	662,143	\$35,263	\$34,361	690,299	696,504	
	<u>\$5,302,581</u>	<u>\$ 5,076,453</u>	<u>\$35,263</u>	<u>\$34,361</u>	<u>\$ 5,337,844</u>	<u>\$ 5,110,814</u>	-4.25%

The decrease in capital assets is due to current year depreciation of \$436,086 in the governmental activities, capital additions for the governmental activities of \$209,958 and \$4,284 in business-type activities and depreciation in business-type activities of \$5,186.

Long-term Liabilities

At year-end, the District had \$715,000 in general obligation bonds outstanding – a decrease of \$160,000 from last year – as shown in Table 7.

Table 7
Outstanding Liabilities

	Total School District		Total Percentage Change
	2017/18	2018/19	
General Obligation Bonds (Financed with Property Taxes)	\$ 875,000	\$ 715,000	
Net Pension Liability	3,699,871	2,596,869	
Other Long-Term Liabilities	331,886	129,768	
	<u>\$ 4,906,757</u>	<u>\$ 3,441,637</u>	-29.86%

The District’s long-term liabilities decreased 29.86% or \$1,465,120 primarily due to the decrease in net pension liability and general obligation bonds. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the basic financial statements.)

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

Overall, the Lincoln Park School District is currently in good financial condition. The District was able to set up a Tuition Reserve Account in an effort to help offset fluctuations in tuition adjustments as it relates to their send-receive relationship with Boonton High School. In addition, the District was also able to increase its Capital Reserve Account which will help support future capital projects. Although the District did receive a small increase in state aid, however, the reliance on local property taxes to support the budget still exists.

In the development of the 2019-2020 school budget, the District did exercise its ability to increase the 2% tax levy cap by using their expiring banked cap generated from the 2016-17 budget year. These funds were used to offset the costs for increased staff needs, special education, and medical benefits. As the State moves forward in implementing the State Aid formula for future State aid calculations, it is still unsure whether or not the District will maintain a level amount of State aid.

With no changes to the 2% tax levy cap, if coupled with a reduction in State Aid, will once again place a tremendous burden on the District to maintain its current level of educational services and support to students as well as an increased burden on the taxpayers of the Borough.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Nicole Schoening, Business Administrator/Board Secretary at the Lincoln Park Board of Education, 92 Ryerson Road, Lincoln Park, New Jersey 07035.

Please visit our website at www.lincolnparkboe.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,439,424	\$ 21,683	\$ 1,461,107
Receivables from Other Governments	189,898	5,489	195,387
Other Receivables	3,836		3,836
Internal Balances	(2,460)	2,460	
Interfund Receivable	2,069		2,069
Inventory		5,838	5,838
Restricted Cash and Cash Equivalents	1,515,398		1,515,398
Capital Assets:			
Sites (Land)	719,980		719,980
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	4,356,473	34,361	4,390,834
Total Assets	<u>8,224,618</u>	<u>69,831</u>	<u>8,294,449</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>852,994</u>		<u>852,994</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	211,267	435	211,702
Payable to Federal Government	5,621		5,621
Payable to State Government	24,207		24,207
Unearned Revenue	3,604	6,341	9,945
Accrued Interest Payable	3,910		3,910
Noncurrent Liabilities:			
Due Within One Year	165,000		165,000
Due Beyond One Year	3,276,637		3,276,637
Total Liabilities	<u>3,690,246</u>	<u>6,776</u>	<u>3,697,022</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>1,556,143</u>		<u>1,556,143</u>
NET POSITION			
Net Investment in Capital Assets	4,361,453	34,361	4,395,814
Restricted for:			
Capital Projects	1,074,481		1,074,481
Debt Service	2		2
Maintenance	440,917		440,917
Tuition Reserve	350,000		350,000
Excess Surplus	754,510		754,510
Unrestricted/(Deficit)	<u>(3,150,140)</u>	<u>28,694</u>	<u>(3,121,446)</u>
Total Net Position	<u>\$ 3,831,223</u>	<u>\$ 63,055</u>	<u>\$ 3,894,278</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 8,325,384	\$ 50,960	\$ 2,304,938		\$ (5,969,486)		\$ (5,969,486)
Special Education	2,615,335		1,782,306		(833,029)		(833,029)
Other Special Instruction	659,428		213,073		(446,355)		(446,355)
Other Instruction	153,962		29,709		(124,253)		(124,253)
Support services:							
Tuition	6,909,505				(6,909,505)		(6,909,505)
Student & Instruction Related Services	2,257,250		437,063		(1,820,187)		(1,820,187)
General Administrative Services	505,174		119,113		(386,061)		(386,061)
School Administrative Services	650,417		137,057		(513,360)		(513,360)
Central Services	501,487		183,809		(317,678)		(317,678)
Administration Information Technology	148,654		5,997		(142,657)		(142,657)
Plant Operations and Maintenance	1,720,903		183,395		(1,537,508)		(1,537,508)
Pupil Transportation	1,166,681		659,562		(507,119)		(507,119)
Capital Outlay	3,671				(3,671)		(3,671)
Special Schools	21,297				(21,297)		(21,297)
Interest on Long-Term Debt	33,906				(33,906)		(33,906)
Total Governmental Activities	25,673,054	50,960	6,056,022		(19,566,072)		(19,566,072)
			\$ -0-				

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 332,235	\$ 247,593	\$ 107,436	\$ 4,284	\$	\$ 27,078	\$ 27,078
Total Business-Type Activities	332,235	247,593	107,436	4,284		27,078	27,078
Total Primary Government	\$ 26,005,289	\$ 298,553	\$ 6,163,458	\$ 4,284	\$ (19,566,072)	\$ 27,078	\$ (19,538,994)
General Revenue and Transfer:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					19,347,024		19,347,024
Taxes Levied for Debt Service					131,617		131,617
Unrestricted Federal and State Aid					307,791		307,791
Investment Earnings					60,515	714	61,229
Miscellaneous Income					324,854		324,854
Transfer					(4,284)		(4,284)
Total General Revenue and Transfer					20,167,517	714	20,168,231
Change in Net Position					601,445	27,792	629,237
Net Position - Beginning					3,229,778	35,263	3,265,041
Net Position - Ending					\$ 3,831,223	\$ 63,055	\$ 3,894,278

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

FUND FINANCIAL STATEMENTS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,077,753		\$ 11,669	\$ 2	\$ 1,089,424
Receivables From State Government	141,064				141,064
Receivable From Federal Government		\$ 46,375			46,375
Other Receivable	2,459				2,459
Tuition Receivable	3,836				3,836
Interfund Receivable	9,930				9,930
Restricted Cash and Cash Equivalents	1,865,398				1,865,398
Total Assets	<u>\$ 3,100,440</u>	<u>\$ 46,375</u>	<u>\$ 11,669</u>	<u>\$ 2</u>	<u>\$ 3,158,486</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 63,336	\$ 5,082			\$ 68,418
Payable to State Government		24,207			24,207
Payable to Federal Government		5,621			5,621
Interfund Payable	2,460	7,861			10,321
Unearned Revenue		3,604			3,604
Total Liabilities	<u>65,796</u>	<u>46,375</u>			<u>112,171</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,074,481				1,074,481
Maintenance Reserve Account	440,917				440,917
Tuition Reserve Account	350,000				350,000
Capital Projects			\$ 11,669		11,669
Debt Service				\$ 2	2
Excess Surplus	359,078				359,078
Excess Surplus - For Subsequent Year's Expenditures	395,432				395,432
Assigned:					
Year-end Encumbrances	77,389				77,389
Unassigned	337,347				337,347
Total Fund Balances	<u>3,034,644</u>		<u>11,669</u>	<u>2</u>	<u>3,046,315</u>
Total Liabilities and Fund Balances	<u>\$ 3,100,440</u>	<u>\$ 46,375</u>	<u>\$ 11,669</u>	<u>\$ 2</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.					5,076,453
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.					(3,910)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.					(2,596,869)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:					
Deferred Outflows					710,145
Deferred Inflows					(1,556,143)
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					(844,768)
Net Position of Governmental Activities					<u>\$ 3,831,223</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 19,347,024			\$ 131,617	\$ 19,478,641
Tuition	50,960				50,960
Rents and Royalties	267,323				267,323
Interest Earned	60,515				60,515
Unrestricted Miscellaneous Revenues	57,531	\$ 9,200			66,731
Total - Local Sources	19,783,353	9,200		131,617	19,924,170
State Sources	4,098,327			63,141	4,161,468
Federal Sources	21,887	401,841			423,728
Total Revenue	23,903,567	411,041		194,758	24,509,366
EXPENDITURES:					
Current:					
Regular Instruction	5,848,676	152,283			6,000,959
Special Education Instruction	1,648,255	254,608			1,902,863
Other Special Instruction	434,153				434,153
Other Instruction	117,560				117,560
Support Services and Undistributed Costs:					
Tuition	6,909,505				6,909,505
Student & Instruction Related Services	1,848,756				1,848,756
General Administrative Services	420,768				420,768
School Administrative Services	518,664				518,664

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Plant Operations and Maintenance	\$ 1,337,516				\$ 1,337,516
Pupil Transportation	1,160,339				1,160,339
Central Services	371,397				371,397
Administrative Information Technology	122,554				122,554
Unallocated Benefits	2,533,750				2,533,750
Debt Service:					
Principal				\$ 160,000	160,000
Interest and Other Charges				34,781	34,781
Special Schools	21,297				21,297
Capital Outlay	234,956	\$ 4,150			239,106
Total Expenditures	<u>23,528,146</u>	<u>411,041</u>		<u>194,781</u>	<u>24,133,968</u>
Excess/ (Deficit) of Revenue over/(under) Expenditures	375,421			(23)	375,398
OTHER FINANCING SOURCES/(USES):					
Transfers Out	(4,284)				(4,284)
Total Other Financing Sources/(Uses)	<u>(4,284)</u>				<u>(4,284)</u>
Net Change in Fund Balances	371,137			(23)	371,114
Fund Balance - July 1	2,663,507	-0-	\$ 11,669	25	2,675,201
Fund Balance - June 30	<u>\$ 3,034,644</u>	<u>\$ -0-</u>	<u>\$ 11,669</u>	<u>\$ 2</u>	<u>\$ 3,046,315</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	371,114
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 differ from depreciation in the period.		
Depreciation Expense	\$	(436,086)
Capital Outlay Additions		<u>209,958</u>
		(226,128)
Interest expense on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in the accrual is reflected on the Statement of Activities.		
		875
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		202,118
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		1,103,002
Change in Deferred Outflows		(457,310)
Change in Deferred Inflows		(552,226)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		<u>160,000</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>601,445</u></u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 21,683
Intergovernmental Accounts Receivable:	
Federal	5,265
State	224
Interfund Receivable	2,460
Inventories	<u>5,838</u>
Total Current Assets	<u>35,470</u>
Non-Current Assets:	
Capital Assets	171,872
Less: Accumulated Depreciation	<u>(137,511)</u>
Total Non-Current Assets	<u>34,361</u>
Total Assets	<u>69,831</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	435
Unearned Revenue - Donated Commodities	1,485
Unearned Revenue - Prepaid Sales	<u>4,856</u>
Total Liabilities	<u>6,776</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	34,361
Unrestricted	<u>28,694</u>
Total Net Position	<u>\$ 63,055</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 185,695
Daily Sales - Non-Reimbursable Programs	61,898
Total Operating Revenue	247,593
Operating Expenses:	
Cost of Sales - Reimbursable Programs	103,841
Cost of Sales - Nonreimbursable Programs	34,614
Salaries, Benefits & Payroll Taxes	144,012
Purchased Professional Services	5,566
Management Fee	18,792
Depreciation Expense	5,186
Supplies and Repairs	20,224
Total Operating Expenses	332,235
Operating Loss	(84,642)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,471
Federal Sources:	
National School Lunch Program	83,638
Food Distribution Program	20,327
Local Sources:	
Interest Income	714
Total Non-Operating Revenue	108,150
Change in Net Position Before Transfers	23,508
Capital Contribution	4,284
Change in Net Position	27,792
Net Position - Beginning of Year	35,263
Net Position - End of Year	\$ 63,055

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 247,593
Payments to Food Service Vendor	(345,514)
Net Cash (Used for) Operating Activities	(97,921)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	714
Net Cash Provided by Investing Activities	714
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,535
Federal Sources:	
National School Lunch Program	85,325
Net Cash Provided by Noncapital Financing Activities	88,860
Net Decrease in Cash and Cash Equivalents	(8,347)
Cash and Cash Equivalents, July 1	30,030
Cash and Cash Equivalents, June 30	\$ 21,683
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (84,642)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,186
Federal Food Distribution Program	20,327
Changes in Assets and Liabilities:	
(Increase) in Interfund Receivable	(2,460)
(Increase) in Inventory	(165)
(Decrease) in Interfunds Payable	(31,378)
(Decrease) in Accounts Payable	(5,786)
Increase in Unearned Revenue - Donated Commodities	339
Increase in Unearned Revenue - Prepaid Sales	658
Net Cash (Used for) Operating Activities	\$ (97,921)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$20,666 and utilized Commodities Valued at \$20,327.

