

**LAFAYETTE TOWNSHIP
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

Lafayette, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Lafayette Township Board of Education
Finance Department**

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INTRODUCTORY SECTION
(UNAUDITED)



Lafayette Township School District

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973-875-3344 • FAX: 973-875-3066

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

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

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

December 15, 2020

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Lafayette Township School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) **REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 198 students, which is down 6 students from the previous year's ending enrollment.

2) **ECONOMIC CONDITION AND OUTLOOK:**

The Lafayette area is experiencing minimal development and expansion. The ratable base underwent a reassessment in 2012 which was effective for 2013. The ratable base for 2019 totaled \$329,138,740. For 2019, the base decreased by over \$239,956 to \$329,138,740.

3) **MAJOR INITIATIVES:**

Maintenance and Extension of District Programs and Learning Opportunities - We will work to maintain and extend the program options that are provided at the Lafayette Township School District including a full array of academic opportunities, arts experiences, and wellness initiatives to create a dynamic learning environment for all students.

Development of Health and Wellness Response Committee –We will develop sound practices for proactively planning for and responding to the health and wellness needs of our students, staff, and district community via the development of a health and wellness response committee.

Student and Staff Wellness Resource Guide – We will create a student and staff wellness resource guide that details community support resources, district-based wellness resources and check in mechanisms that will support the students and staff.

Develop Traditional, Blended, and Remote Instruction Practice and Procedure Guidelines to Foster Increased Student Achievement – We will create instructional plans that demonstrate the flow of potential instructional designs so that we are prepared and can be responsive to the changing needs of our school and community. These guidelines will reshape our concept of traditional learning to include technology infused, student centered academic experiences that are the hallmark of a future ready school district.

4) **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

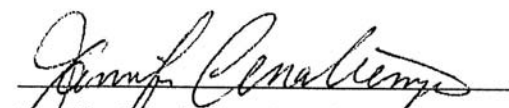
9) OTHER INFORMATION:

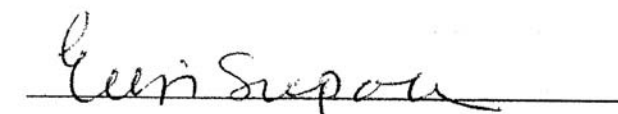
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

The Honorable President and Members
of the Board of Education
Lafayette Township School District
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December 15, 2020

10) ACKNOWLEDGEMENTS:

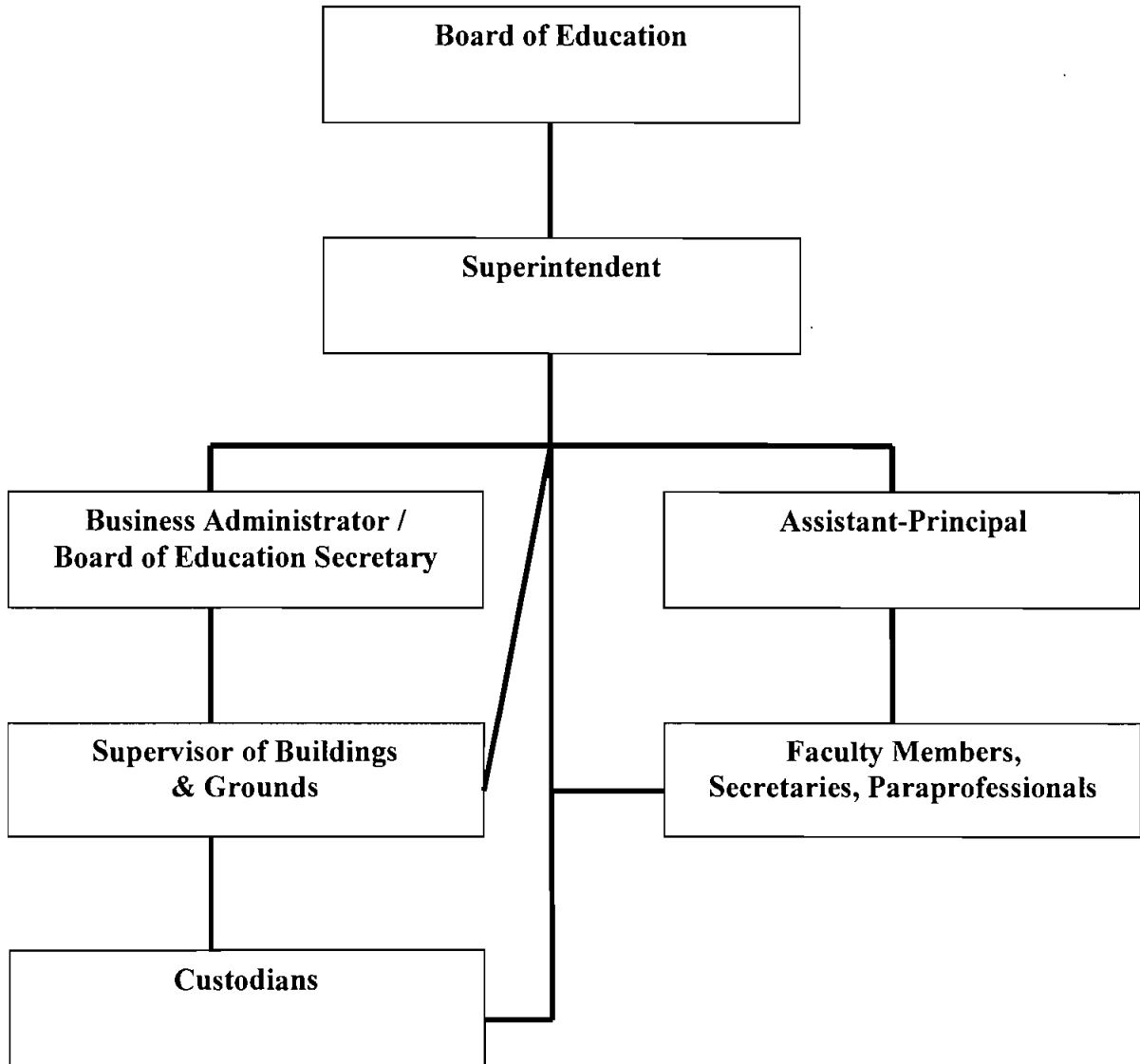
We would like to express our appreciation to the members of the School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The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


Jennifer Cenatiempo, Superintendent


Erin Siipola, Business Administrator/Board Secretary

Lafayette Board of Education

Organizational Chart Unit Control



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Joshua Aikens	President	2020
Lisa Carlson	Vice President	2021
Karen Mitchell	Member	2022
Mary Flaherty	Member	2020
Stacey McGill – to 12/31/2019	Member	2019
Melissa Geaney	Member	2022
Erin Vogler	Member	2021
Kathleen Zagula – to 3/18/2020	Member	2019
Michael Gall	Member	2020
John Kanson – from 1/1/2020	Member	2021

Jennifer Cenatiempo – Superintendent

Erin Siipola, Board Secretary/School Business Administrator

Toni Grisaffi, Treasurer

Matthew Giacobbe and Bruce Padula, Board Attorneys (to 6/30/20)

Marc Zitomer, Board Attorney – Effective 1/23/2020

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

Audit Firm

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

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorneys

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

Schenck, Price, Smith & King, LLP
220 Park Avenue
Florham Park, NJ 07932

Official Depository

Lakeland Bank

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District in the County of Sussex, as of June 30, 2020, 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 post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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 section 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 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 Honorable President and Members
of the Board of Education
Lafayette Township School District
Page 3

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 December 15, 2020 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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A Wohlleb

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of Lafayette Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

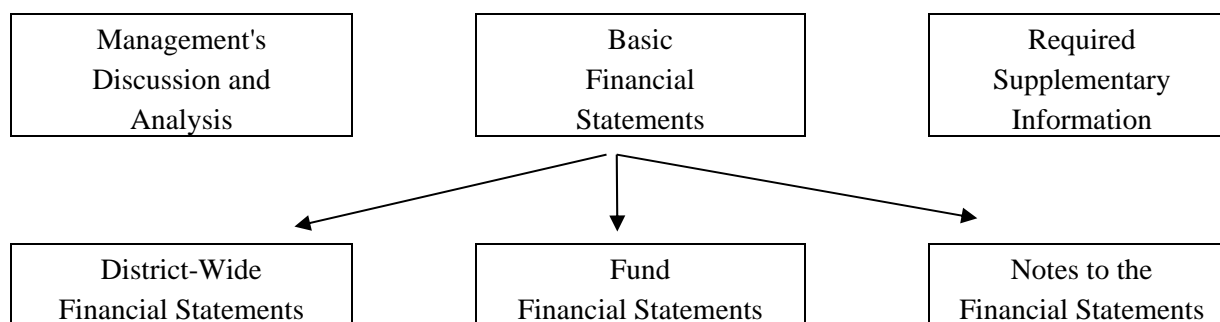


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Financial Analysis of the District as a Whole

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

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

Net Position. The District’s combined net position increased by \$561,134. Net position from governmental activities increased by \$568,164 while net position from business-type activities decreased by \$7,030.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and Other Assets	\$1,734,633	\$1,708,969	\$ 8,848	\$ 29,946	\$1,743,481	\$1,738,915	
Capital Assets, Net	3,645,486	3,550,882	31,782	15,663	3,677,268	3,566,545	
Total Assets	5,380,119	5,259,851	40,630	45,609	5,420,749	5,305,460	2.17%
Deferred Outflows of Resources	222,814	306,911			222,814	306,911	-27.40%
Other Liabilities	100,259	101,990	2,093	42	102,352	102,032	
Long-Term Liabilities	1,115,063	1,589,004			1,115,063	1,589,004	
Total Liabilities	1,215,322	1,690,994	2,093	42	1,217,415	1,691,036	-28.01%
Deferred Inflows of Resources	415,372	471,693			415,372	471,693	-11.94%
Net Position:							
Net Investment in Capital Assets	3,358,859	2,917,632	31,782	15,663	3,390,641	2,933,295	
Restricted	1,429,251	1,064,280			1,429,251	1,064,280	
Unrestricted/(Deficit)	(815,871)	(577,837)	6,755	29,904	(809,116)	(547,933)	
Total Net Position	\$3,972,239	\$3,404,075	\$ 38,537	\$ 45,567	\$4,010,776	\$3,449,642	16.27%

Changes in Net Position. The District’s combined net position was \$4,010,776 on June 30, 2020, or \$561,134 more than the year before. The increase in net investment in capital assets was due to the retirement of serial bonds payable and capital asset additions offset by the current year amortization of the deferred amount on the refunding, capital assets deletions and depreciation expense. The increase in restricted net position is due to the year end transfer into the capital reserve as well as interest earnings on the capital, emergency and maintenance reserves offset by a budgeted withdrawal from the emergency reserve . The increase in unrestricted net position is due primarily to the decrease in the net pension liability and the changes in the related deferred inflows and outflows as well as fund balance utilized in the current year budget offset by an excess in tuition revenue and miscellaneous revenue and unexpended budget appropriations as well as by the change in the accrued interest payable and the current year amortization of the bond premium. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Revenue:							
Program Revenue:							
Charges for Services	\$ 21,420	\$ 40,350	\$ 60,044	\$ 45,771	\$ 81,464	\$ 86,121	
Operating Grants & Contributions	1,330,349	1,527,356	16,455	17,500	1,346,804	1,544,856	
General Revenue:							
Property Taxes	4,148,500	4,168,450			4,148,500	4,168,450	
Unrestricted Federal and State Aid	546,946	589,429			546,946	589,429	
Other	83,581	47,815	173	595	83,754	48,410	
Total Revenue	<u>6,130,796</u>	<u>6,373,400</u>	<u>76,672</u>	<u>63,866</u>	<u>6,207,468</u>	<u>6,437,266</u>	-3.57%
Expenses:							
Instruction	3,342,194	3,541,508			3,342,194	3,541,508	
Pupil and Instruction Services	745,489	811,509			745,489	811,509	
Administrative and Business	555,251	641,237			555,251	641,237	
Maintenance and Operations	455,601	529,396			455,601	529,396	
Transportation	242,914	266,979			242,914	266,979	
Other	221,183	138,612	83,702	70,151	304,885	208,763	
Total Expenses	<u>5,562,632</u>	<u>5,929,241</u>	<u>83,702</u>	<u>70,151</u>	<u>5,646,334</u>	<u>5,999,392</u>	-5.88%
Increase in Net Position	<u>\$ 568,164</u>	<u>\$ 444,159</u>	<u>\$ (7,030)</u>	<u>\$ (6,285)</u>	<u>\$ 561,134</u>	<u>\$ 437,874</u>	28.15%

Governmental Activities

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

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

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

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

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

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

	Total Costs of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 3,342,194	\$ 3,541,508	\$ 2,277,502	\$ 2,339,933
Pupil and Instruction Services	745,489	811,509	669,020	690,193
Administrative and Business	555,251	641,237	471,200	544,392
Maintenance and Operations	455,601	529,396	441,737	388,093
Transportation	242,914	266,979	130,221	263,312
Other	221,183	138,612	221,183	135,612
	<u>\$ 5,562,632</u>	<u>\$ 5,929,241</u>	<u>\$ 4,210,863</u>	<u>\$ 4,361,535</u>

Business-Type Activities

The net position of the District’s business-type activity decreased by \$7,030 (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by \$7,030. The increase in revenues due to a new agreement with the SCESC and the Willowglen Academy was not offset by an increase in operational expenses includes expenses related to repairs.