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency</u>	<u>Trust</u>	
		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 79,359	\$ 3,591	\$ 11,044
Total Assets	<u>79,359</u>	<u>3,591</u>	<u>11,044</u>
<u>LIABILITIES:</u>			
Interfund Payable-General Fund	2,069		
Payroll Deductions and Withholdings	13,129		
Rental Deposit Payable	19,232		
Due to Student Groups	38,979		
Due Various Groups	5,950		
Total Liabilities	<u>79,359</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		3,591	
Held in Trust for Flexible Spending Claims			11,044
Total Net Position	<u>\$ -0-</u>	<u>\$ 3,591</u>	<u>\$ 11,044</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 24,403	\$ 33,850
Total Contributions	<u>24,403</u>	<u>33,850</u>
Investment Earnings:		
Interest	<u>271</u>	<u>352</u>
Net Investment Earnings	<u>271</u>	<u>352</u>
Total Additions	<u>24,674</u>	<u>34,202</u>
DEDUCTIONS:		
Unemployment Compensation Claims	46,357	
Flexible Spending Claims		<u>36,521</u>
Total Deductions	<u>46,357</u>	<u>36,521</u>
Change in Net Position	(21,683)	(2,319)
Net Position - Beginning of the Year	<u>25,274</u>	<u>13,363</u>
Net Position - End of the Year	<u>\$ 3,591</u>	<u>\$ 11,044</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition,

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. 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 and report on the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service funds. The budget for the fiscal year ending June 30, 2019, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by the School Board. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 23,904,414	\$ 406,306
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		4,735
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	155,177	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(156,024)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 23,903,567	\$ 411,041

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Uses/Outflows of Resources:

Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$	23,528,146	\$	406,306
Differences - Budget to GAAP				
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.				4,735
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	23,528,146	\$	411,041

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Transactions

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenue. 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 nonoperating revenue/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

F. Interfund Transactions (Cont'd)

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

G. Allowance for Uncollectible Accounts

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets: (Cont'd)

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

	Estimated Useful Life
Buildings and Building Improvements	30 years
Furniture Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long-Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,034,644 General Fund fund balance at June 30, 2019, \$1,074,481 is restricted in the capital reserve account; \$440,917 is restricted for the maintenance reserve account; \$350,000 is restricted for the tuition reserve account; \$77,389 is assigned for year-end encumbrances; \$359,078 is restricted for current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; \$395,432 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; and \$337,347 is unassigned which is \$156,024 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2020.

Capital Projects Fund: The Capital Projects Fund has a committed fund balance of \$11,669 at June 30, 2019.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2019 of \$2 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2019 as noted above. The total excess surplus at June 30, 2019 was \$754,510.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$156,024, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

Q. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2019 for items related to pensions. The District has deferred inflows of resources related to pensions.

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

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

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

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2019 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2019.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

S. Deficit Net Position

The District has a \$3,150,140 deficit in its governmental activities Unrestricted Net Position at June 30, 2019 primarily as a result of the net pension liability, accrual of interest and compensated absences payable offset by the assigned and unassigned General Fund fund balance. The deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

Investments: (Cont'd)

- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

Accounts	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,205,101	\$ 1,865,398	\$ 3,070,499
	\$ 1,205,101	\$ 1,865,398	\$ 3,070,499

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$3,070,499 and the bank balance was \$3,298,184.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution during the fiscal year ended June 30, 2001 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g),

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance		\$ 990,672
Increased by:		
Interest Earned		21,570
Board Resolution		290,000
		1,302,242
Decreased by:		
Budgeted Withdrawal		147,150
Withdrawal by Board Resolution		80,611
		227,761
Ending Balance		\$ 1,074,481

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is equal to or greater than \$1,074,481. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Lincoln Park Board of Education on June 29, 2010. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance		\$ 445,740
Increased by:		
Interest Earned		10,177
		455,917
Less: Budgeted Withdrawal		15,000
		\$ 440,917

NOTE 6. TRANSFER TO CAPITAL OUTLAY:

During the year ended June 30, 2019, the District made transfers to capital outlay for equipment which did not require county superintendence approval, and also \$77,458 from Capital Reserve through an approved Board Resolution.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 9,930	\$ 2,460
Special Revenue Fund		7,861
Food Service Fund	2,460	
Agency Fund		2,069
	\$ 12,390	\$ 12,390

The \$2,069 due from the payroll agency fund is interest earned due to the General Fund. The interfund between the Food Service Fund and the General Fund consists of federal and state lunch reimbursements collected in the General Fund and due to the Food Service Fund for prior years offset by amounts paid by the General Fund on behalf of the Food Service Fund in the current year. The interfund between the General Fund and the Special Revenue fund of \$7,861 is for grant funds expended but not yet received in Special Revenue Fund.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. CAPITAL ASSETS:

Capital asset balances and activity for this fiscal year ended June 30, 2019 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 719,980			\$ 719,980
Total Capital Assets Not Being Depreciated	<u>719,980</u>			<u>719,980</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	16,326,778	\$ 163,400		16,490,178
Machinery and Equipment	2,838,761	46,558		2,885,319
Total Capital Assets Being Depreciated	<u>19,165,539</u>	<u>209,958</u>		<u>19,375,497</u>
Governmental Activities Capital Assets	<u>19,885,519</u>	<u>209,958</u>		<u>20,095,477</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(12,379,213)	(416,635)		(12,795,848)
Machinery and Equipment	(2,203,725)	(19,451)		(2,223,176)
	<u>(14,582,938)</u>	<u>(436,086)</u>		<u>(15,019,024)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,302,581</u>	<u>\$ (226,128)</u>	<u>\$ -0-</u>	<u>\$ 5,076,453</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 167,588	\$ 4,284		\$ 171,872
Less Accumulated Depreciation	(132,325)	(5,186)		(137,511)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,263</u>	<u>\$ (902)</u>	<u>\$ -0-</u>	<u>\$ 34,361</u>

As of June 30, 2019, the District has completed all active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 109,022
Other Instruction	65,413
Student and Instruction Related Services	4,361
School/General Administrative Services	34,886
Operations and Maintenance of Plant	218,043
Student Transportation	4,361
	<u>\$ 436,086</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019	Amounts Due in a Year
Serial Bond Payable	\$ 875,000		\$ 160,000	\$ 715,000	\$ 175,000
Net Pension Liability	3,699,871		1,103,002	2,596,869	
Compensated Absences Payable	331,886		202,118	129,768	
	\$ 4,906,757	\$ -0-	\$ 1,465,120	\$ 3,441,637	\$ 175,000

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the school district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had serial bonds outstanding as of June 30, 2019 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2022	4.375%	\$ 715,000

Debt service requirements on serial bonds payable at June 30, 2019 are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 165,000	\$ 27,672	\$ 192,672
2021	175,000	20,234	195,234
2022	185,000	12,359	197,359
2023	190,000	4,157	194,157
	\$ 715,000	\$ 64,422	\$ 779,422

B. Bonds Authorized But Not Issued:

As of June 30, 2019, there were no bonds authorized but not issued.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. LONG-TERM LIABILITIES: (Cont'd)

C. Compensated Absence Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds is \$-0-, and the long term portion is \$129,768. Compensated absences will be liquidated by the General Fund.

The liability for compensated absences of the proprietary fund types is recorded with these funds as benefits accrue to the employees. As of June 30, 2019, no liability existed for compensated absences in the Enterprise Fund.

D. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long term portion is \$2,596,869. See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS:

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$147,144 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District's liability was \$2,596,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0132%, which was a decrease of 0.003% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized actual pension expense in the amount of \$37,724. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 20,553	
	2015	5.72	92,771	
	2016	5.57	314,599	
	2017	5.48		\$ (478,714)
	2018	5.63		(351,629)
			<u>427,923</u>	<u>(830,343)</u>
Difference Between Expected and Actual Experience	2015	5.72	25,739	
	2016	5.57	9,548	
	2017	5.48	14,238	
	2018	5.63		(13,391)
			<u>49,525</u>	<u>(13,391)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		15,692
	2016	5.00		87,726
	2017	5.00		(78,958)
	2018	5.00		(48,820)
				<u>(24,360)</u>
Changes in Proportion	2014	6.44		(7,887)
	2015	5.72	34,600	
	2016	5.57		(178,442)
	2017	5.48	198,097	
	2018	5.63		(501,720)
			<u>232,697</u>	<u>(688,049)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	142,849	
			<u>\$ 852,994</u>	<u>\$ (1,556,143)</u>

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 18,024
2020	(24,954)
2021	(178,940)
2022	(155,108)
2023	(49,668)
	\$ (390,646)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 3,265,265	\$ 2,596,869	\$ 2,036,130

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$1,192,745 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,318,495.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$39,770,739. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0625%, which was an increase of 0.003% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		39,770,739
Total	\$	39,770,739

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$2,318,495 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual	2015	5		(192,642,062)
Investment Earnings on Pension Plan Investments	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	<u>\$ (3,706,774,773)</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS: (Cont'd)

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

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

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 47,008,258	\$ 39,770,739	\$ 33,771,012

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$11,024 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$20,211 for the fiscal year ended June 30, 2019.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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:

- | | |
|---|-------------------------------------|
| Equitable Life Insurance Company | Metropolitan Life Insurance Company |
| Lincoln Investments | Copeland Companies |
| Lincoln National Life Insurance Company | Securities First Group |

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. 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.

New Jersey Unemployment Compensation Insurance

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

The following is a summary of District contributions, employee contributions, interest earned and 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.

<u>Fiscal Year</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>District Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 271	\$ 24,403		\$ 46,357	\$ 3,591
2017-2018	324	23,673		29,736	25,274
2016-2017	101	23,203	\$ 10,318	25,892	31,013

Property and Liability

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The June 30, 2019 audit was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2018 is as follows.

Total Assets	\$ 342,337,056
Net Position	\$ 82,580,855
Total Revenue	\$ 133,258,299
Total Expenses	\$ 129,340,074
Change in Net Position	\$ 3,918,225
Member Dividends	\$ -0-

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

New Jersey Schools Insurance Group
6000 Midlantic Drive Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

NOTE 13. CONTINGENT LIABILITIES:

Grant Programs

The School District participates in state and federal assisted grant programs. These programs are subject to 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.

Litigation

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

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 77,389	\$ 1,246	\$ 78,635

On the District's Governmental Funds Balance sheet as of June 30, 2019 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,246 less than on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grant receivables or an increase in unearned revenue.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 14. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2019, were:

	<u>Governmental Funds</u>		<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business - Type Activities Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Vendors	\$ 63,336	\$ 5,082		\$ 68,418	\$ 435
State		24,207	\$ 142,849	142,849	
Federal		5,621		5,621	
	<u>\$ 63,336</u>	<u>\$ 34,910</u>	<u>\$ 142,849</u>	<u>\$ 216,888</u>	<u>\$ 435</u>

NOTE 17. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

As of June 30, 2019 the District has \$350,000 in the tuition reserve which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2021.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Actuarial Assumptions and Other Inputs

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

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

The actuarial assumptions used in the June 30, 2017 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.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 33,221,956
Changes for Year:	
Service Cost	1,128,870
Interest on the Total OPEB Liability	1,216,713
Changes of Assumptions	(3,268,719)
Differences between Expected and Actual Experience	(3,079,153)
Gross Benefit Payments by the State	(761,661)
Contributions from Members	26,324
Net Changes	(4,737,626)
Balance at June 30, 2018	\$ 28,484,330

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 33,674,276	\$ 28,484,330	\$ 24,358,858

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 23,543,958	\$ 28,484,330	\$ 35,018,161

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$1,196,021 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (3,459,903)
Changes in Assumptions	2018	9.51		(2,925,005)
			<u>\$ -0-</u>	<u>(6,384,908)</u>
Differences Between Expected and Actual Experience	2018	9.51		(2,765,040)
Changes in Proportion	N/A	N/A		(179,020)
			<u>\$ -0-</u>	<u>\$ (2,944,060)</u>

N/A - Not Available

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ (1,127,504)
2020	(1,127,504)
2021	(1,127,504)
2022	(1,127,504)
2023	(1,127,504)
Thereafter	(3,512,431)
	\$ (9,149,949)

**REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES**

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0158127037%	0.0164103502%	0.0144631997%	0.0158940070%	0.0001318911%
District's proportionate share of the net pension liability	\$ 2,960,533	\$ 3,683,795	\$ 4,283,585	\$ 3,699,871	\$ 2,596,869
District's covered employee payroll	\$ 1,119,346	\$ 1,020,600	\$ 1,018,783	\$ 993,668	\$ 1,021,518
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.49%	360.94%	420.46%	372.34%	254.22%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 149,712	\$ 170,007	\$ 129,080	\$ 147,241	\$ 131,189
Contributions in relation to the contractually required contribution	(149,712)	(170,007)	(129,080)	(147,241)	(131,189)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,096,959	\$ 1,119,346	\$ 1,020,600	\$ 1,018,783	\$ 993,668
Contributions as a percentage of covered employee payroll	13.65%	15.19%	12.65%	14.45%	13.20%

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
 TEACHERS' PENSION AND ANNUITY FUND
 LAST FIVE FISCAL YEARS

UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0566971351%	0.0589242385%	0.0583125521%	0.0591217103%	0.0625150605%
State's proportionate share of the net pension liability attributable to the District	\$ 30,302,773	\$ 37,242,635	\$ 45,872,366	\$ 39,861,989	\$ 39,770,739
District's covered employee payroll	\$ 5,913,277	\$ 6,040,917	\$ 6,338,409	\$ 6,447,870	\$ 6,651,203
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	512.45%	616.51%	723.72%	618.22%	597.95%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2019
Contractually required contribution	\$ 1,630,574	\$ 2,273,998	\$ 3,446,670	\$ 2,761,437
Contributions in relation to the contractually required contribution	(318,566)	(466,873)	(641,751)	(920,627)
Contribution deficiency/(excess)	\$ 1,312,008	\$ 1,807,125	\$ 2,804,919	\$ 1,840,810
District's covered employee payroll	\$ 5,913,277	\$ 6,040,917	\$ 6,338,409	\$ 6,447,870
Contributions as a percentage of covered employee payroll	5.39%	7.73%	10.12%	14.28%
				17.93%

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 1,367,556	\$ 1,128,870
Interest Cost	1,053,078	1,216,713
Changes in Assumptions	(4,408,035)	(3,268,719)
Differences between Expected and Actual Experiences		(3,079,153)
Member Contributions	28,335	26,324
Gross Benefit Payments	(769,491)	(761,661)
Net Change in Total OPEB Liability	(2,728,557)	(4,737,626)
Total OPEB Liability - Beginning	35,950,513	33,221,956
Total OPEB Liability - Ending	\$ 33,221,956	\$ 28,484,330
State's Covered Employee Payroll *	\$ 7,357,192	\$ 7,441,538
Total OPEB Liability as a Percentage of Covered Employee Payroll	452%	383%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

B. TEACHERS PENSION AND ANNUITY FUND

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,347,024		\$ 19,347,024	\$ 19,347,024	
Tuition From Individuals	60,000		60,000	50,960	(9,040)
Rents and Royalties	259,144		259,144	267,323	8,179
Interest on Investments	32,300		32,300	28,768	(3,532)
Interest Earned on Maintenance Reserve Funds	1,200		1,200	10,177	8,977
Interest Earned on Capital Reserve Funds	1,500		1,500	21,570	20,070
Unrestricted Miscellaneous Revenues	11,800		11,800	57,531	45,731
Total - Local Sources	19,712,968		19,712,968	19,783,353	70,385
State Sources:					
Transportation Aid	635,819		635,819	635,819	
Special Education Aid	826,572		826,572	826,572	
Security Aid	136,362		136,362	136,362	
Adjustment Aid	134,141	\$ (30,288)	103,853	103,853	
Extraordinary Aid	35,000		35,000	96,629	61,629
Nonpublic Transportation Aid	12,653		12,653	19,442	6,789
TPAF Pension Contributions (non-budgeted)				1,192,745	1,192,745
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				552,353	552,353
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				24,967	24,967
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,541	1,541
TPAF Social Security Contributions (Reimbursed - Non-Budgeted)				508,891	508,891
Total State Sources	1,780,547	(30,288)	1,750,259	4,099,174	2,348,915
Federal Sources:					
Medicaid Reimbursement	14,273		14,273	21,887	7,614
Total Federal Sources	14,273		14,273	21,887	7,614
TOTAL REVENUES	21,507,788	(30,288)	21,477,500	23,904,414	2,426,914

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 152,124	\$ (5,364)	\$ 146,760	\$ 146,760	
Kindergarten - Salaries of Teachers	367,930	33,412	401,342	385,753	\$ 15,589
Grades 1-5 - Salaries of Teachers	2,123,235	93,451	2,216,686	2,114,183	102,503
Grades 6-8 - Salaries of Teachers	1,711,985	(20,016)	1,691,969	1,683,809	8,160
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	(2,166)	2,834	858	1,976
Purchased Professional Educational Services	12,506	(1,919)	10,587	10,587	
Regular Program - Undistributed Instruction:					
Purchased Professional Educational Services	9,100	44,263	53,363	50,817	2,546
Purchased Technical Services	97,450	(25,000)	72,450	70,810	1,640
Other Purchased Services (400-500 series)	38,825	5,308	44,133	38,324	5,809
General Supplies	244,849	(2,481)	242,368	186,197	56,171
Textbooks	156,650	(88,303)	68,347	44,085	24,262
Other Objects	500	250	750	281	469
Total Regular Programs - Instruction	4,920,154	31,435	4,951,589	4,732,464	219,125
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	184,100	(52,959)	131,141	131,141	
Other Salaries for Instruction	38,263	73,799	112,062	105,233	6,829
Purchased Professional Educational Services		2,040	2,040	1,426	614
General Supplies	3,301	60	3,361	3,358	3
Total Learning and or Language Disabilities	225,664	22,940	248,604	241,158	7,446
Behavioral Disabilities:					
Salaries of Teachers	60,010	1,000	61,010	61,010	
Total Behavioral Disabilities	60,010	1,000	61,010	61,010	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 706,885	\$ (96,895)	\$ 609,990	\$ 609,986	\$ 4
Other Salaries for Instruction	122,374	(20,280)	102,094	85,937	16,157
Purchased Professional Educational Services		3,400	3,400	1,440	1,960.00
General Supplies	4,621		4,621	4,585	36
Total Resource Room/Resource Center	833,880	(113,775)	720,105	701,948	18,157
Autism:					
Salaries of Teachers	58,010	60,128	118,138	118,138	
Other Salaries for Instruction	20,141	(15,684)	4,457	4,308	149
General Supplies	2,825		2,825	2,572	253
Total Autism	80,976	44,444	125,420	125,018	402
Preschool Disabilities - Full-time:					
Salaries of Teachers	130,170	(45,046)	85,124	84,532	592
Other Salaries for Instruction	31,796	14,493	46,289	46,226	63
General Supplies	1,810	36	1,846	1,845	1
Total Preschool Disabilities - Full-time	163,776	(30,517)	133,259	132,603	656
Home Instruction:					
Purchased Professional-Educational Services		3,464	3,464	2,640	824
Total Home Instruction		3,464	3,464	2,640	824
Total Special Education Instruction	1,364,306	(72,444)	1,291,862	1,264,377	27,485
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	273,880	83,884	357,764	357,745	19
Total Basic Skills/Remedial - Instruction	273,880	83,884	357,764	357,745	19

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 63,635	\$ 12,600	\$ 76,235	\$ 76,229	\$ 6
General Supplies	3,368		3,368	179	3,189
Total Bilingual Education - Instruction	67,003	12,600	79,603	76,408	3,195
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	45,583	17,158	62,741	62,495	246
Supplies and Materials	550		550	401	149
Total School-Sponsored Cocurricular Activities - Instruction	46,133	17,158	63,291	62,896	395
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	34,049	(1,646)	32,403	29,019	3,384
Supplies and Materials	11,197	(1,924)	9,273	9,261	12
Other Objects	8,850		8,850	8,655	195
Total School-Sponsored Cocurricular Athletics - Instruction	54,096	(3,570)	50,526	46,935	3,591
Total Instruction	6,725,572	69,063	6,794,635	6,540,825	253,810
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	5,832,699	(19,195)	5,813,504	5,813,455	49
Tuition to Other LEAs Within the State - Special	562,425	54,251	616,676	507,060	109,616
Tuition to County Special Services Schools and Regional Day School	82,000	23,910	105,910	105,738	172
Tuition to Private Schools for the Handicapped - Within State	713,487	(219,763)	493,724	483,252	10,472
Total Undistributed Expenditures - Instruction	7,190,611	(160,797)	7,029,814	6,909,505	120,309

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE -- BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 159,600	\$ (1,302)	\$ 158,298	\$ 158,258	\$ 40
Purchased Professional/Technical Services	200	(200)			
Other Purchased Services (400-500 Series)	2,012	184	2,196	2,195	1
Supplies and Materials	3,079	184	3,263	3,263	
Total Health Services	164,891	(1,134)	163,757	163,716	41
Speech, OT, PT and Related Services:					
Salaries	126,045	(170)	125,875	125,875	
Supplies and Materials	1,874		1,874	1,492	382
Total Speech, OT, PT and Related Services	127,919	(170)	127,749	127,367	382
Extraordinary Services Services:					
Salaries	216,946	30,178	247,124	221,862	25,262
Total Extraordinary Services	216,946	30,178	247,124	221,862	25,262
Guidance:					
Salaries of Other Professional Staff	128,046	2,075	130,121	129,980	141
Purchased Professional - Educational Services	150	4,350	4,500	4,500	
Other Purchased Services (400-500 Series)	150		150	66	84
Supplies and Materials	1,000		1,000	261	739
Total Guidance	129,346	6,425	135,771	134,807	964

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team:					
Salaries of Other Professional Staff	\$ 522,111	\$ 12,524	\$ 534,635	\$ 533,275	\$ 1,360
Salaries of Secretarial and Clerical Assistants	50,639		50,639	50,516	123
Purchased Professional/Educational Services	320,300	(221,160)	99,140	88,599	10,541
Purchased Technical Services	29,500	(5,000)	24,500	23,619	881
Other Purchased Services (400-500 Series)	6,072	1,325	7,397	4,065	3,332
Supplies and Materials	10,000		10,000	4,893	5,107
Other Objects	2,225		2,225	1,875	350
Total Child Study Team	940,847	(212,311)	728,536	706,842	21,694
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	103,000	(103,000)			
Other Salaries		103,000	103,000	102,750	250
Other Objects		1,925	1,925	1,178	747
Total Improvement of Instructional Services	103,000	1,925	104,925	103,928	997
Educational Media Services/School Library:					
Salaries	78,694	52,900	131,594	78,744	52,850
Purchased Professional and Technical Services	3,255		3,255	2,097	1,158
Supplies and Materials	10,698	195	10,893	7,148	3,745
Total Educational Media Services/School Library	92,647	53,095	145,742	87,989	57,753

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Salaries of Supervisor of Instruction	\$ 11,000	\$ 860	\$ 860	\$ 859	\$ 1
Purchased Professional/Educational Services		(11,000)			
Total Instructional Staff Training Services	11,000	(10,140)	860	859	1
Support Services - General Administration:					
Salaries	242,173	782	242,955	242,600	355
Legal Services	16,000	3,550	19,550	11,799	7,751
Audit Fees	27,600	(317)	27,283	27,000	283
Purchased Technical Services	8,000	17,208	25,208	23,408	1,800
Communications/Telephone	11,000	(4,565)	6,435	4,519	1,916
BOE Other Purchased Services	9,750	(1,700)	8,050	4,862	3,188
Miscellaneous Purchased Services	30,500	1,168	31,668	31,564	104
General Supplies	2,300	1,582	3,882	3,482	400
BOE In-House Training/Meeting Supplies	150	818	968	968	
Miscellaneous Expenditures	4,900	50	4,950	4,434	516
BOE membership Dues and Fees	10,000	219	10,219	10,219	
Total Support Services - General Administration	362,373	18,795	381,168	364,855	16,313