Financial Analysis of the District’s Funds

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

General Fund Budgetary Highlights

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

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Land	\$ 80,000	\$ 80,000			\$ 80,000	\$ 80,000	
Site Improvements	188,633	178,068			188,633	178,068	
Building & Building Improvements	3,293,446	3,165,511			3,293,446	3,165,511	
Machinery and Equipment	83,407	127,303	\$ 31,782	\$ 15,663	115,189	142,966	
Total	\$ 3,645,486	\$ 3,550,882	\$ 31,782	\$ 15,663	\$ 3,677,268	\$ 3,566,545	3.10%

Long-term Liabilities

At year-end, the District had \$305,000 in general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	2019/2020	2018/2019	
General Obligation Bonds (Financed with Property Taxes)	\$ 305,000	\$ 670,000	
Net Pension Liability	697,599	786,727	
Compensated Absences Payable	96,480	100,302	
Unamortized Bond Premium	15,984	31,975	
	\$ 1,115,063	\$ 1,589,004	-29.83%

Factors Bearing on the District's Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 246,302	\$ 2,919	\$ 249,221
Internal Balances	(3,093)	3,093	
Receivable from State Government	4,380	13	4,393
Receivable from Federal Government	34,862	843	35,705
Receivables - Other		83	83
Interfund Receivable - Payroll Agency Fund	22,931		22,931
Inventories		1,897	1,897
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	1,086,570		1,086,570
Maintenance Reserve- Cash and Cash Equivalents	308,026		308,026
Emergency Reserve - Cash and Cash Equivalents	34,655		34,655
Capital Assets:			
Sites (Land)	80,000		80,000
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	3,565,486	31,782	3,597,268
Total Assets	<u>5,380,119</u>	<u>40,630</u>	<u>5,420,749</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	18,373		18,373
Deferred Outflows Related to Pensions	204,441		204,441
Total Deferred Outflows of Resources	<u>222,814</u>		<u>222,814</u>
LIABILITIES			
Accounts Payable	90,961	2,088	93,049
Accrued Interest Payable	5,083		5,083
Unearned Revenue	4,215	5	4,220
Noncurrent Liabilities:			
Due Within One Year	320,984		320,984
Due Beyond One Year	794,079		794,079
Total Liabilities	<u>1,215,322</u>	<u>2,093</u>	<u>1,217,415</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	415,372		415,372
Total Deferred Inflows of Resources	<u>415,372</u>		<u>415,372</u>
NET POSITION			
Net Investment in Capital Assets	3,358,859	31,782	3,390,641
Restricted for:			
Capital Projects	1,086,570		1,086,570
Emergency Reserve	34,655		34,655
Maintenance Reserve	308,026		308,026
Unrestricted/(Deficit)	(815,871)	6,755	(809,116)
Total Net Position	<u>\$ 3,972,239</u>	<u>\$ 38,537</u>	<u>\$ 4,010,776</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,627,034	\$ 21,420	\$ 681,587	\$ (1,924,027)	\$	\$ (1,924,027)
Special Education	579,560		329,448	(250,112)		(250,112)
Other Special Instruction	44,472		11,430	(33,042)		(33,042)
School-Sponsored/Other Instruction	91,128		20,807	(70,321)		(70,321)
Support Services:						
Tuition	92,587			(92,587)		(92,587)
Student & Instruction Related Services	652,902		76,469	(576,433)		(576,433)
General Administrative Services	107,116		4,365	(102,751)		(102,751)
School Administrative Services	354,168		77,090	(277,078)		(277,078)
Central Services	93,967		2,596	(91,371)		(91,371)
Plant Operations and Maintenance	455,601		13,864	(441,737)		(441,737)
Pupil Transportation	242,914		112,693	(130,221)		(130,221)
Interest on Long-Term Debt	29,805			(29,805)		(29,805)
Capital Outlay	9,472			(9,472)		(9,472)
Charter School	181,906			(181,906)		(181,906)
Total Governmental Activities	5,562,632	21,420	1,330,349	(4,210,863)		(4,210,863)
Business-Type Activities:						
Food Service	83,702	60,044	16,455		\$ (7,203)	(7,203)
Total Business-Type Activities	83,702	60,044	16,455		(7,203)	(7,203)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 5,646,334	\$ 81,464	\$ 1,346,804	\$ (4,210,863)	\$ (7,203)	\$ (4,218,066)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				3,750,000		3,750,000
Taxes Levied for Debt Service				398,500		398,500
Federal and State Aid not Restricted				546,946		546,946
Interest				7,635	173	7,808
Miscellaneous Income				75,946		75,946
Total General Revenue				4,779,027	173	4,779,200
Change in Net Position				568,164	(7,030)	561,134
Net Position - Beginning				3,404,075	45,567	3,449,642
Net Position - Ending				\$ 3,972,239	\$ 38,537	\$ 4,010,776

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

FUND FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 246,302		\$ 246,302
Interfund Receivable - Special Revenue Fund	20,428		20,428
Interfund Receivable - Payroll Agency Fund	22,931		22,931
Receivables From Federal Government		\$ 34,862	34,862
Receivables From State Government	4,380		4,380
Restricted Cash and Cash Equivalents	1,429,251		1,429,251
Total Assets	\$ 1,723,292	\$ 34,862	\$ 1,758,154
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 24,375	\$ 10,219	\$ 34,594
Interfund Payable - Food Service Fund	3,093		3,093
Interfund Payable - General Fund		20,428	20,428
Unearned Revenue		4,215	4,215
Total Liabilities	27,468	34,862	62,330
Fund Balances:			
Restricted:			
Emergency Reserve	34,655		34,655
Maintenance Reserve	308,026		308,026
Capital Reserve	1,086,570		1,086,570
Assigned:			
Year-End Encumbrances	54,036		54,036
Subsequent Year's Expenditures	34,146		34,146
Unassigned	178,391		178,391
Total Fund Balances	1,695,824		1,695,824
Total Liabilities and Fund Balances	\$ 1,723,292	\$ 34,862	
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:			
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.			3,645,486
Interest on long term debt is not accrued as expenditures in the Governmental Funds but rather is recognized as an expenditure when due.			(5,083)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.			(697,599)
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			148,074
Deferred Inflows			(415,372)
Bond Premiums are Reported as revenue in the Governmental Funds. The Premium is \$191,845 and the Amortization is \$175,861.			(15,984)
The deferred amount on refunding is not reported as an expense in the governmental funds in the year of the expense. The deferred amount on refunding is \$220,513 and the accumulated amortization is \$202,140.			18,373
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.			(401,480)
Net Position of Governmental Activities			\$ 3,972,239

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 3,750,000		\$ 398,500	\$ 4,148,500
Tuition from Individuals	21,420			21,420
Interest Earned on Restricted Funds	7,635			7,635
Unrestricted Miscellaneous	75,946	\$ 46,327		122,273
Total - Local Sources	3,855,001	46,327	398,500	4,299,828
State Sources	1,441,750			1,441,750
Federal Sources		107,081		107,081
Total Revenue	5,296,751	153,408	398,500	5,848,659
EXPENDITURES				
Current:				
Regular Instruction	1,495,421	91,080		1,586,501
Special Education Instruction	295,293	62,328		357,621
Other Special Instruction	26,575			26,575
School Sponsored/Other Instruction	58,551			58,551
Support Services and Undistributed Costs:				
Tuition	92,587			92,587
Student & Instruction Related Services	453,842			453,842
General Administrative Services	96,901			96,901
School Administrative Services	213,623			213,623
Central Services	85,706			85,706

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES				
Support Services and Undistributed Costs:				
Plant Operations and Maintenance	\$ 365,040			\$ 365,040
Pupil Transportation	231,678			231,678
Unallocated Benefits	1,319,147			1,319,147
Debt Service:				
Principal			\$ 365,000	365,000
Interest and Other Charges			33,500	33,500
Capital Outlay	338,537			338,537
Transfer of Funds to Charter Schools	181,906			181,906
Total Expenditures	5,254,807	\$ 153,408	398,500	5,806,715
Excess of Revenue over Expenditures	41,944			41,944
Fund Balance—July 1	1,653,880			1,653,880
Fund Balance—June 30	\$ 1,695,824	\$ -0-	\$ -0-	\$ 1,695,824

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

LAYAYETTE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 41,944

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

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

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

	Depreciation Expense	\$ (234,994)	
	Capital Outlays	347,844	
	Capital Assets Deletions, Net of Accumulated Depreciation	(18,246)	94,604

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

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

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

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

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		89,128	
Change in Deferred Outflows		(86,353)	
Change in Deferred Inflows		56,321	

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

Changes in Net Position for Governmental Activities \$ 568,164

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,919
Intergovernmental Accounts Receivable:	
Federal	843
State	13
Accounts Receivable - Other	83
Interfund Receivable:	
General Fund	3,093
Inventories	<u>1,897</u>
 Total Current Assets	 <u>8,848</u>
 Non-Current Assets:	
Capital Assets:	112,061
Less: Accumulated Depreciation	<u>(80,279)</u>
 Total Non-Current Assets	 <u>31,782</u>
 Total Assets	 <u>40,630</u>
 LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	2,088
Unearned Revenue	<u>5</u>
 Total Liabilities	 <u>2,093</u>
 NET POSITION:	
Investment in Capital Assets	31,782
Unrestricted	<u>6,755</u>
 Total Net Position	 <u>\$ 38,537</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 18,628
Nonreimbursable Programs	6,122
Other Sales	35,294
Total Operating Revenue	60,044
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	10,093
Nonreimbursable Programs	15,292
Salaries, Benefits & Payroll Taxes	27,624
Supplies, Insurance & Other Costs	8,806
Management Fee	12,000
Miscellaneous Expenses	8,136
Depreciation Expense	1,751
Total Operating Expenses	83,702
Operating Loss	(23,658)
Non-Operating Income:	
Local Sources:	
Interest Income	173
State Sources:	
COVID 19 - Seamless Summer Option	37
State School Lunch Program	407
Federal Sources:	
National School Lunch Program	8,263
COVID 19 - Seamless Summer Option	2,564
Food Distribution Program	5,184
Total Non-Operating Income	16,628
Change in Net Position	(7,030)
Net Position - Beginning of Year	45,567
Net Position - End of Year	\$ 38,537