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 83,533	\$ 388	\$ 83,921	\$ 83,921	
Purchased Technical Services	6,939	9,939	16,878	11,965	\$ 4,913
Other Purchased Services (400-500 series)	16,800	(3,559)	13,241	13,241	
Supplies and Materials	6,650	(3,665)	2,985	317	2,668
Purchased Professional Services	250	245	495	495	
Other Objects	1,000	1,000	1,000	880	120
Total Administrative Information Technology	<u>114,172</u>	<u>4,348</u>	<u>118,520</u>	<u>110,819</u>	<u>7,701</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	334,070	(13,096)	320,974	314,133	6,841
Salaries of Secretarial and Clerical Assistants	106,773	2,088	108,861	108,036	825
Purchased Professional and Technical Services	1,000		1,000	1,000	
Other Purchased Services (400-500 Series)	15,400	5,204	20,604	8,105	12,499
Supplies and Materials	7,320	7,000	14,320	6,378	7,942
Other Objects	5,575	(920)	4,655	2,424	2,231
Total Support Services - School Administration	<u>470,138</u>	<u>276</u>	<u>470,414</u>	<u>439,076</u>	<u>31,338</u>
Required Maintenance of School Facilities:					
Salaries	90,627	659	91,286	91,286	
Cleaning, Repair and Maintenance Services	73,715	51,479	125,194	100,522	24,672
General Supplies	60,073	(12,510)	47,563	41,924	5,639
Total Required Maintenance of School Facilities	<u>224,415</u>	<u>39,628</u>	<u>264,043</u>	<u>233,732</u>	<u>30,311</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 422,298	\$ (1,000)	\$ 421,298	\$ 420,813	\$ 485
Salaries of Non-Instructional Aides	53,000		53,000	52,803	197
Purchased Professional and Technical Services	45,700	(43,055)	2,645	2,102	543
Cleaning, Repair and Maintenance Services	10,500	(9,100)	1,400	1,057	343
Other Purchased Property Services	15,000	850	15,850	14,519	1,331
Insurance	77,500	(2,576)	74,924	74,923	1
Miscellaneous Purchased Services		5,600	5,600	5,475	125
Supplies and Materials	49,800	6,912	56,712	56,310	402
Energy (Electricity)	113,000	17,200	130,200	114,510	15,690
Energy (Natural Gas)	132,000	2,483	134,483	127,282	7,201
Energy (Gasoline)		3,000	3,000	2,003	997
Other Objects	8,500	(5,620)	2,880	2,876	4
Total Custodial Services	874,298	27,694	901,992	874,673	27,319
Student Transportation Services:					
Salaries of Non- Instructional Aides	9,533	8,467	18,000	6,370	11,630
Contracted Services:					
Aid in Lieu - Non Public Students	155,000	(54,130)	100,870	89,310	11,560
(Between Home and School) - Vendors	838,500	(4,194)	834,306	790,853	43,453
(Other than Between Home and School) Vendors	18,000	2,250	20,250	18,446	1,804
Special Education Students - Vendors	207,000	52,130	259,130	253,655	5,475
General Supplies		513	513	513	
Total Student Transportation Services	1,228,033	5,036	1,233,069	1,159,147	73,922

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 298,519	\$ (4,921)	\$ 293,598	\$ 284,438	\$ 9,160
Purchased Technical Services	4,500	37,615	42,115	32,785	9,330
Miscellaneous Purchased Services (400-500 Series)	19,436	(6,805)	12,631	9,595	3,036
Supplies and Materials	7,950	4,078	12,028	11,266	762
Other Objects	2,200	(500)	1,700	65	1,635
Total Central Services	332,605	29,467	362,072	338,149	23,923
Total Undistributed Expenditures	12,583,241	(167,685)	12,415,556	11,977,326	438,230
Regular Instruction - Allocated Benefits:					
Social Security	10,056	1,700	11,756	8,994	2,762
Other Retirement Contributions- PERS	150,000	(150,000)			
Unemployment Compensation	14,000	(14,000)			
Workers Compensation	27,190		27,190	27,190	
Tuition Reimbursement	21,000	2,000	23,000	23,000	
Health Benefits	1,208,125	(29,896)	1,178,229	1,057,028	121,201
Total Regular Programs - Allocated Benefits	1,430,371	(190,196)	1,240,175	1,116,212	123,963
Special Education - Instruction - Allocated Benefits:					
Social Security	18,110	14,667	32,777	28,377	4,400
Workers Compensation	7,560	1,848	9,408	9,408	
Health Benefits	368,981	42,413	411,394	346,093	65,301
Total Special Education - Allocated Benefits	394,651	58,928	453,579	383,878	69,701

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Instructional Program - Instruction - Allocated Benefits:					
Social Security	\$ 5,240	\$ 2,450	\$ 7,690	\$ 7,001	\$ 689
Workers Compensation	728		728	728	
Total Other Instructional Program - Allocated Benefits	<u>5,968</u>	<u>2,450</u>	<u>8,418</u>	<u>7,729</u>	<u>689</u>
Health Services - Allocated Benefits:					
Social Security	742	150	892	888	4
Workers Compensation	1,229		1,229	1,229	
Health Benefits	51,517	(3,038)	48,479	48,479	
Total Health Benefits - Allocated Benefits	<u>53,488</u>	<u>(2,888)</u>	<u>50,600</u>	<u>50,596</u>	<u>4</u>
Speech, OT, PT and Related Services - Allocated Benefits:					
Social Security		371	371	320	51
Workers Compensation	970		970	970	
Health Benefits	34,754	(13,539)	21,215	21,215	
Total Speech, OT, PT and Related Services - Allocated Benefits	<u>35,724</u>	<u>(13,168)</u>	<u>22,556</u>	<u>22,505</u>	<u>51</u>
Extraordinary Services - Allocated Benefits:					
Social Security	16,596	1,397	17,993	16,664	1,329
Workers Compensation	1,670	(1,670)			
Total Extraordinary Services - Allocated Benefits	<u>18,266</u>	<u>(273)</u>	<u>17,993</u>	<u>16,664</u>	<u>1,329</u>
Guidance - Allocated Benefits:					
Social Security	126	250	376	240	136
Workers Compensation	564		564	564	
Health Benefits	44,130	2,236	46,366	40,447	5,919
Total Guidance - Allocated Benefits	<u>44,820</u>	<u>2,486</u>	<u>47,306</u>	<u>41,251</u>	<u>6,055</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Team - Allocated Benefits:					
Social Security	\$ 5,025	\$ (105)	\$ 4,920	\$ 4,916	\$ 4
Workers Compensation	4,410		4,410	4,410	
Health Benefits	183,203	(53,233)	129,970	127,242	2,728
Total Child Study Team - Allocated Benefits	192,638	(53,338)	139,300	136,568	2,732
Improvement of Instructional Services - Allocated Benefits:					
Social Security		250	250	191	59
Workers Compensation	793		793	793	
Health Benefits	10,000	(5,000)	5,000	5,000	
Total Improvement of Instructional Services - Allocated Benefits	10,793	(4,750)	6,043	5,984	59
Educational Media Services/School Library- Allocated Benefits:					
Social Security	1,290	35	1,325	1,323	2
Workers Compensation	606		606	606	
Health Benefits	27,876	465	28,341	25,823	2,518
Total Educational Media School/Library - Allocated Benefits	29,772	500	30,272	27,752	2,520
Instructional Staff Training - Allocated Benefits:					
Workers Compensation		66	66	66	
Total Instructional Staff Training - Allocated Benefits		66	66	66	
Administrative Information Technology - Allocated Benefits:					
Social Security	6,390	351	6,741	6,741	
Workers Compensation	643		643	643	
Health Benefits	5,000	(649)	4,351	4,351	
Total Administrative Information Technology - Allocated Benefits	12,033	(298)	11,735	11,735	
Support Services - General Administration - Allocated Benefits:					
Social Security	4,829		4,829	4,790	39
Workers Compensation	1,865		1,865	1,865	
Health Benefits	54,125	(208)	53,917	49,258	4,659
Total Support Services - General Administration - Allocated Benefits	60,819	(208)	60,611	55,913	4,698

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration - Allocated Benefits:					
Social Security	\$ 8,168	\$ 700	\$ 8,868	\$ 8,315	\$ 553
Workers Compensation	3,395		3,395	3,395	
Health Benefits	89,074	(10,532)	78,542	67,878	10,664
Total Support Services-School Administration-Allocated Benefits	100,637	(9,832)	90,805	79,588	11,217
Required Maintenance of School Facilities - Allocated Benefits:					
Social Security	6,933	(6,933)			
Workers Compensation	4,260	(4,260)			
Health Benefits	23,476	(23,476)			
Total Required Maintenance of School Facilities - Allocated Benefits	34,669	(34,669)			
Custodial Services:					
Social Security	31,988	(31,988)			
Workers Compensation	7,826	(7,826)			
Health Benefits	185,090	(185,090)			
Total Custodial Services	224,904	(224,904)			
Student Transportation Services - Allocated Benefits:					
Social Security	1,261	(729)	532	487	45
Workers Compensation	705		705	705	
Total Student Transportation Services - Allocated Benefits	1,966	(729)	1,237	1,192	45

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services - Allocated Benefits:					
Social Security	\$ 21,199	\$ (299)	\$ 20,900	\$ 20,900	
Workers Compensation	1,876		1,876	1,876	
Health Benefits	27,241	(5,141)	22,100	10,472	\$ 11,628
Total Central Services - Allocated Benefits	50,316	(5,440)	44,876	33,248	11,628
Operation and Maintenance of Plant Services- Allocated Benefits:					
Social Security		41,796	41,796	40,846	950
Workers Compensation		18,750	18,750	18,750	
Health Benefits		177,035	177,035	169,515	7,520
Total Operation and Maintenance of Plant Services - Allocated Benefits		237,581	237,581	229,111	8,470
Total Allocated Benefits	2,701,835	(238,682)	2,463,153	2,219,992	243,161
Unallocated Benefits:					
Unemployment Compensation		6,000	6,000	5,269	731
Other Retirement Contributions- PERS		147,144	147,144	147,144	
Other Employee Benefits	920	99,937	100,857	100,840	17
Total Unallocated Benefits	920	253,081	254,001	253,253	748
On-Behalf Contributions:					
TPAF Pension Contributions (non-budgeted)				1,192,745	(1,192,745)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				552,353	(552,353)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				24,967	(24,967)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				1,541	(1,541)
TPAF Social Security Contributions (Reimbursed - Non-Budgeted)				508,891	(508,891)
Total On-Behalf Contributions				2,280,497	(2,280,497)
Total Personal Services - Employee Benefits	2,702,755	14,399	2,717,154	4,753,742	(2,036,588)
Total Undistributed Expenditures	15,285,996	(153,286)	15,132,710	16,731,068	(1,598,358)
TOTAL CURRENT EXPENSE	22,011,568	(84,223)	21,927,345	23,271,893	(1,344,548)

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE--BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5		\$ 3,599	\$ 3,599	\$ 3,599	
Grades 6-8		3,599	3,599	3,599	
Undistributed Expenditures:					
Required Maintenance for School Facilities		58,902	58,902	21,554	\$ 37,348
Total Equipment		66,100	66,100	28,752	37,348
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services		20,208	20,208	18,354	1,854
Architectural/Engineering Services	\$ 8,500	(8,500)			
Construction Services	97,650	65,750	163,400	163,400	
Supplies & Materials	41,000	41,000	41,000	20,779	20,221
Assessment for Debt Service- SDA Funding	3,671		3,671	3,671	
Total Facilities Acquisition and Construction Services	150,821	77,458	228,279	206,204	22,075
TOTAL CAPITAL OUTLAY	150,821	143,558	294,379	234,956	59,423
Transfer of Funds to Charter Schools	10,648	10,649	21,297	21,297	
TOTAL EXPENDITURES	22,173,037	69,984	22,243,021	23,528,146	(1,285,125)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(665,249)	(100,272)	(765,521)	376,268	1,141,789
Other Financing Uses:					
Transfer to Food Service Fund		(4,284)	(4,284)	(4,284)	
Total Other Financing Uses		(4,284)	(4,284)	(4,284)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(665,249)	(104,556)	(769,805)	371,984	1,141,789
Fund Balance, July 1	2,818,684		2,818,684	2,818,684	
Fund Balance, June 30	\$ 2,153,435	\$ (104,556)	\$ 2,048,879	\$ 3,190,668	\$ 1,141,789
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,074,481	
Maintenance Reserve				440,917	
Tuition Reserve				350,000	
Excess Surplus - For Subsequent Year's Expenditures				395,432	
Excess Surplus				359,078	
Assigned:					
Year-end Encumbrances				77,389	
Unassigned				493,371	
				3,190,668	
Reconciliation to Governmental Funds Statement (GAAP):					
Final Two State Aid Payments not Recognized on GAAP Basis				(156,024)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,034,644	

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 9,200	\$ 9,200	\$ 5,400	\$ (3,800)
Federal Sources	\$ 327,111	77,516	404,627	400,906	(3,721)
Total Revenues	327,111	86,716	413,827	406,306	(7,521)
EXPENDITURES:					
Instruction					
Salaries of Teachers	81,650	(9,633)	72,017	72,017	
Tuition	206,221	14,101	220,322	220,322	
General Supplies	13,000	14,178	27,178	26,976	202
Total Instruction	300,871	18,646	319,517	319,315	202
Support Services					
Personal Service - Employee Benefits		24,208	24,208	24,208	
Purchased Professional/Educational Services	8,000	36,157	44,157	44,157	
Other Purchased Services	18,240	3,555	21,795	14,476	7,319
Total Support Services	26,240	63,920	90,160	82,841	7,319
Facilities Acquisition and Construction Services:					
Instructional Equipment		4,150	4,150	4,150	
Total Facilities Acquisition and Construction Services		4,150	4,150	4,150	
Total Expenditures	\$ 327,111	\$ 86,716	\$ 413,827	\$ 406,306	\$ 7,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LINCOLN PARK BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,904,414	\$ 406,306
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.		4,735
Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Statements	155,177	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(156,024)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 23,903,567	\$ 411,041
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 23,528,146	\$ 406,306
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		4,735
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 23,528,146	\$ 411,041

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets for the fiscal year ending June 30, 2019, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				
	Title I	Title II	Title III	Title III - Immigrant	Title IV
REVENUE:					
Local Sources					
Federal Sources	\$ 93,817	\$ 19,588	\$ 21,214	\$ 1,679	\$ 10,000
Total Revenue	93,817	19,588	21,214	1,679	10,000
EXPENDITURES:					
Instruction:					
Salaries of Teachers	68,324		3,148	545	
Tuition					
General Supplies	1,477		13,321	942	
Total Instruction	69,801		16,469	1,487	
Support Services:					
Personal Service - Employee Benefits	24,016			192	
Purchased Professional - Educational Services		8,657	1,200		10,000
Other Purchased Services (400-500 series)		10,931	3,545		
Total Support Services	24,016	19,588	4,745	192	10,000
Facilities Acquisition and construction services:					
Instructional Equipment					
Total Facilities Acquisition and construction services					
Total Expenditures	\$ 93,817	\$ 19,588	\$ 21,214	\$ 1,679	\$ 10,000

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA Part B Basic	IDEA Part B Preschool	Local Grants	Totals
REVENUE:				
Local Sources			\$ 5,400	\$ 5,400
Federal Sources	\$ 245,622	\$ 8,986		400,906
Total Revenue	245,622	8,986	5,400	406,306
EXPENDITURES:				
Instruction:				
Salaries of Teachers				72,017
Tuition	220,322			220,322
General Supplies	1,000	4,836	5,400	26,976
Total Instruction	221,322	4,836	5,400	319,315
Support Services:				
Personal Service - Employee Benefits				24,208
Purchased Professional - Educational Services	24,300			44,157
Other Purchased Services (400-500 series)				14,476
Total Support Services	24,300			82,841
Facilities Acquisition and construction services:				
Instructional Equipment		4,150		4,150
Total Facilities Acquisition and construction services		4,150		4,150
Total Expenditures	\$ 245,622	\$ 8,986	\$ 5,400	\$ 406,306

CAPITAL PROJECTS FUND

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Fund Balance - Beginning of Year	\$ 11,669
Fund Balance - End of Year	<u>\$ 11,669</u>
Recapitulation of Fund Balance:	
Committed	\$ 11,669
Total Fund Balance per Governmental Funds (Budgetary Basis)	<u>\$ 11,669</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
STAGE TO CLASSROOM CONVERSION PROJECT - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 490,000		\$ 490,000	\$ 490,000
Total Revenue and Other Financing Sources	490,000		490,000	490,000
Expenditures:				
Purchased Professional and Technical Services	32,031		32,031	32,031
Construction Services	446,300		446,300	457,969
Total Expenditures	478,331		478,331	490,000
Excess/(deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 11,669	\$ -0-	\$ 11,669	\$ -0-

Additional Project Information:

Project Name:	
Stage to Classroom Conversion Project	
Grant Date	N/A
Original Authorized Cost	\$ 465,000
Additional Authorized Cost - Capital Reserve	\$ 25,000
Revised Authorized Cost	\$ 490,000
Percentage Completion	97.62%
Original Target Completion Date	9/30/2017
Percentage Increase over Original Authorized Cost	5.38%

PROPRIETARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	21,683
Intergovernmental Accounts Receivable:		
Federal		5,265
State		224
Interfund Receivable		2,460
Inventories		5,838
		5,838

Total Current Assets		35,470
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Non-Current Assets:

Capital Assets		171,872
Less: Accumulated Depreciation		(137,511)
		34,361

Total Non-Current Assets		34,361
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Total Assets		69,831
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors		435
Unearned Revenue - Donated Commodities		1,485
Unearned Revenue - Prepaid Sales		4,856
		4,856

Total Current Liabilities		6,776
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NET POSITION:

Investment in Capital Assets		34,361
Unrestricted		28,694
		28,694

Total Net Position	\$	63,055
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LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 185,695
Daily Sales - Non-Reimbursable Programs	61,898
	<hr/>
Total Operating Revenue	247,593
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	103,841
Cost of Sales - Nonreimbursable Programs	34,614
Salaries, Benefits & Payroll Taxes	144,012
Purchased Professional and Technical Services	5,566
Management Fee	18,792
Depreciation Expense	5,186
Supplies and Repairs	20,224
	<hr/>
Total Operating Expenses	332,235
	<hr/>
Operating Loss	(84,642)
	<hr/>
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	3,471
Federal Sources:	
National School Lunch Program	83,638
Food Distribution Program	20,327
Local Sources:	
Interest Income	714
	<hr/>
Total Non-Operating Revenue	108,150
	<hr/>
Change in Net Position Before Capital Asset Contribution	23,508
	<hr/>
Capital Asset Contribution	4,284
	<hr/>
Change in Net Position	27,792
	<hr/>
Net Position - Beginning of Year	35,263
	<hr/>
Net Position - End of Year	\$ 63,055
	<hr/> <hr/>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 247,593
Payments to Suppliers	(345,514)
	(97,921)
Net Cash (Used for) Operating Activities	
	(97,921)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Revenue	714
	714
Net Cash Provided by Investing Activities	
	714
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	3,535
Federal Sources:	
National School Lunch Program	85,325
	88,860
Net Cash Provided by Noncapital Financing Activities	
	88,860
Net Decrease in Cash and Cash Equivalents	
	(8,347)
Cash and Cash Equivalents, July 1	
	30,030
Cash and Cash Equivalents, June 30	
	\$ 21,683
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (84,642)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	5,186
Federal Food Distribution Program	20,327
Changes in Assets and Liabilities:	
(Increase) In Interfund Receivable	(2,460)
(Increase) in Inventory	(165)
(Decrease) in Interfunds Payable	(31,378)
(Decrease) in Accounts Payable	(5,786)
Increase in Unearned Revenue - Donated Commodities	339
Increase in Unearned Revenue - Prepaid Sales	658
	658
Net Cash (Used for) Operating Activities	
	\$ (97,921)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program valued at \$20,666 and utilized Commodities Valued at \$20,327.

FIDUCIARY FUNDS

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency				Trust	
	Student Activity	Payroll	Rental Deposit	Athletic Account	Unemployment Compensation Trust	Flexible Spending Trust
Cash and Cash Equivalents	\$ 38,979	\$ 15,198	\$ 19,232	\$ 5,950	\$ 3,591	\$ 11,044
Total Assets	38,979	15,198	19,232	5,950	3,591	11,044
<u>LIABILITIES:</u>						
Interfund Payable-General Fund		2,069				
Payroll Deductions and Withholdings		13,129				
Rental Deposit Payable			19,232			
Due to Student Groups	38,979			5,950		
Due Various Groups						
Total Liabilities	38,979	15,198	19,232	5,950		
<u>NET POSITION:</u>						
Held in Trust for Unemployment Claims					3,591	
Held in Trust for Flexible Spending Claims						11,044
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,591	\$ 11,044

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 24,403	\$ 33,850
Total Additions	<u>24,403</u>	<u>33,850</u>
Investment Earnings:		
Interest	271	352
Net Investment Earnings	<u>271</u>	<u>352</u>
Total Additions	<u>24,674</u>	<u>34,202</u>
DEDUCTIONS:		
Unemployment Compensation Claims	46,357	
Flexible Spending Claims		36,521
Total Deductions	<u>46,357</u>	<u>36,521</u>
Change in Net Position	(21,683)	(2,319)
Net Position - Beginning of the Year	<u>25,274</u>	<u>13,363</u>
Net Position - End of the Year	<u>\$ 3,591</u>	<u>\$ 11,044</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 35,736	\$ 63,202	\$ 59,959	\$ 38,979
Total Assets	<u>\$ 35,736</u>	<u>\$ 63,202</u>	<u>\$ 59,959</u>	<u>\$ 38,979</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 35,736	\$ 63,202	\$ 59,959	\$ 38,979
Total Liabilities	<u>\$ 35,736</u>	<u>\$ 63,202</u>	<u>\$ 59,959</u>	<u>\$ 38,979</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets:				
Cash and Cash Equivalents	\$ 14,714	\$ 10,138,104	\$ 10,137,620	\$ 15,198
Total Assets	<u>\$ 14,714</u>	<u>\$ 10,138,104</u>	<u>\$ 10,137,620</u>	<u>\$ 15,198</u>
Liabilities				
Payroll Deductions & Withholdings	\$ 12,876	\$ 10,136,035	\$ 10,135,782	\$ 13,129
Interfund Payable - General Fund	1,838	2,069	1,838	2,069
Total Liabilities	<u>\$ 14,714</u>	<u>\$ 10,138,104</u>	<u>\$ 10,137,620</u>	<u>\$ 15,198</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RENTAL DEPOSIT AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 18,831	\$ 401	_____	\$ 19,232
Total Assets	<u>\$ 18,831</u>	<u>\$ 401</u>	<u>\$ -0-</u>	<u>\$ 19,232</u>
<u>LIABILITIES:</u>				
Rental Deposits Payable	\$ 18,831	\$ 401	_____	\$ 19,232
Total Liabilities	<u>\$ 18,831</u>	<u>\$ 401</u>	<u>\$ -0-</u>	<u>\$ 19,232</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
ATHLETIC ACCOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,359	\$ 7,676	\$ 4,085	\$ 5,950
Total Assets	<u>\$ 2,359</u>	<u>\$ 7,676</u>	<u>\$ 4,085</u>	<u>\$ 5,950</u>
<u>LIABILITIES:</u>				
Due to Various Groups	\$ 2,359	\$ 7,676	\$ 4,085	\$ 5,950
Total Liabilities	<u>\$ 2,359</u>	<u>\$ 7,676</u>	<u>\$ 4,085</u>	<u>\$ 5,950</u>

LONG-TERM DEBT

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Issue	Date of Issue	Amount of Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Date	Amount				
Renovations to Elementary and Middle Schools and New Construction to Middle School	10/1/2007	\$ 2,146,000	10/1/19	\$ 165,000	4.375%	\$ 875,000	\$ 160,000	\$ 715,000
			10/1/20	175,000	4.375%			
			10/1/21	185,000	4.375%			
			10/1/22	190,000	4.375%			
						<u>\$ 875,000</u>	<u>\$ 160,000</u>	<u>\$ 715,000</u>

LINCOLN PARK BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

LINCOLN PARK BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 131,617		\$ 131,617	\$ 131,617	
State Sources:					
Debt Service State Aid Support	63,141		63,141	63,141	
Total Revenue	194,758		194,758	194,758	
EXPENDITURES:					
Regular Debt Service:					
Interest	34,782		34,782	34,781	\$ 1
Redemption of Principal	160,000		160,000	160,000	
Total Regular Debt Service	194,782		194,782	194,781	1
Total Expenditures	194,782		194,782	194,781	1
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(24)		(24)	(23)	1
Fund Balance, July 1	24		24	25	(1)
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 2	\$ -0-
<u>Recapitulation:</u>					
Restricted			\$ 2	\$ 2	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 4,614,867	\$ 4,425,427	\$ 4,246,711	\$ 4,489,839	\$ 4,623,806	\$ 5,572,629	\$ 5,409,113	\$ 5,079,351	\$ 4,427,581	\$ 4,361,453
Restricted	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075	1,565,649	2,190,395	2,619,910
Unrestricted/(Deficit)	83,301	63,170	1,140,454	877,378	(2,571,339)	(2,671,310)	(2,727,233)	(2,467,630)	(3,388,198)	(3,150,140)
Total governmental activities net position	\$ 5,915,151	\$ 6,277,313	\$ 7,089,730	\$ 7,075,573	\$ 4,074,575	\$ 4,447,864	\$ 4,354,955	\$ 4,177,370	\$ 3,229,778	\$ 3,831,223
Business-type activities										
Investment in capital assets	\$ 5,578	\$ 4,013	\$ 2,448	\$ 883	\$ 8,406	\$ 16,396	\$ 19,722	\$ 40,401	\$ 35,263	\$ 34,361
Unrestricted	150,211	160,728	140,358	148,407	108,743	113,162	7,420	24,367	28,694	28,694
Total business-type activities net position	\$ 155,789	\$ 164,741	\$ 142,806	\$ 149,290	\$ 117,149	\$ 129,558	\$ 27,142	\$ 64,768	\$ 35,263	\$ 63,055
District-wide										
Net investment in capital assets	\$ 4,620,445	\$ 4,429,440	\$ 4,249,159	\$ 4,490,722	\$ 4,632,212	\$ 5,589,025	\$ 5,428,835	\$ 5,119,752	\$ 4,462,844	\$ 4,395,814
Restricted	1,216,983	1,788,716	1,702,565	1,708,356	2,022,108	1,546,545	1,673,075	1,565,649	2,190,395	2,619,910
Unrestricted/(Deficit)	233,512	223,898	1,280,812	1,025,785	(2,462,596)	(2,558,148)	(2,719,813)	(2,443,263)	(3,388,198)	(3,121,446)
Total district net position	\$ 6,070,940	\$ 6,442,054	\$ 7,232,536	\$ 7,224,863	\$ 4,191,724	\$ 4,577,422	\$ 4,382,097	\$ 4,242,138	\$ 3,265,041	\$ 3,894,278