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 60,042
Payments to Food Service Vendor	(64,250)
Payments to Suppliers and Other Expenses	(4,985)
Net Cash Used for Operating Activities	<u>(9,193)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	<u>173</u>
Net Cash Provided by Investing Activities	<u>173</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(17,870)</u>
Net Cash Used for Investing Activities	<u>(17,870)</u>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	<u>10,791</u>
Net Cash Provided by Noncapital Financing Activities	<u>10,791</u>
Net (Decrease) in Cash and Cash Equivalents	(16,099)
Cash and Cash Equivalents, July 1	<u>19,018</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,919</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (23,658)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation Expense	1,751
Food Distribution Program	5,184
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable - Other	5,048
(Decrease) in Unearned Revenue	(37)
Increase in Accounts Payable	2,088
Decrease in Inventory	431
Net Cash Used for Operating Activities	<u>\$ (9,193)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$5,147 and utilized commodities from the Federal Food Distribution Program valued at \$5,184 for the fiscal year ended June 30, 2020.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 55,475	\$ 130	\$ 106,619
Interfund Receivable - Payroll Agency Fund			1,504
Total Assets	<u>55,475</u>	<u>130</u>	<u>108,123</u>
LIABILITIES:			
Interfund Payable -			
Unemployment Compensation Trust Fund	1,504		
General Fund	22,931		
Due to Student Groups	25,665		
Payroll Deductions and Withholdings	<u>5,375</u>		
Total Liabilities	<u>55,475</u>		
NET POSITION:			
Held in Trust for Unemployment Claims			108,123
Held in Trust for Flexible Spending		<u>130</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ 130</u>	<u>\$ 108,123</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Members	\$ 125	\$ 1,504
Total Contributions	<u>125</u>	<u>1,504</u>
Investment Earnings:		
Interest	<u>2</u>	<u>1,348</u>
Net Investment Earnings	<u>2</u>	<u>1,348</u>
Total Additions	<u>127</u>	<u>2,852</u>
Deductions		
Unemployment Compensation Claims		<u>13,116</u>
Total Deductions		<u>13,116</u>
Change in Net Position	127	(10,264)
Net Position - Beginning of the Year	<u>3</u>	<u>118,387</u>
Net Position - End of the Year	<u>\$ 130</u>	<u>\$ 108,123</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,291,295	\$ 170,666
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(24,180)
Prior Year Encumbrances		6,922
Prior Year State Aid Payments Recognized for GAAP Statements	81,445	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(75,989)	
	\$ 5,296,751	\$ 153,408
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,254,807	\$ 170,666
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.		(17,258)
	\$ 5,254,807	\$ 153,408
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents and Investments:

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable 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, governmental fund types recognize bond premiums as revenue in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten- month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,695,824 General Fund fund balance at June 30, 2020, \$54,036 is assigned for year-end encumbrances, \$34,146 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021, \$1,086,570 is restricted in the capital reserve account, \$34,655 is restricted in the emergency reserve account, \$308,026 is restricted in the maintenance reserve account; and there is \$178,391 in unassigned fund balance which is \$75,989 less on a GAAP basis due to the final two state payments not being recognized on a GAAP basis until the fiscal year ended June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2020.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$75,989 as of June 30, 2020 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$815,871 in governmental activities, which is primarily due to compensated absences payable, net pension liability and related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2020 for the deferred amount on refunding and pensions.

The District had deferred inflows of resources at June 30, 2020 related to pensions.

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

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Maintenance and Emergency Reserve Accounts</u>	<u>Total</u>
Checking Accounts	<u>\$ 411,445</u>	<u>\$ 1,429,251</u>	<u>\$ 1,840,696</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$1,840,696 and the bank balance was \$1,910,381.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 777,434	
Increased by:			
Interest Earnings	\$ 3,700		
Deposit By Board Resolution - June 2020	<u>305,436</u>		
		<u>309,136</u>	
Ending Balance, June 30, 2020		<u>\$ 1,086,570</u>	

The balance in the capital reserve on June 30, 2020 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$	130,693
Deposits:			
Interest Earnings			2,062
			132,755
Withdrawals:			
Budgeted Withdrawal			98,100
			98,100
Ending Balance, June 30, 2020		\$	34,655

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 156,153
Deposits:	
Deposit By Board Resolution - June 2020	150,000
Interest Earnings	1,873
Ending Balance, June 30, 2020	<u>\$ 308,026</u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 80,000			\$ 80,000
Total Capital Assets Not Being Depreciated	<u>80,000</u>			<u>80,000</u>
Capital Assets Being Depreciated:				
Site Improvements	374,067	\$ 24,154		398,221
Buildings and Building Improvements	7,789,095	315,736	\$ 14,707	8,119,538
Machinery and Equipment	857,018	7,954	(37,180)	827,792
Total Capital Assets Being Depreciated	<u>9,020,180</u>	<u>347,844</u>	<u>(22,473)</u>	<u>9,345,551</u>
Governmental Activities Capital Assets	<u>9,100,180</u>	<u>347,844</u>	<u>(22,473)</u>	<u>9,425,551</u>
Less Accumulated Depreciation for:				
Site Improvements	(195,999)	(13,589)		(209,588)
Buildings and Building Improvements	(4,623,584)	(202,508)		(4,826,092)
Machinery and Equipment	(729,715)	(18,897)	4,227	(744,385)
	<u>(5,549,298)</u>	<u>(234,994)</u>	<u>4,227</u>	<u>(5,780,065)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,550,882</u>	<u>\$ 112,850</u>	<u>\$ (18,246)</u>	<u>\$ 3,645,486</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 94,191	\$ 17,870		\$ 112,061
Less Accumulated Depreciation	<u>(78,528)</u>	<u>(1,751)</u>		<u>(80,279)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,663</u>	<u>\$ 16,119</u>	<u>\$ -0-</u>	<u>\$ 31,782</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 133,947
Special Education	25,849
Student and Other Instruction Related Services	35,249
School Administration	11,750
Operations and Maintenance of Plant	28,199
	\$ 234,994

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2019	Retired	Balance 6/30/2020
Serial Bonds Payable	\$ 670,000	\$ 365,000	\$ 305,000
Net Pension Liability	786,727	89,128	697,599
Unamortized Bond Premium	31,972	15,988	15,984
Compensated Absences Payable	100,305	3,825	96,480
	\$ 1,589,004	\$ 473,941	\$ 1,115,063

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2020 as follows:

	Issue Date	Interest Rates	Final Maturity	Amount
Refunding Bonds	01/07/10	5.00%	03/01/21	\$ 305,000

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

A. Bonds Payable: (Cont'd)

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

<u>Year</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 305,000	\$ 15,250	\$ 320,250
	<u>\$ 305,000</u>	<u>\$ 15,250</u>	<u>\$ 320,250</u>

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

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

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

The unamortized bond premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$15,984 and is separated from the long-term liability balance of \$-0- and will be liquidated by the General Fund.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the liability for compensated absences. The entire \$96,480 is a long-term liability and will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$697,599. See Note 10 for more information on the PERS.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the District transferred \$2,649 to the capital outlay accounts of which \$2,649 was for equipment and did not require approval from the County Superintendent. There were no transfers to capital outlay lines other than equipment.

NOTE 10. PENSION PLANS

A. Public Employees' Retirement System (PERS)

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).

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/annual-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. 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.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$37,659 for 2020.

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, 2020, the District's liability was \$697,599 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0038%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized actual pension benefit in the amount of \$21,437. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 1,844	
	2015	5.72	11,399	
	2016	5.57	56,415	
	2017	5.48		\$ 100,142
	2018	5.63		80,925
	2019	5.21		61,067
				<u>69,658</u>
Changes in Proportion	2014	6.44		7,552
	2015	5.72	5,150	
	2016	5.57		13,447
	2017	5.48		115,429
	2018	5.63	60,745	
	2019	5.21		22,716
				<u>65,895</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(12,876)
	2017	5.00		15,452
	2018	5.00		10,748
	2019	5.00		(2,312)
				<u>11,012</u>
Difference Between Expected and Actual Experience	2015	5.72	3,163	
	2016	5.57	1,712	
	2017	5.48	2,978	
	2018	5.63		3,082
	2019	5.21	4,668	
			<u>12,521</u>	<u>3,082</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	56,367	
			<u>\$ 204,441</u>	<u>\$ 415,372</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (20,142)
2021	(65,345)
2022	(58,349)
2023	(27,399)
2024	(2,814)
	\$ (174,049)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 100% of actuarially determined contributions for local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 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, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 881,181	\$ 697,599	\$ 542,905

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/annual-reports.shtml.

Benefits Provided

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, 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 2020 the State of New Jersey contributed \$375,282 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$687,388.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$11,654,061. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.018%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	11,654,061
Total	<u>\$ 11,654,061</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$687,388 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				8,729,264,342
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				1,203,503,264
Net Difference Between Projected and Actual	2016	5.00		(431,855,192)
Investment Earnings on Pension Plan Investments	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
				163,369,676
			\$ 9,932,767,606	\$ 17,539,845,423

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 detailed on the following page:

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 13,742,717	\$ 11,654,061	\$ 9,921,136

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$14,097 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$22,933 for the fiscal year ended June 30, 2020.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained their health benefit coverage from the AmeriHealth Insurance Company of New Jersey. The District obtained their dental benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability Insurance

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

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

The June 30, 2019 audit report is not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2020 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 48,410,942
Total Expenses	\$ 29,492,955
Change in Net Position	\$ 18,917,987
Members Dividends	\$ -0-

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ -0-	\$ 2,852	\$ 13,116	\$ 108,123
2019	-0-	5,450	265	118,387
2018	-0-	6,127	537	113,202

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 43,359	\$ 3,093
Special Revenue Fund		20,428
Food Service Fund	3,093	
Payroll Agency Fund		24,435
Unemployment Compensation Trust Fund	1,504	
	<u>\$ 47,956</u>	<u>\$ 47,956</u>

The interfund receivable in the General Fund is due to a cash deficit in the Special Revenue Fund due to the delay between the request and receipt of reimbursements on federal grants as well as employee health benefit contributions due from the Payroll Agency Fund. The interfund receivable in the General Fund is also due to Health Benefits the Payroll Agency Fund owes to the General Fund. The interfund receivable in the Unemployment Compensation Trust Fund is for current year employee unemployment contributions not yet transferred from the Payroll Agency Fund. The interfund receivable in the Food Service Fund is due from the General Fund for Federal and State reimbursements.

NOTE 13. ECONOMIC DEPENDENCY

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2020, there were encumbrances in the governmental funds as follows: \$54,036 in the General Fund and \$24,180 in the Special Revenue Fund.

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 \$24,180 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. TAX CALENDAR

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

	<u>Governmental Funds</u>		Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund				
Vendors	\$ 24,375	\$ 10,219	\$ 34,594		\$ 34,594	\$ 2,088
State of New Jersey				\$ 56,367	\$ 56,367	
	<u>\$ 24,375</u>	<u>\$ 10,219</u>	<u>\$ 34,594</u>	<u>\$ 56,367</u>	<u>\$ 90,961</u>	<u>\$ 2,088</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB 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>.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

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 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 9,562,009
Changes for Year:	
Service Cost	264,413
Interest on the Total OPEB Liability	375,395
Changes of Assumptions	(1,514,173)
Differences between Expected and Actual Experience	127,635
Gross Benefit Payments by the State	(262,775)
Contributions from Members	7,789
Net Changes	(1,001,716)
Balance at June 30, 2019	\$ 8,560,293

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 10,113,089	\$ 8,560,293	\$ 7,326,837

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 7,053,300	\$ 8,560,293	\$ 10,555,242
<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>			

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$111,751 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, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 996,591
	2018	9.51		857,203
	2019	9.29	\$ 113,895	
			113,895	1,853,794
Differences between Expected and Actual Experience	2018	9.51		810,324
	2019	9.29		1,340,559
				2,150,883
Changes in Proportion	N/A	N/A	95,310	142,738
			\$ 209,205	\$ 4,147,415

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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
2020	\$ (522,394)
2021	(522,394)
2022	(522,394)
2023	(522,394)
2024	(522,394)
Thereafter	(1,278,812)
	\$ (3,890,782)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The Food Service Enterprise Fund's financial position will be impacted for the fiscal year ended June 30, 2021 as there will be no daily sales revenue and the participation of students in the free lunch program for all students has been minimal so far to date.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0047754353%	0.0049880672%	0.0047478251%	0.0035779624%	0.0039956693%	0.0038715729%
District's proportionate share of the net pension liability	\$ 894,092	\$ 1,119,721	\$ 1,406,170	\$ 832,892	\$ 786,727	\$ 697,599
District's covered employee payroll	\$ 337,871	\$ 344,766	\$ 313,720	\$ 276,388	\$ 274,671	\$ 285,882
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.63%	324.78%	448.22%	301.35%	286.43%	244.02%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

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

	Fiscal Year Ending June 30.					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 39,368	\$ 42,884	\$ 42,179	\$ 33,146	\$ 39,745	\$ 37,659
Contributions in relation to the contractually required contribution	(39,368)	(42,884)	(42,179)	(33,146)	(39,745)	(37,659)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 344,766	\$ 313,720	\$ 276,388	\$ 274,671	\$ 285,882	\$ 270,368
Contributions as a percentage of covered employee payroll	11.42%	13.67%	15.26%	12.07%	13.90%	13.93%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0204925433%	0.0208239693%	0.019326558%	0.0194809808%	0.0173915698%	0.0189895418%
State's proportionate share of the net pension liability attributable to the District	\$ 10,952,597	\$ 13,161,638	\$ 15,203,501	\$ 13,134,780	\$ 11,064,143	\$ 11,654,061
District's covered employee payroll	\$ 1,921,859	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536	\$ 1,931,310	\$ 1,792,934
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	569.90%	671.14%	758.11%	688.21%	572.88%	650.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2020
Contractually required contribution	\$ 589,353	\$ 803,636	\$ 1,142,332	\$ 909,911	\$ 645,001
Contributions in relation to the contractually required contribution	(112,582)	(154,736)	(211,461)	(256,117)	(373,478)
Contribution deficiency/(excess)	<u>\$ 476,771</u>	<u>\$ 648,900</u>	<u>\$ 930,871</u>	<u>\$ 653,794</u>	<u>\$ 271,523</u>
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536	\$ 1,931,310	\$ 1,792,934
Contributions as a percentage of covered employee payroll	5.74%	7.72%	11.08%	13.26%	20.83%
					22.27%

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 366,830	\$ 305,853	\$ 264,413
Interest Cost	346,462	400,920	375,395
Differences Between Expected and Actual Experiences		(816,000)	(1,514,173)
Changes in Assumptions	(1,363,899)	(1,097,288)	127,635
Member Contributions	9,395	8,837	(262,775)
Gross Benefit Payments	(255,139)	(255,685)	7,789
Net Change in Total OPEB Liability	(896,351)	(1,453,363)	(1,001,716)
Total OPEB Liability - Beginning	11,911,723	11,015,372	9,562,009
Total OPEB Liability - Ending	<u>\$ 11,015,372</u>	<u>\$ 9,562,009</u>	<u>\$ 8,560,293</u>
District's Covered Employee Payroll *	\$ 2,319,176	\$ 2,184,924	\$ 2,205,981
Total OPEB Liability as a Percentage of Covered Employee Payroll	474.97%	437.64%	388.05%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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 for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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

Preretirement 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 MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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 the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,750,000		\$ 3,750,000	\$ 3,750,000	\$ 3,420
Tuition from Individuals	18,000		18,000	21,420	1,462
Interest Earned on Emergency Reserve Funds	600		600	2,062	2,400
Interest Earned on Capital Reserve Funds	1,300		1,300	3,700	1,173
Interest Earned on Maintenance Reserve Funds	700		700	1,873	68,746
Unrestricted Miscellaneous Revenue	7,200		7,200	75,946	
Total - Local Sources	3,777,800		3,777,800	3,855,001	77,201
State Sources:					
Categorical Special Education Aid	138,078		138,078	138,078	
School Choice Aid	380,970		380,970	380,970	
Equalization Aid	47,971		47,971	47,971	
Security Aid	17,295		17,295	17,295	
Adjustment Aid	95,526		95,526	95,526	
Transportation Aid	107,714		107,714	107,714	
Extraordinary Special Education Aid				3,050	3,050
Nonpublic Transportation Aid				1,330	1,330
TPAF Pension Contribution (On-Behalf - Non Budgeted)				375,282	375,282
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				6,727	6,727
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				148	148
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				141,718	141,718
TPAF Social Security (Reimbursed - Non Budgeted)				120,485	120,485
Total State Sources	787,554		787,554	1,436,294	648,740
TOTAL REVENUES	4,565,354		4,565,354	5,291,295	725,941

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 62,815		\$ 62,815	\$ 56,321	\$ 6,494
Kindergarten - Salaries of Teachers	102,069	(2,000)	100,069	94,493	5,576
Grades 1-5 - Salaries of Teachers	675,161	(104,231)	570,930	560,554	10,376
Grades 6-8 - Salaries of Teachers	556,473	39,000	595,473	588,144	7,329
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000		2,000	564	1,436
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	83,449	(8,000)	75,449	72,729	2,720
Tuition Reimbursement	8,500		8,500	6,896	1,604
Unused Vacation Payment to Terminated / Retired Staff	7,500		7,500	2,530	4,970
Purchased Professional Educational Services	3,327		3,327	675	2,652
Other Purchased Services (400-500 series)	29,800	2,900	32,700	31,030	1,670
General Supplies	139,683	(21,981)	117,702	70,913	46,789
Textbooks	48,120	(37,548)	10,572	10,572	
Total Regular Programs - Instruction	1,718,897	(131,860)	1,587,037	1,495,421	91,616
Resource Room/Resource Center:					
Salaries of Teachers	217,998	40,730	258,728	257,124	1,604
General Supplies	4,000		4,000	2,744	1,256
Total Resource Room/Resource Center	221,998	40,730	262,728	259,868	2,860
Preschool Disabilities - Part-Time:					
Salaries of Teachers	43,296	(6,500)	36,796	35,425	1,371
General Supplies	1,200		1,200		1,200
Total Preschool Disabilities - Part-Time	44,496	(6,500)	37,996	35,425	2,571
Total Special Education Instruction	266,494	34,230	300,724	295,293	5,431

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 45,828		\$ 45,828	\$ 26,575	\$ 19,253
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	46,328		46,328	26,575	19,753
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	23,800	\$ 15,428	39,228	39,228	
Total School-Sponsored Cocurricular Activities - Instruction	23,800	15,428	39,228	39,228	
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	23,965		23,965	9,144	14,821
Purchased Services (300-500 series)	12,500	(5,130)	7,370	7,370	
Supplies and Materials	2,600		2,600		2,600
Total School-Sponsored Cocurricular Athletics - Instruction	39,065	(5,130)	33,935	16,514	17,421
Other Instructional Programs - Instruction:					
Supplies and Materials	1,200		1,200	559	641
Other Objects	9,400	(4,441)	4,959	2,250	2,709
Total Other Instructional Programs - Instruction	10,600	(4,441)	6,159	2,809	3,350
Total Instruction	2,105,184	(91,773)	2,013,411	1,875,840	137,571
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special		101,605	101,605	92,587	9,018
Tuition to Private Schools for the Handicapped - Within State	25,000	(25,000)			
Total Undistributed Expenditures - Instruction	25,000	76,605	101,605	92,587	9,018
Attendance and Social Work Services:					
Salaries	11,776	1	11,777	11,776	1
Total Attendance and Social Work Services:	11,776	1	11,777	11,776	1

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 77,060		\$ 77,060	\$ 74,824	\$ 2,236
Purchased Professional and Technical Services	7,000	(3,230)	3,770	3,760	10
Supplies and Materials	1,500	200	1,700	1,580	120
Total Health Services	85,560	(3,030)	82,530	80,164	2,366
Speech, OT, PT and Related Services:					
Salaries	79,060		79,060	78,774	286
Purchased Professional - Educational Services	47,250	4,620	51,870	47,278	4,592
Supplies and Materials	1,500		1,500	1,392	108
Total Speech, OT, PT and Related Services	127,810	4,620	132,430	127,444	4,986
Guidance:					
Salaries of Other Professional Staff	43,278	(43,278)			
Other Purchased Services (400-500)	5,000	(5,000)			
Total Guidance	48,278	(48,278)			
Child Study Team:					
Salaries of Other Professional Staff	122,269	5,100	127,369	127,322	47
Salaries of Secretarial and Clerical Assistants	29,987		29,987	27,131	2,856
Purchased Professional Educational Services	31,900		31,900	31,435	465
Miscellaneous Purchased Services (400-500 series)	350		350		350
Supplies and Materials	2,000		2,000	700	1,300
Total Child Study Team	186,506	5,100	191,606	186,588	5,018
Improvement of Instructional Services:					
Salaries of Other Professional Staff	3,000	500	3,500	3,500	
Total Improvement of Instructional Services	3,000	500	3,500	3,500	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 38,278		\$ 38,278	\$ 35,601	\$ 2,677
Supplies and Materials	8,250		8,250	6,675	1,575
Total Educational Media Services/School Library	46,528		46,528	42,276	4,252
Instructional Staff Training Services:					
Purchased Professional - Educational Services	5,000	\$ (5,000)			
Other Purchased Services (400-500 series)	6,300	(2,438)	3,862	2,094	1,768
Total Instructional Staff Training Services	11,300	(7,438)	3,862	2,094	1,768
Support Services - General Administration:					
Salaries	59,500	(19,646)	39,854	39,144	710
Legal Services	3,100	23,246	26,346	12,004	14,342
Audit Fees	15,500		15,500	15,500	
Other Purchased Professional Services		2,545	2,545	2,545	
Communications/Telephone	5,900	79	5,979	5,376	603
Miscellaneous Purchased Services (400-500 series)	10,832	4,927	15,759	13,123	2,636
General Supplies	1,000		1,000	838	162
Miscellaneous Expenditures	5,900	(440)	5,460	5,354	106
Board of Education Membership Dues and Fees	3,250	(214)	3,036	3,017	19
Total Support Services - General Administration	104,982	10,497	115,479	96,901	18,578

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 147,934	\$ 19,646	\$ 167,580	\$ 167,580	
Salaries of Secretarial and Clerical Assistants	44,897		44,897	44,897	
Supplies and Materials	1,500	(646)	854	854	
Other Objects		292	292	292	
Total Support Services - School Administration	194,331	19,292	213,623	213,623	
Support Services - Central Services:					
Salaries	33,505	(10,191)	23,314	23,282	\$ 32
Purchased Professional Services	44,320	18,388	62,708	60,560	2,148
Purchased Technical Services	1,500		1,500	1,430	70
Supplies and Materials	650		650	184	466
Miscellaneous Expenditures	800	(217)	583	250	333
Total Support Services - Central Services	80,775	7,980	88,755	85,706	3,049
Required Maintenance of School Facilities:					
Salaries	26,326		26,326	25,605	721
Cleaning, Repair and Maintenance Services	44,000		44,000	36,998	7,002
Total Required Maintenance of School Facilities	70,326		70,326	62,603	7,723