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,710,472	\$ 4,767,816	\$ 5,185,141	\$ 5,852,111	\$ 6,044,460	\$ 7,340,354	\$ 8,344,994	\$ 9,220,767	\$ 9,344,543	\$ 8,325,384
Special education	1,651,064	1,576,753	1,841,343	1,746,192	1,710,704	1,981,593	2,643,512	3,390,433	3,221,994	2,615,335
Other special education	490,294	374,751	362,561	417,311	368,058	481,020	596,896	714,916	637,827	659,428
Other instruction	184,394	53,194	105,115	104,384	92,178	168,211	104,776	615,631	241,608	153,962
Support Services:										
Tuition	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655	6,325,135	7,080,889	6,909,505
Student & instruction related services	1,594,648	1,280,274	1,351,359	1,296,672	1,303,443	1,408,460	1,410,575	1,239,515	2,064,768	2,257,250
School administrative services	543,864	642,514	506,310	395,172	659,184	392,568	534,437	546,611	828,446	799,071
General administrative services	488,749	508,797	547,936	642,893	690,516	791,007	826,296	874,253	553,837	505,174
Plant operations and maintenance	999,086	1,205,138	1,216,739	1,251,747	1,107,503	1,195,259	1,070,048	1,697,758	1,897,849	1,720,903
Pupil transportation	1,278,923	1,150,905	1,177,417	1,204,558	1,216,713	1,477,084	1,199,032	1,084,694	1,134,783	1,166,681
Central services	592,878	510,251	538,486	682,517	622,020	556,431	514,846	570,560	783,395	501,487
Capital Outlay		1,659	1,735	2,381	3,671	3,671	3,671		3,671	3,671
Special Schools	6,442	147								21,297
Interest on long-term debt	225,801	208,930	190,939	178,978	41,481	125,410	103,451	47,442	40,823	33,906
Unallocated depreciation	556,744	556,744	556,744	556,744	556,744	556,744	597,693			
Total governmental activities expenses	20,298,991	19,865,602	20,487,299	21,261,095	21,163,672	23,240,555	24,682,882	26,327,715	27,834,433	25,673,054
Business-type activities:										
Food service	300,994	280,589	320,040	329,456	366,934	329,266	430,008	334,665	385,318	332,235
Total business-type activities expense	300,994	280,589	320,040	329,456	366,934	329,266	430,008	334,665	385,318	332,235
Total district expenses	20,599,985	20,146,191	20,807,339	21,590,551	21,530,606	23,569,821	25,112,890	26,662,380	28,219,751	26,005,289
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Operating grants and contributions	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328	6,958,830	7,382,971	50,960
Total governmental activities program revenues	3,583,235	2,508,437	3,240,817	2,555,460	3,188,433	4,412,547	5,423,328	6,997,813	7,455,839	6,056,022
Business-type activities:										
Charges for services:										
Food service	207,896	213,356	210,042	228,807	220,881	230,882	217,520	236,333	238,084	247,593
Operating grants and contributions	85,593	76,181	88,018	107,105	113,893	110,780	110,027	110,041	117,101	107,436
Total business-type activities program revenues	293,489	289,537	298,060	335,912	334,774	341,662	327,547	346,374	355,185	355,029
Total district program revenues	3,876,724	2,797,974	3,538,877	2,891,372	3,523,207	4,754,209	5,750,875	7,344,187	7,811,024	6,462,011

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (16,715,756)	\$ (17,357,165)	\$ (17,246,482)	\$ (18,705,635)	\$ (17,975,239)	\$ (18,828,008)	\$ (19,259,554)	\$ (19,329,902)	\$ (20,378,594)	\$ (19,566,072)
Business-type activities	(7,505)	8,948	(21,980)	6,456	(32,160)	12,396	(102,461)	11,709	(30,133)	22,794
Total district-wide net expense	<u>(16,723,261)</u>	<u>(17,348,217)</u>	<u>(17,268,462)</u>	<u>(18,699,179)</u>	<u>(18,007,399)</u>	<u>(18,815,612)</u>	<u>(19,362,015)</u>	<u>(19,318,193)</u>	<u>(20,408,727)</u>	<u>(19,543,278)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	16,104,842	16,749,035	17,050,518	16,916,122	17,172,154	17,481,253	17,699,769	18,053,764	18,414,839	19,347,024
Taxes levied for debt service	636,953	682,061	666,959	643,124	623,913	598,938	663,881	130,596	132,810	131,617
Unrestricted grants and contributions	74,684	63,598	63,647	743,154	63,489	63,284	63,011	62,639	341,751	307,791
Investment earnings	4,129	2,064	292	326	158	5,165	6,895	21,130	48,108	60,515
Miscellaneous income	236,771	222,569	277,483	388,752	297,215	628,467	733,089	1,012,677	493,494	324,854
Transfers										(4,284)
Disposition/Adjustment of Capital Assets	138,113					424,190				
Reimbursement of Prior Year Tuition						19,201,297				
Total governmental activities	<u>17,215,492</u>	<u>17,719,327</u>	<u>18,038,899</u>	<u>18,691,478</u>	<u>18,156,929</u>	<u>19,201,297</u>	<u>19,166,645</u>	<u>19,280,806</u>	<u>19,431,002</u>	<u>20,167,517</u>
Business-type activities:										
Investment earnings		4	45	28	19	13	45	100	628	714
Transfers										4,284
Disposition/Adjustment of Capital Assets										
Total business-type activities		<u>4</u>	<u>45</u>	<u>28</u>	<u>19</u>	<u>13</u>	<u>45</u>	<u>25,817</u>	<u>628</u>	<u>4,998</u>
Total district-wide	<u>17,215,492</u>	<u>17,719,331</u>	<u>18,058,944</u>	<u>18,691,506</u>	<u>18,156,948</u>	<u>19,201,310</u>	<u>19,166,690</u>	<u>19,306,723</u>	<u>19,431,630</u>	<u>20,172,515</u>
Change in Net Position										
Governmental activities	499,736	362,162	812,417	(14,157)	181,690	373,289	(92,909)	(49,096)	(947,592)	601,445
Business-type activities	(7,505)	8,952	(21,935)	6,484	(32,141)	12,409	(102,416)	37,626	(29,505)	27,792
Total district	<u>\$ 492,231</u>	<u>\$ 371,114</u>	<u>\$ 790,482</u>	<u>\$ (7,673)</u>	<u>\$ 149,549</u>	<u>\$ 385,698</u>	<u>\$ (195,325)</u>	<u>\$ (11,470)</u>	<u>\$ (977,097)</u>	<u>\$ 629,237</u>

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,209,198									
Unreserved	240,943									
Restricted		\$ 1,529,766	\$ 1,702,523	\$ 1,708,271	\$ 2,021,983	\$ 1,995,245	\$ 2,121,767	\$ 2,120,827	\$ 2,190,370	\$ 2,619,908
Assigned		248,907	1,054,279	776,353	362,283	338,956	300,074	310,708	132,273	77,389
Unassigned		269,499	238,290	268,049	275,314	257,866	258,044	272,233	340,864	337,347
Total general fund	\$ 1,450,141	\$ 2,048,172	\$ 2,995,092	\$ 2,752,673	\$ 2,659,580	\$ 2,592,067	\$ 2,679,885	\$ 2,703,768	\$ 2,663,507	\$ 3,034,644
All Other Governmental Funds										
Unreserved, reported in:										
Capital Projects Fund	\$ 41,545									
Debt Service Fund	7,785									
Restricted:										
Debt Service Fund		\$ 43	\$ 42	\$ 85	\$ 125	\$ 100	\$ 108	\$ 132	\$ 25	\$ 2
Capital Projects Fund								117,877	11,669	11,669
Unassigned:										
Capital Projects Fund/(Deficit)						(448,800)	(448,800)			
Total all other governmental funds/(Deficit)	\$ 49,330	\$ 43	\$ 42	\$ 85	\$ 125	\$ (448,700)	\$ (448,692)	\$ 118,009	\$ 11,694	\$ 11,671

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 16,761,795	\$ 17,431,096	\$ 17,717,477	\$ 17,559,246	\$ 17,796,067	\$ 18,080,191	\$ 18,363,650	\$ 18,184,360	\$ 18,547,649	\$ 19,478,641
Tuition charges	17,750	16,842	22,356	32,692	35,335	38,070	61,286	38,983	72,868	50,960
Interest earnings	4,064	2,074	5,499	5,947	5,001	5,165	6,895	21,130	48,108	60,515
Rentals	215,228	205,238	214,835	221,685	230,231	236,008	243,500	259,144	259,144	267,323
Miscellaneous	3,858	479	35,085	128,754	26,806	133,636	489,589	1,012,677	234,650	66,731
State sources	3,082,752	2,228,612	2,630,403	2,871,534	2,830,173	3,010,428	3,219,236	3,886,199	3,864,235	4,161,468
Federal sources	575,167	343,423	674,061	427,080	421,749	374,148	398,689	351,034	424,999	423,728
Total revenue	20,660,614	20,227,764	21,299,716	21,246,938	21,345,362	21,877,646	22,782,845	23,494,383	23,451,653	24,509,366
Expenditures										
Instruction										
Regular Instruction	5,143,619	4,212,955	4,573,884	5,090,460	5,222,643	5,467,693	6,027,992	6,369,597	5,622,385	6,000,959
Special education instruction	1,513,941	1,458,815	1,690,390	1,556,502	1,545,920	1,426,668	1,888,996	2,569,014	2,075,719	1,902,863
Other special instruction	448,546	340,028	317,479	356,837	323,193	306,510	385,678	410,246	390,514	434,153
Other instruction	162,501	41,893	86,439	83,829	75,377	145,887	73,580	115,591	172,164	117,560
Support Services:										
Tuition	5,975,632	7,027,729	6,905,474	6,929,435	6,746,997	6,762,743	6,732,655	6,325,135	7,080,889	6,909,505
Student & instruction related services	1,461,602	1,158,447	1,211,614	1,144,803	1,174,946	1,294,867	1,299,931	1,231,296	1,591,339	1,848,756
General administrative services	518,035	591,698	493,589	355,689	577,910	368,737	553,500	360,398	424,164	420,768
School Administrative services	421,403	437,241	470,174	535,841	596,223	605,224	566,133	536,667	528,951	518,664
Plant operations and maintenance	944,116	1,145,034	1,146,410	1,168,692	1,451,855	1,184,568	1,053,036	1,172,928	1,103,125	1,337,516
Pupil transportation	1,271,094	1,142,992	1,169,256	1,195,988	1,208,510	1,470,369	1,192,003	1,076,475	1,123,653	1,160,339
Central services	553,556	473,147	527,915	669,559	611,170	419,898	369,462	365,753	352,725	371,397
Administrative Information Technology										
Unallocated Benefits	891,280	827,715	987,496	1,225,412	1,212,599	1,27,544	138,971	124,370	117,975	122,554
Special Schools	5,834	132								
Capital outlay	271,491	67,783	42,038	469,528	3,671	1,148,200	7,284	347,123	618,773	239,106
Debt service:										
Principal	590,000	585,000	580,000	575,000	575,000	570,000	655,000	145,000	155,000	160,000
Interest and other charges	185,051	168,411	150,639	131,739	112,401	92,308	71,891	48,235	41,671	34,781
Total expenditures	20,357,701	19,679,020	20,352,797	21,489,314	21,438,415	22,818,174	22,695,019	22,903,799	23,598,229	24,133,968
Excess (Deficiency) of revenues over (under) expenditures	302,913	548,744	946,919	(242,376)	(93,053)	(940,528)	87,826	590,584	(146,576)	375,398

LINCOLN PARK BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing sources (uses)										
Special Item - Reimbursement of Prior Year Tuition						\$ 424,190				
Transfers in	\$ 32	\$ 10	\$ 32	\$ 43	\$ 39	673,261	\$ 7	\$ 24	\$ 25,018	
Transfers out	(32)	(10)	(32)	(43)	(39)	(673,261)	(7)	(24)	(25,018)	\$ (4,284)
Total other financing sources (uses)	-0-	-0-	-0-	-0-	-0-	424,190	-0-	-0-	-0-	(4,284)
Net change in fund balances	\$ 302,913	\$ 548,744	\$ 946,919	\$ (242,376)	\$ (93,053)	\$ (516,338)	\$ 87,826	\$ 590,584	\$ (146,576)	\$ 371,114
Debt service as a percentage of noncapital expenditures	3.06%	3.10%	2.96%	2.83%	2.77%	2.71%	2.98%	0.65%	0.68%	0.82%