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 127,188	\$ 300	\$ 127,488	\$ 98,714	\$ 28,774
Other Employee Benefits	5,000		5,000	26	4,974
Unused Sick Payment to Terminated/Retired Staff	3,500	(3,500)			
Cleaning, Repair and Maintenance Services	31,755	(1,045)	30,710	26,255	4,455
Insurance	27,050	(1,000)	26,050	25,638	412
Miscellaneous Purchased Services		5,505	5,505	5,483	22
General Supplies	25,238	5,100	30,338	28,166	2,172
Energy (Electricity)	98,000	(23,935)	74,065	60,622	13,443
Energy (Oil)	73,000	(31,122)	41,878	31,550	10,328
Other Objects	1,525		1,525	1,315	210
Total Custodial Services	392,256	(49,697)	342,559	277,769	64,790
Security					
Purchased Professional and Technical Services	37,100	(13,329)	23,771	11,339	12,432
General Supplies		13,329	13,329	13,329	
Total Security	37,100		37,100	24,668	12,432
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Regular	28,649	3,100	31,749	31,660	89
Contracted Services:					
Other than Between Home and School - Vendors	27,000	(13,500)	13,500	13,491	9
Between Home and School - Joint Agreements	13,000		13,000	9,065	3,935
Regular Education Students - ESCs & CTSAAs	160,000	(3,500)	156,500	120,036	36,464
Special Education Students - ESCs & CTSAAs	92,600	8,073	100,673	50,452	50,221
Aid in Lieu of Payments - Non Public Students	12,000	(100)	11,900	6,974	4,926
Total Student Transportation Services	333,249	(5,927)	327,322	231,678	95,644

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 68,000	\$ 8,500	\$ 76,500	\$ 76,496	\$ 4
Other Retirement Contributions - PERS	50,000	(11,737)	38,263	37,659	604
Other Retirement Contributions - Regular		14,097	14,097	14,097	
Workmen's Compensation	57,200	(7,594)	49,606	49,606	
Health Benefits	500,143	(9,071)	491,072	450,767	40,305
Tuition Reimbursement		3,500	3,500	3,500	
Other Employee Benefits	26,575	15,105	41,680	41,680	
Unused Sick Pay for Retired/Terminated Employees		1,000	1,000	982	18
Total Unallocated Benefits	701,918	13,800	715,718	674,787	40,931
On-Behalf Contributions:					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				375,282	(375,282)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				6,727	(6,727)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				148	(148)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				141,718	(141,718)
TPAF Social Security (Reimbursed - Non Budgeted)				120,485	(120,485)
Total On-Behalf Contributions				644,360	(644,360)
Total Personal Services - Employee Benefits	701,918	13,800	715,718	1,319,147	(603,429)
Total Undistributed Expenses	2,460,695	24,025	2,484,720	2,858,524	(373,804)
TOTAL CURRENT EXPENSE	4,565,879	(67,748)	4,498,131	4,734,364	(236,233)
CAPITAL OUTLAY					
Equipment:					
Multiple Disabilities Security	61,000	2,648	2,648	2,648	
Non-Instructional Services	7,998	1	7,999	25,829	35,171
Total Equipment	68,998	2,649	71,647	28,477	43,170

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 307,387		\$ 307,387	\$ 289,987	\$ 17,400
Assessment for Debt Service on SDA Funding	20,073		20,073	20,073	
Total Facilities Acquisition and Construction Services	<u>327,460</u>		<u>327,460</u>	<u>310,060</u>	<u>17,400</u>
TOTAL CAPITAL OUTLAY	<u>396,458</u>	<u>\$ 2,649</u>	<u>399,107</u>	<u>338,537</u>	<u>60,570</u>
Transfer of Funds to Charter Schools	85,416	96,490	181,906	181,906	
TOTAL EXPENDITURES	<u>5,047,753</u>	<u>31,391</u>	<u>5,079,144</u>	<u>5,254,807</u>	<u>(175,663)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(482,399)	(31,391)	(513,790)	36,488	550,278
Fund Balance, July 1	<u>1,735,325</u>		<u>1,735,325</u>	<u>1,735,325</u>	
Fund Balance, June 30	<u>\$ 1,252,926</u>	<u>\$ (31,391)</u>	<u>\$ 1,221,535</u>	<u>\$ 1,771,813</u>	<u>\$ 550,278</u>
Recapitulation:					
Restricted:					
Emergency Reserve				\$ 34,655	
Maintenance Reserve				308,026	
Capital Reserve				1,086,570	
Assigned:					
Year-End Encumbrances				54,036	
For Subsequent Year's Expenditures				34,146	
Unassigned				<u>254,380</u>	
				<u>1,771,813</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(75,989)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,695,824</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 76,161	\$ 56,427	\$ 132,588	\$ 125,339	\$ (7,249)
Local Sources		53,204	53,204	45,327	(7,877)
Total Revenues	76,161	109,631	185,792	170,666	(15,126)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	17,550	10,844	28,394	28,394	
Other Salaries for Instruction	52,153	10,175	62,328	62,328	
Other Purchased Services	3,470	2,659	6,129	3,779	2,350
General Supplies		78,722	78,722	65,946	12,776
Total Instruction	73,173	102,400	175,573	160,447	15,126
Support Services:					
Personal Services - Employee Benefits	2,988	7,231	10,219	10,219	
Total Support Services	2,988	7,231	10,219	10,219	
Total Expenditures	\$ 76,161	\$ 109,631	\$ 185,792	\$ 170,666	\$ 15,126

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,291,295	\$ 170,666
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(24,180)
Prior Year Encumbrances		6,922
Prior Year State Aid Payments Recognized for GAAP Statements	81,445	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(75,989)	
	\$ 5,296,751	\$ 153,408
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,254,807	\$ 170,666
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.		(17,258)
	\$ 5,254,807	\$ 153,408
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 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)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>CARES</u>		<u>Elementary and Secondary Education Act</u>			<u>Small Rural</u>
	<u>Emergency</u>		<u>Relief</u>			<u>School</u>
		<u>Title I</u>	<u>Title IIA</u>	<u>Title IV</u>		<u>Achievement</u>
REVENUE:						
Local Sources						
Federal Sources	\$ 14,135	\$ 17,655	\$ 3,779	\$ 6,484	\$	20,958
Total Revenue	<u>14,135</u>	<u>17,655</u>	<u>3,779</u>	<u>6,484</u>		<u>20,958</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers		12,983				15,411
Other Salaries for Instruction						
Other Purchased Services			3,779			
General Supplies	14,135			6,484		
Total Instruction	<u>14,135</u>	<u>12,983</u>	<u>3,779</u>	<u>6,484</u>		<u>15,411</u>
Support Services:						
Personal Services - Employee Benefits		4,672				5,547
Total Support Services		<u>4,672</u>				<u>5,547</u>
Total Expenditures	<u>\$ 14,135</u>	<u>\$ 17,655</u>	<u>\$ 3,779</u>	<u>\$ 6,484</u>	<u>\$</u>	<u>\$ 20,958</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>IDEA, Part B</u>			<u>Totals</u>
	<u>Basic</u>	<u>Preschool</u>	<u>Private</u>	<u>June 30, 2020</u>
			<u>Donation</u>	
REVENUE:				
Local Sources				
Federal Sources	\$ 59,385	\$ 2,943	\$ 45,327	\$ 45,327
Total Revenue	<u>59,385</u>	<u>2,943</u>	<u>45,327</u>	<u>170,666</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				28,394
Other Salaries for Instruction	59,385	2,943		62,328
Other Purchased Services				3,779
General Supplies			45,327	65,946
Total Instruction	<u>59,385</u>	<u>2,943</u>	<u>45,327</u>	<u>160,447</u>
Support Services:				
Personal Services - Employee Benefits				10,219
Total Support Services				<u>10,219</u>
Total Expenditures	<u>\$ 59,385</u>	<u>\$ 2,943</u>	<u>\$ 45,327</u>	<u>\$ 170,666</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	2,919
Intergovernmental Receivable:		
Federal		843
State		13
Accounts Receivable - Other		83
Interfund Receivable:		
General Fund		3,093
Inventories		1,897
		8,848
Total Current Assets		8,848

Non-Current Assets:

Capital Assets		112,061
Less: Accumulated Depreciation		(80,279)
		31,782
Total Non-Current Assets		31,782

Total Assets

40,630

LIABILITIES:

Current Liabilities:

Unearned Revenue		5
Accounts Payable - Vendors		2,088
		2,093
Total Current Liabilities		2,093

NET POSITION:

Investment in Capital Assets		31,782
Unrestricted		6,755
		38,537
Total Net Position	\$	38,537

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 18,628
Nonreimbursable Programs	6,122
Other Sales	35,294
	<hr/>
Total Operating Revenue	60,044
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	10,093
Nonreimbursable Programs	15,292
Salaries, Benefits & Payroll Taxes	27,624
Supplies, Insurance & Other Costs	8,806
Management Fee	12,000
Miscellaneous Expenses	8,136
Depreciation Expense	1,751
	<hr/>
Total Operating Expenses	83,702
	<hr/>
Operating Loss	(23,658)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	173
State Sources:	
COVID 19 - Seamless Summer Option	37
State School Lunch Program	407
Federal Sources:	
National School Lunch Program	8,263
COVID 19 - Seamless Summer Option	2,564
Food Distribution Program	5,184
	<hr/>
Total Non-Operating Income	16,628
	<hr/>
Change in Net Position	(7,030)
	<hr/>
Net Position - Beginning of Year	45,567
	<hr/>
Net Position - End of Year	\$ 38,537
	<hr/> <hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 60,042
Payments to Food Service Vendor	(64,250)
Payments to Suppliers and Other Expenses	(4,985)
	<hr/>
Net Cash Used for Operating Activities	(9,193)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	173
	<hr/>
Net Cash Provided by Investing Activities	173
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(17,870)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(17,870)
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	10,791
	<hr/>
Net Cash Provided by Noncapital Financing Activities	10,791
Net (Decrease) in Cash and Cash Equivalents	(16,099)
Cash and Cash Equivalents, July 1	19,018
	<hr/>
Cash and Cash Equivalents, June 30	\$ 2,919
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (23,658)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,751
Food Distribution Program	5,184
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable - Other	5,048
(Decrease) in Unearned Revenue	(37)
Increase in Accounts Payable	2,088
Decrease in Inventory	431
	<hr/>
Net Cash Used for Operating Activities	\$ (9,193)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$5,147 and utilized commodities from the Federal Food Distribution Program valued at \$5,184 for the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust
ASSETS:					
Cash and Cash Equivalents	\$ 25,665	\$ 29,810	\$ 55,475	\$ 106,619	\$ 130
Interfund Receivable - Payroll Agency Fund				1,504	
Total Assets	25,665	29,810	55,475	108,123	130
LIABILITIES:					
Interfund Payable - Unemployment Compensation Trust Fund		1,504	1,504		
Interfund Payable - General Fund		22,931	22,931		
Due to Student Groups	25,665		25,665		
Payroll Deductions and Withholdings		5,375	5,375		
Total Liabilities	25,665	29,810	55,475		
NET POSITION:					
Held in Trust for Unemployment Claims				108,123	
Flexible Spending Trust					130
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 108,123	\$ 130

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions:		
Plan Members	\$ 125	\$ 1,504
Total Contributions	<u>125</u>	<u>1,504</u>
Investment Earnings:		
Interest	2	1,348
Net Investment Earnings	<u>2</u>	<u>1,348</u>
Total Additions	<u>127</u>	<u>2,852</u>
Deductions		
Unemployment Compensation Claims		<u>13,116</u>
Total Deductions		<u>13,116</u>
Change in Net Position	127	(10,264)
Net Position - Beginning of the Year	<u>3</u>	<u>118,387</u>
Net Position - End of the Year	<u>\$ 130</u>	<u>\$ 108,123</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 26,899	\$ 16,206	\$ 17,440	\$ 25,665
Total Assets	<u>\$ 26,899</u>	<u>\$ 16,206</u>	<u>\$ 17,440</u>	<u>\$ 25,665</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 26,899	\$ 16,206	\$ 17,440	\$ 25,665
Total Liabilities	<u>\$ 26,899</u>	<u>\$ 16,206</u>	<u>\$ 17,440</u>	<u>\$ 25,665</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Elementary School:				
Student Activities	\$ 22,269	\$ 6,959	\$ 8,157	\$ 21,071
Fundraiser	4,368	6,247	6,903	3,712
Referee	262	3,000	2,380	882
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 26,899</u>	<u>\$ 16,206</u>	<u>\$ 17,440</u>	<u>\$ 25,665</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,994	\$ 2,954,255	\$ 2,928,439	\$ 29,810
Total Assets	<u>\$ 3,994</u>	<u>\$ 2,954,255</u>	<u>\$ 2,928,439</u>	<u>\$ 29,810</u>
<u>LIABILITIES:</u>				
Interfund Payable - Unemployment Compensation Trust Fund	\$ 3,426	\$ 1,504	\$ 3,426	\$ 1,504
Interfund Payable - General Fund		22,931		22,931
Payroll Deduction and Withholdings	568	2,929,820	2,925,013	5,375
Total Liabilities	<u>\$ 3,994</u>	<u>\$ 2,954,255</u>	<u>\$ 2,928,439</u>	<u>\$ 29,810</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2019	Retired or Matured	Balance June 30, 2020
			Date	Amount				
Refunded Bonds	01/07/10	\$ 3,405,000	03/01/21	\$ 305,000	5.00%	\$ 670,000	\$ 365,000	\$ 305,000
						<u>\$ 670,000</u>	<u>\$ 365,000</u>	<u>\$ 305,000</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 398,500		\$ 398,500	\$ 398,500	
Total Revenue	398,500		398,500	398,500	
EXPENDITURES:					
Regular Debt Service:					
Interest	33,500		33,500	33,500	
Redemption of Principal	365,000		365,000	365,000	
Total Regular Debt Service	398,500		398,500	398,500	
Total Expenditures	398,500		398,500	398,500	
Excess of Revenue Over Expenditures					
Fund Balance, July 1	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION

(UNAUDITED)

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

Contents

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

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

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,230,814	\$ 1,358,097	\$ 1,499,570	\$ 1,514,964	\$ 1,697,727	\$ 2,014,445	\$ 2,273,215	\$ 2,486,949	\$ 2,917,632	\$ 3,358,859
Restricted	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753	1,028,522	1,064,280	1,429,251
Unrestricted/(Deficit)	50,375	183,330	87,157	(897,560)	(964,567)	(800,310)	(862,156)	(555,555)	(577,837)	(815,871)
Total Governmental Activities Net Position	\$ 1,897,010	\$ 2,341,271	\$ 2,528,603	\$ 1,568,337	\$ 1,865,163	\$ 2,193,489	\$ 2,546,812	\$ 2,959,916	\$ 3,404,075	\$ 3,972,239
Business-Type Activities:										
Investment in Capital Assets	\$ 12,190	\$ 15,925	\$ 13,619	\$ 11,319	\$ 9,610	\$ 8,501	\$ 16,929	\$ 15,184	\$ 15,663	\$ 31,782
Unrestricted	6,383	3,051	9,613	13,112	21,279	31,702	36,010	36,668	29,904	6,755
Total Business-Type Activities Net Position	\$ 18,573	\$ 18,976	\$ 23,232	\$ 24,431	\$ 30,889	\$ 40,203	\$ 52,939	\$ 51,852	\$ 45,567	\$ 38,537
District-Wide:										
Net Investment in Capital Assets	\$ 1,243,004	\$ 1,374,022	\$ 1,513,189	\$ 1,526,283	\$ 1,707,337	\$ 2,022,946	\$ 2,290,144	\$ 2,502,133	\$ 2,933,295	\$ 3,390,641
Restricted	615,821	799,844	941,876	950,933	1,132,003	979,354	1,135,753	1,028,522	1,064,280	1,429,251
Unrestricted/(Deficit)	56,758	186,381	96,770	(884,448)	(943,288)	(768,608)	(826,146)	(518,887)	(547,933)	(809,116)
Total District Net Position	\$ 1,915,583	\$ 2,360,247	\$ 2,551,835	\$ 1,592,768	\$ 1,896,052	\$ 2,233,692	\$ 2,599,751	\$ 3,011,768	\$ 3,449,642	\$ 4,010,776

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,136,092	\$ 2,300,287	\$ 2,410,862	\$ 2,454,346	\$ 2,729,748	\$ 2,828,963	\$ 3,141,261	\$ 3,065,871	\$ 2,669,737	\$ 2,627,034
Special Education	364,819	419,069	418,913	473,789	544,311	520,063	560,359	580,434	692,613	579,560
Other Special Instruction	37,029	37,526	31,358	25,758	37,455	37,085	35,144	163,168	69,814	44,472
School-Sponsored/Other Instruction	35,558	42,094	55,758	58,692	68,249	68,690	79,560	86,239	109,344	91,128
Support Services:										
Tuition	218,102	216,650	202,717	199,918	233,201	252,737	212,079	125,527	92,492	92,587
Student & Instruction Related Services	488,316	545,677	593,348	588,231	638,610	715,931	777,242	783,971	719,017	652,902
General and Business Administrative Services	125,276	117,600	119,311	120,268	133,704	131,091	150,077	156,984	169,721	107,116
School Administrative Services	250,872	263,892	264,587	281,455	315,694	312,760	372,118	380,468	335,878	354,168
Central Services	151,668	149,588	153,461	154,113	178,399	207,144	155,588	143,646	135,638	93,967
Plant Operations and Maintenance	402,785	434,151	437,713	434,389	420,865	419,028	502,410	483,081	529,396	455,601
Pupil Transportation	282,605	245,802	263,432	261,912	264,407	335,722	279,325	305,988	266,979	242,914
Interest on Long-term Debt	136,054	120,398	111,331	98,022	91,215	82,805	71,756	59,272	45,856	29,805
Capital Outlay	196,465	19,581	13,018	41,527	20,073	54,629	88,477	56,440	37,434	9,472
Charter Schools		24,726	24,081	66,822	66,006	99,063	88,477	75,113	55,322	181,906
Total Governmental Activities Expenses	4,825,641	4,937,041	5,099,890	5,259,242	5,741,937	6,065,711	6,425,396	6,466,202	5,929,241	5,562,632
Business-Type Activities:										
Food Service	71,413	81,183	166,043	166,275	163,583	151,799	136,573	70,927	70,151	83,702
Total Business-type Activities Expense	71,413	81,183	166,043	166,275	163,583	151,799	136,573	70,927	70,151	83,702
Total District Expenses	\$ 4,897,054	\$ 5,018,224	\$ 5,265,933	\$ 5,425,517	\$ 5,905,520	\$ 6,217,510	\$ 6,561,969	\$ 6,537,129	\$ 5,999,392	\$ 5,646,334

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 48,000	\$ 52,088	\$ 42,666	\$ 23,684	\$ 66,213	\$ 53,538	\$ 42,742	\$ 46,980	\$ 40,350	\$ 21,420
Operating Grants and Contributions	696,655	764,686	800,399	758,053	1,305,446	1,532,418	1,875,802	2,035,259	1,527,356	1,330,349
Capital Grants and Contributions	82,373									
Total Governmental Activities Program Revenues	827,028	816,774	843,065	781,737	1,371,659	1,585,956	1,918,544	2,082,239	1,567,706	1,351,769
Business-Type Activities:										
Charges for Services:										
Food Service	54,736	52,422	141,896	144,259	135,595	125,972	122,674	47,400	45,771	60,044
Operating Grants and Contributions	16,128	23,116	28,393	24,807	34,417	35,065	26,531	22,161	17,500	16,455
Total Business-type Activities Program Revenues	70,864	75,538	170,289	169,066	170,012	161,037	149,205	69,561	63,271	76,499
Total District Program Revenues	\$ 897,892	\$ 892,312	\$ 1,013,354	\$ 950,803	\$ 1,541,671	\$ 1,746,993	\$ 2,067,749	\$ 2,151,800	\$ 1,630,977	\$ 1,428,268
Net (Expense)/Revenue										
Governmental Activities	\$ (3,998,613)	\$ (4,120,267)	\$ (4,256,825)	\$ (4,477,505)	\$ (4,370,278)	\$ (4,479,755)	\$ (4,506,852)	\$ (4,383,963)	\$ (4,361,535)	\$ (4,210,863)
Business-type Activities	(549)	(5,645)	4,246	2,791	6,429	9,238	12,632	(1,366)	(6,880)	(7,203)
Total District-wide Net Expense	\$ (3,999,162)	\$ (4,125,912)	\$ (4,252,579)	\$ (4,474,714)	\$ (4,363,849)	\$ (4,470,517)	\$ (4,494,220)	\$ (4,385,329)	\$ (4,368,415)	\$ (4,218,066)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 3,578,435	\$ 3,611,300	\$ 3,573,000	\$ 3,536,000	\$ 3,662,000	\$ 3,780,000	\$ 3,770,000	\$ 3,760,000	\$ 3,760,000	\$ 3,750,000
Property Taxes Levied for Debt Service	402,990	406,775	416,999	422,800	421,300	423,875	418,500	416,100	408,450	398,500
Federal and State aid not restricted	288,986	346,085	419,447	568,816	577,582	598,292	600,982	596,265	589,429	546,946
Investment Earnings	1,184	2,058	2,310	1,289	2,498	2,526	4,091	8,895	14,419	7,635
Miscellaneous income	49,978	6,926	7,259	11,557	3,724	3,388	66,602	15,807	33,396	75,946
Total Governmental Activities	4,321,573	4,373,144	4,419,015	4,540,462	4,667,104	4,808,081	4,860,175	4,797,067	4,805,694	4,779,027
Business-Type Activities:										
Investment Earnings	19	7	10	19	29	76	104	279	595	173
Miscellaneous income/Other	(1,105)	6,041								
Other Item - Cancellation of Accounts Receivable				(1,611)						
Total Business-Type Activities	(1,086)	6,048	10	19	29	76	104	279	595	173
Total District-Wide	\$ 4,320,487	\$ 4,379,192	\$ 4,419,025	\$ 4,540,481	\$ 4,667,133	\$ 4,808,157	\$ 4,860,279	\$ 4,797,346	\$ 4,806,289	\$ 4,779,200
Change in Net Position:										
Governmental Activities	\$ 322,960	\$ 252,877	\$ 162,190	\$ 62,957	\$ 296,826	\$ 328,326	\$ 353,323	\$ 413,104	\$ 444,159	\$ 568,164
Business-type Activities	(1,635)	403	4,256	2,810	6,458	9,314	12,736	(1,087)	(6,285)	(7,030)
Total District	\$ 321,325	\$ 253,280	\$ 166,446	\$ 65,767	\$ 303,284	\$ 337,640	\$ 366,059	\$ 412,017	\$ 437,874	\$ 561,134