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals- Use of Facilities	Prior Year Refunds	Cancellation of Prior Year Accounts Payable	Other	Total
2010	\$ 4,032	\$ 17,750	\$ 215,228			\$ 3,858	\$ 240,868
2011	2,064	16,842	205,238			479	224,623
2012	5,499	22,356	214,835	\$ 28,625		6,428	277,743
2013	5,904	32,692	221,685			128,754	389,035
2014	4,962	35,335	230,231	12,854		13,952	297,334
2015	5,104	38,070	236,008			137,307	416,489
2016	6,888	61,286	243,500		\$ 247,360	242,229	801,263
2017	21,106	38,983	276,942			270,735	607,766
2018	48,090	72,868	259,144	49,279		185,071	614,452
2019	60,515	50,960	267,323			57,531	436,329

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2009	\$ 10,446,700	\$ 1,310,840,600	\$ 6,698,300	\$ 348,900	\$ 120,983,400	\$ 77,469,500	\$ 48,109,400	\$ 1,574,896,800	\$ 1,753,935	\$ 1,576,650,735	\$ 1.05	\$ 1,709,551,504
2010	8,920,500	1,308,042,400	6,698,300	353,500	122,053,800	76,689,100	48,109,400	1,570,867,000	1,682,839	1,572,549,839	1.10	1,604,006,429
2011	8,517,400	1,302,107,000	6,581,700	353,500	120,319,600	75,047,100	48,109,400	1,561,035,700		1,561,035,700	1.11	1,545,175,879
2012	7,401,000	1,152,812,300	5,879,500	355,400	109,742,000	64,994,600	37,896,700	1,379,081,500		1,379,081,500	1.28	1,480,564,104
2013	7,260,000	1,184,170,900	6,234,900	355,400	109,681,800	64,942,600	36,083,800	1,408,729,400		1,372,290,200	1.29	1,480,564,104
2014	6,501,300	1,143,842,500	5,879,500	355,400	114,499,400	64,210,500	36,896,700	1,372,185,300		1,372,185,300	1.32	1,340,717,718
2015	6,531,500	1,132,999,600	5,879,500	355,400	114,815,900	62,000,500	36,896,700	1,359,479,100		1,359,479,100	1.35	1,331,789,820
2016	6,411,400	1,132,273,600	5,132,600	347,900	114,157,800	59,708,400	36,896,700	1,354,928,400		1,354,928,400	1.34	1,346,706,502
2017	7,183,800	1,131,423,900	5,132,600	337,400	113,820,900	59,252,400	36,896,700	1,354,047,700		1,354,047,700	1.37	1,365,006,098
2018	7,567,700	1,130,390,700	5,132,600	322,300	113,820,900	59,252,400	36,896,700	1,353,383,300		1,353,383,300	1.44	1,408,014,253

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Lincoln Park School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Lincoln Park	Morris County	
2009	\$ 1.04	\$ 0.01	\$ 1.05	\$ 0.75	\$ 0.25	\$ 2.04
2010	1.06	0.04	1.10	0.78	0.23	2.11
2011	1.07	0.04	1.11	0.79	0.23	2.13
2012	1.23	0.05	1.28	0.92	0.26	2.46
2013	1.24	0.05	1.29	0.94	0.26	2.49
2014	1.27	0.04	1.32	0.95	0.25	2.51
2015	1.30	0.05	1.35	0.97	0.24	2.56
2016	1.33	0.01	1.34	0.99	0.25	2.58
2017	1.36	0.01	1.37	0.99	0.25	2.61
2018	1.43	0.01	1.44	1.02	0.27	2.72

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

INFORMATION NOT AVAILABLE

	2019		2010		
	Taxpayer	Assessed Value	Taxpayer	Taxable Assessed Value	
		% of Total District Net Assessed Value		% of Total District Net Assessed Value	
Beavco, LLC	\$ 36,183,800	2.61%	Beaverbrook Apartments	\$ 47,083,800	3.05%
499 Pine Brook Realty, LLC	16,246,900	1.17%	Mort's Family Group	18,416,700	1.31%
Mort's Family Group	15,500,000	1.12%	Lincoln Park Properties	17,990,800	1.29%
521 Pine Brook Realty, LLC	9,958,400	0.72%	Renaissance Rehab and Nursing Home	16,940,200	1.08%
Lincoln Park Plaza Associates	7,662,600	0.55%	Phoenix Realty Partners	10,858,000	0.64%
LP Properties, LLC	7,100,000	0.51%	Lincoln Park Plaza Associates	8,021,700	0.61%
510 Ryerson Road, Inc.	6,600,000	0.48%	510 Ryerson Road, Inc.	7,500,000	0.47%
H&S Realty Partners, LLC	4,450,000	0.32%	FRA Lincoln Park, LLC	6,761,900	0.43%
LP Properties, LLC	4,200,000	0.30%	Kay Elemetrics	5,663,500	0.38%
Lincoln Park Associates, LLC	4,000,000	0.29%	Lincoln Park Nursing Home	5,135,700	0.29%
Total	\$ 111,901,700	8.07%	Total	\$ 144,372,300	9.55%

Source: Municipal Tax Assessor

LINCOLN PARK BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 16,761,795	\$ 16,761,795	100.00%	-0-
2011	17,431,096	17,431,096	100.00%	-0-
2012	17,717,477	17,717,477	100.00%	-0-
2013	17,559,246	17,559,246	100.00%	-0-
2014	18,105,166	18,105,166	100.00%	-0-
2015	18,080,191	18,080,191	100.00%	-0-
2016	18,363,650	18,363,650	100.00%	-0-
2017	18,184,360	18,184,360	100.00%	-0-
2018	18,547,649	18,547,649	100.00%	-0-
2019	19,478,641	19,478,641	100.00%	-0-

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2010	\$ 4,715,000				\$ 4,715,000	0.60%	\$ 447
2011	4,130,000				4,130,000	0.51%	392
2012	3,550,000				3,550,000	0.42%	338
2013	2,975,000				2,975,000	0.35%	285
2014	2,400,000				2,400,000	0.28%	230
2015	1,830,000				1,830,000	0.20%	177
2016	1,175,000				1,175,000	0.13%	113
2017	1,030,000				1,030,000	0.11%	99
2018	875,000				875,000	0.09%	85
2019	715,000				715,000	0.07%	70

Source: School District Financial Reports

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 4,715,000	-0-	\$ 4,715,000	0.299%	\$ 447
2011	4,130,000	-0-	4,130,000	0.263%	392
2012	3,550,000	-0-	3,550,000	0.227%	338
2013	2,975,000	-0-	2,975,000	0.216%	285
2014	2,400,000	-0-	2,400,000	0.175%	230
2015	1,830,000	-0-	1,830,000	0.133%	177
2016	1,175,000	-0-	1,175,000	0.086%	113
2017	1,030,000	-0-	1,030,000	0.076%	99
2018	875,000	-0-	875,000	0.065%	85
2019	715,000	-0-	715,000	0.053%	70

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

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

b Population data can be found in Exhibit J-14. This ratio is calculated using population estimate for the previous calendar year.

Source: School District Financial Reports

LINCOLN PARK BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Lincoln Park	\$ 20,218,630	100.00%	\$ 20,218,630
Morris County General Obligation Debt	216,647,700	1.59%	<u>3,442,785</u>
Subtotal, overlapping debt			23,661,415
Lincoln Park School District Direct Debt			<u>715,000</u>
Total direct and overlapping debt			<u><u>\$ 24,376,415</u></u>

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

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
2018	\$ 1,408,014,253
2017	1,384,506,851
2016	1,362,558,729
	<u>\$ 4,155,079,833</u>
	<u>\$ 1,385,026,611</u>
Average equalized valuation of taxable property	
	\$ 41,550,798
Debt limit (3% of average equalization value)	
	715,000
	<u>\$ 40,835,798</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 49,996,151	\$ 48,463,481	\$ 46,283,925	\$ 44,306,594	\$ 42,172,057	\$ 40,821,385	\$ 40,259,517	\$ 40,512,563	\$ 40,949,528	\$ 41,550,798
Total net debt applicable to limit	4,715,000	4,130,000	3,550,000	2,975,000	2,400,000	1,830,000	1,175,000	1,030,000	875,000	715,000
Legal debt margin	<u>\$ 36,274,388</u>	<u>\$ 41,309,866</u>	<u>\$ 44,596,093</u>	<u>\$ 45,281,151</u>	<u>\$ 44,333,481</u>	<u>\$ 38,991,385</u>	<u>\$ 39,084,517</u>	<u>\$ 39,482,563</u>	<u>\$ 40,074,528</u>	<u>\$ 40,835,798</u>
Total net debt applicable to the limit as a percentage of debt limit	9.43%	8.52%	7.67%	6.71%	5.69%	4.48%	2.92%	2.54%	2.14%	1.72%

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

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Borough Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Borough Unemployment Rate^d</u>
2010	10,545	\$ 785,180,700	\$ 74,460	7.10%
2011	10,544	814,070,608	77,207	7.20%
2012	10,511	841,163,797	80,027	7.00%
2013	10,425	843,048,900	80,868	6.90%
2014	10,426	872,520,662	83,687	5.90%
2015	10,320	907,086,720	87,896	4.90%
2016	10,353	922,089,945	89,065	4.30%
2017	10,357	976,240,463	94,259	4.00%
2018	10,246	965,777,714	94,259 *	3.80%
2019	10,246 **	965,777,714 **	94,259 *	N/A

* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

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

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

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

LINCOLN PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018		2009		Percentage of Total Employment	
	Employer	Employees	Employer	Employees	2018	2009
U.S. Army Armament Research and Development		6,400	Atlantic Health System	6,300		N/A
Atlantic Health Systems		6,350	U.S. Army Armament Research and Development	3,575		N/A
Novartis Corporation		4,607	Novartis	3,573		N/A
Bayer Healthcare, LLC		2,800	St. Clare's Health System	2,342		N/A
ADP		2,242	County of Morris	2,126		N/A
Wyndham Worldwide		1,907	ADP	2,019		N/A
Accenture		1,883	United Parcel Service	1,941		N/A
Honeywell		1,868	AT&T	1,500		N/A
Allergan		1,700	Honeywell	1,500		N/A
St. Clare's Health System		1,544	Wyndham Worldwide Corporation	1,395		N/A
		<u>31,301</u>		<u>26,271</u>		<u>N/A</u>
		<u>244,696</u>				
Total Employment *						

LINCOLN PARK BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
 LAST TEN FISCAL YEARS
 UNAUDITED

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction	64.6	60.0	52.6	56.0	54.0	55.0	56.0	64.2	64.2	64.2
Regular	23.0	20.0	21.4	23.4	20.5	27.0	29.5	20.4	20.4	20.4
Special education										
Support Services:										
Student & instruction related services	15.0	11.0	11.0	10.8	10.8	10.8	10.8	28.0	28.0	28.0
School administrative services	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0
General and administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.1	2.1	2.0
Plant operations and maintenance	8.9	9.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Pupil transportation	0.5	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Business and other support services	5.5	7.0	6.8	6.0	6.0	6.0	6.0	5.0	5.0	5
Food Service	2.6									
Total	125.1	113.0	105.7	110.1	113.2	120.7	124.2	139.5	139.5	139.4

* 2017 includes student shadows in student & instructional related services

Source: District Personnel Records

LINCOLN PARK BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	887	\$ 19,311,159	\$ 21,771	3.48%	79	1:13	1:9	887	859	-2.21%	96.84%
2011	890	18,857,826	21,189	-1.02%	73	1:13	1:10	890	856	0.34%	96.18%
2012	875	19,580,120	22,377	5.27%	77	1:12	1:10	875	857	-1.69%	97.94%
2013	899	20,313,047	22,595	0.97%	79	1:11	1:09	899	876	2.74%	97.44%
2014	934	20,747,343	22,213	-1.69%	80	1:12	1:10	942	906	4.78%	96.18%
2015	953	21,007,666	22,044	-0.76%	82	1:12	1:11	953	917	1.17%	96.22%
2016	934	21,960,844	23,513	6.66%	85	1:12	1:12	933	910	-2.10%	97.53%
2017	937	22,363,441	23,867	1.51%	85	1:12	1:12	920	880	-1.39%	95.65%
2018	939	22,782,785	24,263	1.66%	85	1:12	1:12	939	898	2.07%	95.63%
2019	908	23,700,081	26,101	7.58%	85	1:12	1:12	914	871	-2.66%	95.30%

Sources: Borough of Lincoln Park School District records

Note: Enrollment based on annual October district count.