Source: School District Financial Reports

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 557,784	\$ 799,843	\$ 941,876	\$ 950,933	\$ 979,354	\$ 1,132,003	\$ 979,354	\$ 1,135,753	\$ 1,028,522	\$ 1,429,251
Assigned	48,811	119,457	77,843	153,305	178,841	47,563	178,841	202,562	445,540	88,182
Unassigned	229,824	240,992	220,021	202,163	213,722	206,911	213,722	210,154	198,733	178,391
Total General Fund	\$ 836,419	\$ 1,160,292	\$ 1,239,740	\$ 1,306,401	\$ 1,371,917	\$ 1,386,477	\$ 1,371,917	\$ 1,548,469	\$ 1,672,795	\$ 1,695,824
All Other Governmental Funds:										
Restricted	\$ 9,226	\$ 1								
Total All Other Governmental Funds	\$ 9,226	\$ 1	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 3,981,425	\$ 4,018,075	\$ 3,989,999	\$ 3,958,800	\$ 4,083,300	\$ 4,203,875	\$ 4,188,500	\$ 4,176,100	\$ 4,168,450	\$ 4,148,500
Tuition Charges	48,000	52,088	42,666	23,684	66,213	53,538	42,742	46,980	40,350	21,420
Interest Earnings on Restricted Funds	1,184	2,058	2,310	1,289	2,498	2,526	4,091	8,895	14,419	7,635
Miscellaneous	51,426	6,926	7,259	11,557	3,724	3,388	66,602	33,980	34,095	122,273
State Sources	950,264	973,052	1,109,320	1,219,097	1,296,025	1,363,646	1,438,917	1,438,980	1,550,989	1,441,750
Federal Sources	116,302	137,719	110,526	107,772	110,232	118,165	106,996	130,019	121,197	107,081
Total Revenue	5,148,601	5,189,918	5,262,080	5,322,199	5,561,992	5,745,138	5,847,848	5,834,954	5,929,500	5,848,659
Expenditures										
Instruction:										
Regular Instruction	1,465,244	1,504,613	1,583,364	1,597,724	1,640,875	1,625,604	1,651,697	1,661,025	1,540,368	1,586,501
Special Education Instruction	257,941	282,967	286,742	326,587	341,458	311,986	312,580	324,236	404,389	357,621
Other Special Instruction	28,036	27,943	21,869	17,058	22,774	20,451	20,803	84,011	39,941	26,575
School Sponsored/Other Instruction	25,738	29,885	40,632	43,869	46,008	43,404	46,806	49,567	76,756	58,551
Support Services:										
Tuition	218,102	216,650	202,717	199,918	233,201	252,737	212,079	125,527	92,492	92,587
Student & Instruction Related Services	356,640	385,264	435,779	434,719	439,404	471,277	468,767	452,850	462,538	453,842
General Administrative Services	114,081	106,010	106,229	105,755	109,350	107,603	115,677	118,390	118,548	96,901
School Administrative Services	162,639	158,796	166,009	176,147	180,693	177,547	198,899	190,775	193,571	213,623
Central Services	123,308	122,083	124,557	124,008	127,657	142,325	135,695	122,086	122,959	85,706
Plant Operations and Maintenance	355,062	378,413	385,806	379,335	356,816	330,046	373,076	368,755	420,605	365,040
Student Transportation	278,728	241,937	259,769	258,594	258,872	328,116	269,723	294,107	257,886	231,678
Unallocated Benefits	862,376	933,942	1,079,427	1,060,675	1,147,039	1,185,199	1,205,533	1,302,203	1,383,186	1,319,147
Capital Outlay	254,223	46,041	48,652	41,527	90,463	240,465	152,984	125,883	371,404	338,537
Transfer to Charter Schools		24,726	24,081	66,822	66,006	99,063	88,477	75,113	55,322	181,906
Debt Service:										
Principal	290,000	300,000	310,000	325,000	330,000	340,000	345,000	355,000	360,000	365,000
Interest and Other Charges	128,822	116,000	107,000	97,800	91,300	83,875	73,500	61,100	48,450	33,500
Total Expenditures	4,920,940	4,875,270	5,182,633	5,255,538	5,481,916	5,759,698	5,671,296	5,710,628	5,948,415	5,806,715
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	227,661	314,648	79,447	66,661	80,076	(14,560)	176,552	124,326	(18,915)	41,944
Other Financing Sources/(Uses):										
Transfers In	\$ 123,540									
Transfers Out	(123,540)									
Total Other Financing Sources/(Uses)										
Net Change in Fund Balances	\$ 227,661	\$ 314,648	\$ 79,447	\$ 66,661	\$ 80,076	\$ (14,560)	\$ 176,552	\$ 124,326	\$ (18,915)	\$ 41,944
Debt Service as a Percentage of Noncapital Expenditures	8.9%	8.6%	8.1%	8.1%	7.8%	7.6%	7.5%	7.4%	7.3%	7.2%

Source: School District Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2011	\$ 7,758	\$ 48,000	\$ 43,404	\$ 99,162
2012	5,492	52,088	2,601	60,181
2013	2,310	42,666	7,209	52,185
2014	1,289	23,684	11,557	36,530
2015	2,498	66,213	3,724	72,435
2016	2,526	53,538	3,388	59,452
2017	4,091	42,742	66,602	113,435
2018	8,895	46,980	15,807	71,682
2019	21,164	40,350	26,651	88,165
2020	7,635	21,420	75,946	105,001

Source: School District Financial Reports

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Industrial	Public Utilities ^a	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2010	\$ 10,195,400	\$ 302,586,600	\$ 63,773,600	\$ 2,507,500	\$ 49,056,600	\$ 44,494,400	\$ 548,807	\$ 38,202,900	\$ 473,162,907	\$ 0.839	\$ 451,312,650
2011	9,160,300	295,317,000	63,116,400	2,556,200	45,863,100	26,731,100	560,912	38,544,000	443,305,012	0.902	439,705,362
2012	8,661,800	292,547,500	64,777,600	2,547,700	45,772,600	23,929,500	565,007	39,819,900	438,801,707	0.912	414,089,316
2013	* 6,574,300	219,343,500	47,116,300	3,951,900	41,217,100	15,337,800	539,095	27,614,700	334,079,995	1.189	355,384,286
2014	6,746,400	219,287,600	46,714,100	2,337,400	41,203,100	15,337,800	494,830	28,176,100	332,121,230	1.211	373,817,248
2015	6,404,000	218,935,700	46,091,800	2,655,700	35,992,900	15,339,900	494,830	28,176,100	326,017,858	1.271	343,614,618
2016	6,715,300	220,130,800	45,754,700	2,201,200	39,293,100	14,459,900	588,015	27,031,900	329,143,015	1.335	335,506,466
2017	6,046,700	221,637,200	45,187,600	2,335,800	39,142,800	14,459,900	618,355	26,952,800	329,428,355	1.270	341,495,402
2018	5,724,800	223,146,500	44,239,200	2,188,500	38,980,400	14,459,900	639,396	27,115,200	329,378,696	1.266	343,097,932
2019	5,549,700	222,705,800	44,830,600	2,129,300	39,280,400	13,980,300	662,640	27,408,000	329,138,740	1.260	343,097,932

* - Year in which the reassessment became effective.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
^b Tax rates are per \$100

Source: Municipal Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Municipality	County		Regional High School
2010	\$ 0.754	\$ 0.085	\$ 0.839	\$ 0.176	\$ 0.384	\$ 0.457	\$ 1.856
2011	0.811	0.091	0.902	0.191	0.428	0.540	2.061
2012	0.817	0.095	0.912	0.196	0.439	0.560	2.107
2013	* 1.062	0.127	1.189	0.263	0.525	0.701	2.678
2014	1.086	0.125	1.211	0.263	0.525	0.701	2.700
2015	1.143	0.128	1.271	0.274	0.559	0.673	2.777
2016	1.202	0.133	1.335	0.286	0.580	0.541	2.742
2017	1.143	0.127	1.270	0.285	0.585	0.527	2.667
2018	1.142	0.124	1.266	0.286	0.606	0.529	2.687
2019	1.139	0.121	1.260	0.291	0.596	0.559	2.706

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

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

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

* Year in which the reassessment became effective.

Source: Municipal Tax Collector and School Business Administrator

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

	2019			2010		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
205 Route 94 LLC		\$ 3,966,900	1.20%	N/A	N/A	N/A
BHR Ringwood Real Estate LLC		3,342,900	1.01%			
Durling Realty, LLC		2,200,000	0.67%			
Lafayette Village Associates, LLC		2,200,000	0.67%			
Carlwood Land Development, LLC		2,070,000	0.63%			
United Telephone Co of NJ		1,800,000	0.55%			
34-38 Route 15 LAF C/O Lehigh Gas		1,785,600	0.54%			
94 Associates, c/o Carson/Roberts		1,682,900	0.51%			
11 Millpond Drive, LLC		1,533,100	0.47%			
10 Millpond Drive, LLC		1,490,700	0.45%			
Total		\$ 22,072,100	6.70%			

N/A - Not Available

Source: Lafayette Township Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
2011	\$ 3,981,425	\$ 3,981,425	100.00%
2012	4,018,075	4,018,075	100.00%
2013	3,989,999	3,989,999	100.00%
2014	3,958,800	3,958,800	100.00%
2015	4,083,300	4,083,300	100.00%
2016	4,203,875	4,203,875	100.00%
2017	4,188,500	4,188,500	100.00%
2018	4,176,100	4,176,100	100.00%
2019	4,168,450	4,168,450	100.00%
2020	4,148,500	4,148,500	100.00%

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

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

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

UNAUDITED

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases	Bond Notes (BANs)	Capital Leases	Capital Leases				
2011	\$ 3,335,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,335,000	2.81%	\$ 1,326.04	
2012	3,035,000	-0-	-0-	-0-	-0-	-0-	3,035,000	2.48%	1,214.97	
2013	2,725,000	-0-	-0-	-0-	-0-	-0-	2,725,000	2.18%	1,101.90	
2014	2,400,000	-0-	-0-	-0-	-0-	-0-	2,400,000	1.92%	981.60	
2015	2,070,000	-0-	-0-	-0-	-0-	-0-	2,070,000	1.59%	844.21	
2016	1,730,000	-0-	-0-	-0-	-0-	-0-	1,730,000	1.30%	712.52	
2017	1,385,000	-0-	-0-	-0-	-0-	-0-	1,385,000	1.02%	574.69	
2018	1,030,000	-0-	-0-	-0-	-0-	-0-	1,030,000	0.72%	428.45	
2019	670,000	-0-	-0-	-0-	-0-	-0-	670,000	0.46%	281.87	
2020	305,000	-0-	-0-	-0-	-0-	-0-	305,000	0.21%	129.07	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 3,335,000	\$ -0-	\$ 3,335,000	0.70%	\$ 1,326.04
2012	3,035,000	-0-	3,035,000	0.68%	1,214.97
2013	2,725,000	-0-	2,725,000	0.62%	1,101.90
2014	2,400,000	-0-	2,400,000	0.72%	981.60
2015	2,070,000	-0-	2,070,000	0.62%	844.21
2016	1,730,000	-0-	1,730,000	0.53%	712.52
2017	1,385,000	-0-	1,385,000	0.42%	574.69
2018	1,030,000	-0-	1,030,000	0.31%	428.45
2019	670,000	-0-	670,000	0.20%	281.87
2020	305,000	-0-	305,000	0.09%	129.07

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

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

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

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of School District as of December 31, 2019			<u>\$ 670,000</u>
Net Overlapping Debt of School District: County of Sussex - Township of Lafayette's Share	\$ 99,441,765	1.95%	<u>1,942,296</u>
Total Direct And Overlapping Debt			<u><u>\$ 2,612,296</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2019	\$ 358,520,083
2018	337,514,682
2017	340,877,047
	<u>\$ 1,036,911,812</u>
Average Equalized Valuation of Taxable Property	<u>\$ 345,637,271</u>
Debt Limit (3% of average equalization value)	a \$ 10,369,118
Net Bonded School Debt	305,000
Legal Debt Margin	<u>\$ 10,064,118</u>

Fiscal Year Ended June 30,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 10,734,765	\$ 10,445,986	\$ 10,188,123	\$ 10,133,102	\$ 10,369,118
Total Net Debt Applicable to Limit	<u>1,730,000</u>	<u>1,385,000</u>	<u>1,030,000</u>	<u>670,000</u>	<u>305,000</u>
Legal Debt Margin	<u>\$ 9,004,765</u>	<u>\$ 9,060,986</u>	<u>\$ 9,158,123</u>	<u>\$ 9,463,102</u>	<u>\$ 10,064,118</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	16.12%	13.26%	10.11%	6.61%	2.94%

Fiscal Year Ended June 30,

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 13,991,830	\$ 13,312,582	\$ 12,538,591	\$ 11,612,054	\$ 11,022,249
Total Net Debt Applicable to Limit	<u>3,335,000</u>	<u>3,035,000</u>	<u>2,725,000</u>	<u>2,400,000</u>	<u>2,070,000</u>
Legal Debt Margin	<u>\$ 10,656,830</u>	<u>\$ 10,277,582</u>	<u>\$ 9,813,591</u>	<u>\$ 9,212,054</u>	<u>\$ 8,952,249</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	23.84%	22.80%	21.73%	20.67%	18.78%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Township Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2011	2,498	\$ 122,297,084	\$ 48,958	10.90%
2012	2,473	125,126,381	50,597	10.90%
2013	2,445	125,017,740	51,132	8.60%
2014	2,452	130,294,376	53,138	6.20%
2015	2,428	133,535,144	54,998	4.80%
2016	2,410	135,401,030	56,183	4.60%
2017	2,404	142,299,972	59,193	3.80%
2018	2,377	146,796,389	61,757	3.90%
2019	2,363	145,931,791	61,757 *	3.00%
2020	2,363 **	145,931,791 ***	61,757 *	N/A

* - Latest Sussex County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest Township personal income available (2019) was used for calculation purposes.

N/A - Not Available

Sources:

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

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

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

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

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

2019

Employer	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>

2010

Employer	Employees	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2000	2.61%
Newton Memorial Hospital	1490	1.94%
Selective Insurance	900	1.17%
County of Sussex	830	1.08%
Mountain Creek Resort	800	1.04%
Shop Rite (Ronetco)	697	0.91%
Ames Rubber Corp	445	0.58%
Walmart	412	0.54%
Andover Sub Acute and Rehab Center	300	0.39%
Sussex County Community College	300	0.39%
	<u>8,174</u>	<u>10.66%</u>

Source: Sussex County Chamber of Commerce

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

<u>Function/Program:</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	19.9	18.9	20.0	20.4	21.0	21.5	21.5	21.0	21.9	20.9
Special Education	5.4	6.6	5.6	4.6	4.6	4.6	4.6	6.0	4.9	3.8
Other	9.0	7.7	7.1	8.3	8.9	8.7	7.9	7.8	7.0	7.3
Support Services:										
Student & Instruction Related Services	3.0	4.2	5.0	5.0	5.0	5.0	5.0	5.0	4.6	3.8
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
General Administrative Services	3.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.4
Central Services	1.8	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.1
Plant Operations and Maintenance	3.1	3.1	3.1	3.1	3.1	3.2	3.3	3.3	3.3	3.3
	<u>46.0</u>	<u>46.3</u>	<u>46.6</u>	<u>47.2</u>	<u>48.4</u>	<u>48.8</u>	<u>48.0</u>	<u>48.8</u>	<u>47.4</u>	<u>44.0</u>

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Schools				
2011	257.1	\$ 4,247,895	\$ 16,522	3.10%	34	1:10	257.10	245.30	-8.80%	95.41%	
2012	252.4	4,413,229	17,485	5.83%	32	1:10	252.40	243.90	-1.83%	96.63%	
2013	250.1	4,716,981	18,860	7.87%	34	1:10	250.10	240.40	-0.91%	96.12%	
2014	251.4	4,791,211	19,058	1.05%	34	1:10	251.40	241.70	0.52%	96.14%	
2015	249.1	4,970,153	19,952	4.69%	34	1:10	249.10	239.50	-0.91%	96.15%	
2016	242.6	5,095,358	21,003	5.27%	34	1:10	242.60	232.50	-2.61%	95.84%	
2017	232.0	5,099,812	21,982	4.66%	34	1:10	232.00	221.20	-4.37%	95.34%	
2018	220.0	5,168,645	23,494	6.88%	32	1:10	228.39	219.13	-1.56%	95.95%	
2019	195.0	5,168,561	26,505	12.82%	31	1:10	203.95	194.48	-10.70%	95.36%	
2020	194.0	5,069,678	26,132	-1.41%	31	1:10	197.65	191.64	-3.09%	96.96%	

Note: Enrollment based on annual October district count.

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

Sources: School District Records

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	242.6	232.0	220.0	195.0	194.0
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	257.1	252.4	250.1	251.4	249.1

Number of Schools at June 30, 2020
 Elementary = 1

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

Source: School District Records

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

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

<u>Facility</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>School Facilities:</u>					
Elementary School	\$ 61,007	\$ 65,280	\$ 59,365	\$ 70,318	\$ 62,603
Grand Total	<u>\$ 61,007</u>	<u>\$ 65,280</u>	<u>\$ 59,365</u>	<u>\$ 70,318</u>	<u>\$ 62,603</u>

<u>Facility</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>School Facilities:</u>					
Elementary School	\$ 53,185	\$ 69,249	\$ 50,581	\$ 51,441	\$ 46,069
Grand Total	<u>\$ 53,185</u>	<u>\$ 69,249</u>	<u>\$ 50,581</u>	<u>\$ 51,441</u>	<u>\$ 46,069</u>

Source: District records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2020
UNAUDITED

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

Source: School District records

SINGLE AUDIT SECTION



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Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Township School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A Wohlleb

Heidi A. Wohlleb
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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
Lafayette Township School District
County of Sussex, New Jersey

Report on Compliance for Each Major State Program

We have audited the Lafayette Township School District’s (the "District’s") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the fiscal year ended June 30, 2020. The District’s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditors’ Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

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

Report on Internal Control Over Compliance

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

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

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

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

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A Wohlleb

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education:										
Special Revenue Fund:										
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA249020	7/1/19-9/30/20	\$ 17,655	\$ 9,635	\$ (17,655)	\$ (8,020)			
Title II, Part A	84.367A	ESEA249020	7/1/19-9/30/20	3,779		(3,779)	(3,779)			
Title IV	84.424	ESEA249020	7/1/19-9/30/20	10,000		(6,484)	(6,484)			
Title I	84.010A	ESEA249019	7/1/18-9/30/19	18,673	5,862					
Title II, Part A	84.367A	ESEA249019	7/1/18-9/30/19	4,338	4,338					
Title IV	84.424	ESEA249019	7/1/18-9/30/19	10,000	10,000					
Small Rural School Achievement Program	84.358A	S358A023332	7/1/19-9/30/20	20,958	9,607	(20,958)	(11,351)			
	84.358A	S358A023332	7/1/18-9/30/19	26,728	8,792					
Special Education Cluster:										
IDEA Combined Grant:										
I.D.E.A. Part B, Basic	84.027	IDEA249020	7/1/19-9/30/20	59,385	47,125	(59,385)	(12,260)			
I.D.E.A. Part B, Preschool	84.173	IDEA249020	7/1/19-9/30/20	2,943	2,119	(2,943)	(824)			
I.D.E.A. Part B, Basic	84.027	IDEA249019	7/1/18-9/30/19	62,225	5,760					
I.D.E.A. Part B, Preschool	84.173	IDEA249019	7/1/18-9/30/19	2,966	303					
Total Special Education Cluster										
					55,307	(62,328)	(13,084)			
COVID 19 - CARES Emergency Relief										
	84.425D	CARES249020	3/13/20-9/30/22	14,135		(14,135)	(14,135)			
Total U.S. Department of Education										
					103,541	(125,339)	(56,853)			
U.S. Department of Agriculture Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
COVID 19 - Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	2,564	1,739	(2,564)	(825)			
U.S.D.A Commodities Program	10.555	N/A	7/1/19-6/30/20	5,147	5,147	(5,142)		\$ 5		
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	8,263	8,245	(8,263)	(18)			
U.S.D.A Commodities Program	10.555	N/A	7/1/18-6/30/19	4,281	815	(42)				
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	12,530						
Total U.S. Department of Agriculture/Child Nutrition Cluster										
					15,946	(16,011)	(843)		5	
Total Federal Awards										
					\$ 119,487	\$ (141,350)	\$ (57,696)	\$ 5	\$ -0-	\$ -0-

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARD.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	\$ 107,714			\$ 97,320		\$ (10,394)	\$ 107,714
Special Education Categorical Aid	20-495-034-5120-089	7/1/19 - 6/30/20	138,078			124,756		(13,322)	138,078
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	17,295			15,626		(1,669)	17,295
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	95,526			86,309		(9,217)	95,526
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	47,971			43,342		(4,629)	47,971
Extraordinary Special Education Aid	20-495-034-5120-044	7/1/19 - 6/30/20	3,050				\$ (3,050)	(3,050)	3,050
Nonpublic Transportation	20-495-034-5120-014	7/1/19 - 6/30/20	1,330				(1,330)	(1,330)	1,330
School Choice Aid	20-495-034-5120-068	7/1/19 - 6/30/20	380,970			344,212		(36,758)	380,970
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19 - 6/30/20	120,485			120,485		(120,485)	120,485
Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	107,714	\$ (10,513)		10,513			107,714
Special Education Categorical Aid	19-495-034-5120-089	7/1/18 - 6/30/19	138,078	(13,476)		13,476			138,078
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	17,295	(1,688)		1,688			17,295
Adjustment Aid	19-495-034-5120-085	7/1/18 - 6/30/19	116,159	(11,336)		11,336			116,159
Equalization Aid	19-495-034-5120-078	7/1/18 - 6/30/19	47,971	(4,682)		4,682			47,971
Extraordinary Special Education Aid	19-495-034-5120-044	7/1/18 - 6/30/19	31,391	(31,391)		31,391			31,391
Nonpublic Transportation	19-495-034-5120-014	7/1/18 - 6/30/19	2,755	(2,755)		2,755			2,755
School Choice Aid	19-495-034-5120-068	7/1/18 - 6/30/19	407,310	(39,750)		39,750			407,310
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18 - 6/30/19	127,230	(6,262)		6,262			127,230
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20	141,718			141,718		(141,718)	141,718
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20	375,282			375,282		(375,282)	375,282
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19 - 6/30/20	6,727			6,727		(6,727)	6,727
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20	148			148		(148)	148
Total General Fund State Aid				(121,853)		1,477,778	(4,380)	(80,369)	2,432,197
Enterprise Fund									
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	37			24		(13)	37
State School Lunch Program	20-100-010-3350-023	7/1/19 - 6/30/20	407			407		(407)	407
State School Lunch Program	19-100-010-3350-023	7/1/18 - 6/30/19	678	(52)		52			678
Total Enterprise Fund				(52)		483	(444)	(13)	1,122
Total State Awards Subject to Single Audit Determination				\$ (121,905)	\$ -0-	\$ 1,478,261	\$ (4,393)	\$ (80,382)	\$ 2,433,319
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20						\$ 141,718	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20						375,282	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19 - 6/30/20						6,727	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20						148	
Subtotal - On-Behalf TPAF Pension System Contribution								523,875	
Total State Awards Subject to Single Audit Major Program Determination								\$ (912,863)	

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Board of Education, Lafayette Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,456 for the general fund, and (\$18,258) excluding prior and current year encumbrances related to local grants for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,441,750	\$ 1,441,750
Special Revenue Fund	\$ 107,081		107,081
Food Service Fund	16,011	444	16,455
Total Awards	<u>\$ 123,092</u>	<u>\$ 1,442,194</u>	<u>\$ 1,565,286</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, 2020.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State		Award	Budgetary
	Grant Number	Grant Period	Amount	Expenditures
Special Education Categorical Aid	20-495-034-5120-089	7/1/19 - 6/30/20	\$ 138,078	\$ 138,078
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	17,295	17,295
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	95,526	95,526
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	47,971	47,971
School Choice Aid	20-495-034-5120-068	7/1/19 - 6/30/20	380,970	380,970

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

There were no prior audit findings.