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Chapel Hill School (1923)										
Square Feet	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600	53,600
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elementary School (1966)										
Square Feet	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	522	526	516	527	505	568	536	536	536	501
Middle School (1959)										
Square Feet	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120	79,120
Capacity (students)	603	603	603	603	603	603	603	603	603	603
Enrollment	365	364	359	372	435	396	398	398	398	407
Number of Schools at June 30, 2019										
Elementary = 1										
Middle School = 1										
Other = 0										

N/A - Not available or applicable

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

Source: Lincoln Park Borough School District Central Office

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES*
11-000-261-xxx

Fiscal Year Ended June 30,	Chapel Hill School	Elementary School	Middle School	Total
2010	\$ 2,138	\$ 42,754	\$ 61,993	\$ 106,885
2011	4,638	92,756	134,496	231,889
2012	2,531	50,630	73,413	126,574
2013	3,409	68,187	98,871	170,467
2014	3,374	67,478	97,842	168,694
2015	3,553	71,055	81,828	156,436
2016	1,500	61,394	73,097	135,991
2017	250	92,074	91,337	183,661
2018		73,129	99,097	172,226
2019	4,956	111,699	117,077	233,732

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

Source: Borough of Lincoln Park School District records

LINCOLN PARK BOARD OF EDUCATION

INSURANCE SCHEDULE

JUNE 30, 2019

UNAUDITED

Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)	COVERAGE	DEDUCTIBLE
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	\$50,000,000	\$5,000
Blanket Valuable Paper & Records	\$10,000,000	\$5,000
Demolition & Increased Cost of Construction	\$25,000,000	
Limited Builders Risk	\$10,000,000	
Fire Dept. Service Charge	\$10,000	
Arson Reward	\$10,000	
Pollution Cleanup & Removal	\$250,000	
Flood/Earthquake:		
Flood Zone A & V	\$25,000,000	\$500,000
All Other Flood Zones	\$75,000,000	\$10,000
Earthquake	\$50,000,000	\$1,000
Terrorism	\$1,000,000	
Electronic Data Processing:		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	\$2,500,000	\$1,000
Flood (Deductible for Zone A & Z)		\$500,000
(Deductible All Other Flood Zones)		\$10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	\$100,000,000	\$5,000
Property Damage	Included	
Off Premises Property Damage	\$1,000,000	\$5,000
Extra Expense	\$10,000,000	\$5,000
Service Interruption	\$10,000,000	\$5,000
Perishable Goods	\$1,000,000	\$5,000
Data Restoration	\$1,000,000	\$5,000
Demolition	\$1,000,000	\$5,000
Ordinance or Law	\$1,000,000	\$5,000
Expediting Expense	\$1,000,000	\$5,000
Hazardous Substances	\$1,000,000	\$5,000
Newly Acquired Locations - 120 Days Notice	\$1,000,000	\$5,000
Crime Coverage:		
Public Employee Dishonesty	\$100,000	\$500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	\$50,000	\$500
Forgery or Alteration	\$50,000	\$500
Computer Fraud	\$50,000	
Public Officials Bond		
Business Administrator - J Petty (NJSIG)	\$220,000	\$1,000
Treasurer - G Stranz - (RLI)	\$210,000	
General Liability:		
Bodily Injury & Property Damage	\$11,000,000	
Products & Completed Operations	\$11,000,000	
Sexual Abuse	\$11,000,000	
Personal Injury & Advertising Injury	\$11,000,000	
Employee Benefits Liability	\$11,000,000	\$1,000
Premises Medical Payments	\$10,000 per accident	
	\$5,000 per person	
Terrorism	\$1,000,000	
Automotive Coverage:		
Combined Single Limit for Bodily Injury & Property Damage	\$11,000,000	\$1,000
Personal Injury Protection	\$250,000	\$1,000
Medical Payments	\$10,000	\$1,000
Underinsured	\$1,000,000	\$1,000
Terrorism	\$1,000,000	\$1,000
Garagekeepers	Included	
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	\$11,000,000	\$5,000
Coverage B - defense costs for specific administrative actions	\$100,000/claim	\$5,000
	\$300,000/agg	\$5,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	
Part Two		
Bodily Injury by Accident	\$2,000,000	
Bodily Injury by Disease	\$2,000,000	
Supplemental Indemnity		
30% Wage Reimbursement		
52 Week Benefit Period		
7 day waiting period		
Travel Accident - National Union Fire Insurance Company:		
Accidental Death Dismemberment	\$250,000	-0-
Aggregate limit of Indemnity	\$1,250,000	-0-
Student/Athletic Volunteer Accident:		
All School - US Fire Ins Co	\$25,000	-0-
Excess Coverage - Medical Expense benefits - AIG	\$7,500,000	\$25,000
Volunteer Workers	\$25,000	\$1,000

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Lincoln Park Borough School District
 County of Morris, New Jersey

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

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Compliance and Other Matters

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

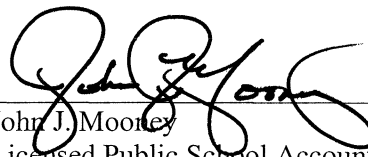
Purpose of this Report

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

November 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP

NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
County of Morris, New Jersey

Report on Compliance for Each Major State Program

We have audited Lincoln Park Board of Education's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

The Honorable President and Members
of the Board of Education
Lincoln Park Borough School District
Page 2

Report on Internal Control Over Compliance

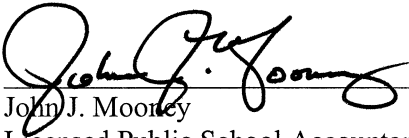
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the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

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

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

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

November 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP


John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance		Due to Grantor 6/30/2018	Cancellations of Prior Years' Encumbrances	Repayment of Prior Years' Balances	Balance 6/30/2019		Due to Grantor 6/30/2019	Amount Provided to Subrecipient
					Unearned Revenue/ (Accounts Receivable) 6/30/2018	Cash Received				Budgetary Expenditures	Accounts Receivable		
Enterprise Fund:													
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster													
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 23,693	\$ 1,146		\$ (1,146)				\$ 1,485		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	20,666	1,146		(20,327)				1,485		
Total Food Distribution Program													
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	89,799	(6,952)		(83,638)			\$ (5,265)			
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	83,638	(6,952)		(83,638)			(5,265)			
Total Child Nutrition Cluster													
Total U.S. Department of Agriculture					(5,806)		(103,965)			(5,265)			
U.S. Department of Health and Human Services:													
Medicaid Cluster:													
Medicaid Assistance Program	93.778	N/A	7/1/18-6/30/19	21,887			(21,887)						
Total General Fund													
Special Revenue Fund:													
U.S. Department of Education													
Passed-through State Department of Education:													
Elementary and Secondary Education Act Consolidated:													
Title I	84.010A	ESEA265019	7/1/18-6/30/19	93,817	(31,118)		(93,817)			(34,269)		\$ 1,361	
Title I	84.010A	ESEA265018	7/1/17-6/30/18	96,061									
Title I	84.010A	ESEA265016	7/1/15-6/30/16	94,428									
Total Title I												\$ 1,361	
Title II	84.367A	ESEA265019	7/1/18-6/30/19	21,099	(185)		(19,588)			(1,106)			
Title II	84.367A	ESEA265018	7/1/17-6/30/18	21,458									
Total Title II													
Title III	84.365A	ESEA265019	7/1/18-6/30/19	23,395	(7,495)		(21,214)			(2,911)		43	
Title III	84.365A	ESEA265018	7/1/17-6/30/18	10,258						(2,181)			
Title III	84.365A	ESEA265016	7/1/15-6/30/16	17,910								4,158	
Title III - Immigrant	84.365A	ESEA2650-19	7/1/18-6/30/19	1,679	(1,289)		(1,679)			(314)			
Title III - Immigrant	84.365A	ESEA2650-18	7/1/17-6/30/18	1,289	(8,784)		(22,893)			(5,406)		4,201	
Total Title III													
Title IV	84.424A	ESEA2650-19	7/1/18-6/30/19	10,000			(10,000)						
Total Title IV													
Special Education Cluster:													
IDEA Part B, Basic Regular	84.027	IDEA265019	7/1/18-6/30/19	245,622	(8,180)		(245,622)			(4,960)			
IDEA Part B, Basic Regular	84.027	IDEA265018	7/1/17-6/30/18	243,613									
IDEA Part B, Preschool	84.173	IDEA265019	7/1/18-6/30/19	9,015	(1,318)		(8,986)			(1,880)			
IDEA Part B, Preschool	84.173	IDEA265018	7/1/17-6/30/18	8,819	(9,498)		(254,608)			(6,840)		59	
Total Special Education Cluster												59	
Total Special Revenue Fund/U.S. Department of Education					(49,585)		(526,758)		102	(47,621)		5,621	
Total Federal Awards					(55,391)		(526,758)		102	(52,886)		1,485	

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

N/A - Not applicable

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance Due Grantor/ (Accounts Receivable) 6/30/2018	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	June 30, 2019		Memo		
								Budgetary Unearned Revenue	Due to Grantor	(Budgetary Receivable)	Cumulative Total Expenditures	
NJ Department of Education:												
General Fund												
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 635,819	\$ 577,553	\$ (635,819)	\$	\$ (58,266)	\$	\$ 635,819	\$	\$ 635,819	
Transportation Aid - Non-public reimbursement	19-495-034-5120-014	7/1/18-6/30/19	19,442		(19,442)		(19,442)		19,442		19,442	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	826,572	750,827	(826,572)		(75,745)		826,572		826,572	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	136,362	123,866	(136,362)		(12,496)		136,362		136,362	
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	103,853	94,336	(103,853)		(9,517)		103,853		103,853	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	96,629		(96,629)		(96,629)		96,629		96,629	
TPAF Pension Contributions (non-budgeted)	19-495-034-5094-002	7/1/18-6/30/19	1,192,745	1,192,745	(1,192,745)				1,192,745		1,192,745	
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	19-495-034-5094-001	7/1/18-6/30/19	552,353	552,353	(552,353)				552,353		552,353	
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004	7/1/18-6/30/19	24,967	24,967	(24,967)				24,967		24,967	
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004	7/1/18-6/30/19	1,541	1,541	(1,541)				1,541		1,541	
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	508,891	483,898	(508,891)		(24,993)		508,891		508,891	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	635,819	60,499					635,819		635,819	
Transportation Aid - Non-public reimbursement	18-495-034-5120-014	7/1/17-6/30/18	27,446	27,446					27,446		27,446	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	717,072	68,229					717,072		717,072	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	106,676	10,150					106,676		106,676	
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	134,141	12,764					134,141		134,141	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	12,400	1,180					12,400		12,400	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	12,400	1,180					12,400		12,400	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	12,350	1,175					12,350		12,350	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	86,836	86,836					86,836		86,836	
Homeless Tuition Reimbursement	18-495-034-5120-005	7/1/17-6/30/18	19,594	19,594					19,594		19,594	
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	482,034	23,226					482,034		482,034	
Total General Fund State Aid				4,114,365	(4,099,174)		(141,064)			(297,088)	6,345,942	
Special Revenue Fund												
Anti Bullying Aid	N/A	7/1/13-6/30/18	3,604	3,604				\$ 3,604			3,604	
Total Special Revenue Fund				3,604				3,604			3,604	
Debt Service Fund:												
Debt Service State Aid Support	19-495-034-5120-017	7/1/18-6/30/19	63,141		(63,141)						63,141	
Total Debt Service Fund					(63,141)						63,141	
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	3,637	(288)							3,637	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	3,471		(3,471)		(224)			(224)	3,471	
Total Enterprise Fund				(288)	(3,471)		(224)			(224)	7,108	
Total State Awards				(308,963)	(4,165,786)		(141,288)	\$ 3,604	\$ -0-	\$ (297,312)	\$ 6,419,795	
				\$ (308,963)	\$ 4,181,041	\$ (4,165,786)	\$ (141,288)	\$ 3,604	\$ -0-	\$ (297,312)	\$ 6,419,795	

N/A - Not available

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance Due Grantor/ (Accounts Receivable) 6/30/2018	Cash Received	Budgetary Expenditures	June 30, 2019		Memo	
							GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	(Budgetary Receivable)
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	\$ (1,192,745)			\$ 1,192,745				
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	(552,353)			552,353				
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(24,967)			24,967				
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(1,541)			1,541				
Subtotal - On-Behalf TPAF Pension System Contributions						1,771,606				
Total State Awards Subject to Single Audit Major Program Determination						\$ (2,394,180)				

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state grant activity of the Board of Education, Lincoln Park Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$847) for the General Fund and \$4,735 for the Special Revenue Fund. See Exhibit C-3 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 revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,887	\$ 4,098,327	\$ 4,120,214
Special Revenue Fund	401,841		401,841
Debt Service Fund		63,141	63,141
Food Service Fund	<u>103,965</u>	<u>3,471</u>	<u>107,436</u>
Total Awards	<u>\$ 527,693</u>	<u>\$ 4,164,939</u>	<u>\$ 4,692,632</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over each major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on each major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

	State <u>Grant Number</u>	<u>Grant Period</u>	Award <u>Amount</u>	Budgetary <u>Expenditures</u>
State:				
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 826,572	\$ 826,572
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	136,362	136,362
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	103,853	103,853
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	508,891	508,891

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

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

LINCOLN PARK BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

The District had no prior year audit findings.