

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**

Salem, New Jersey  
County of Salem

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**

**SALEM, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Prepared by**

**Lower Alloways Creek School District  
Business Office**

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## OUTLINE OF CAFR - GASB #34

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**INTRODUCTORY SECTION**

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# The Lower Alloways Creek School District

967 Main Street, Salem, NJ 08079  
856.935.2707



**Susan Schaffer**  
*Chief School Administrator*

**Melanie M. Allen**  
*Business Administrator*

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March 11, 2022

Honorable President and Members  
of the Board of Education  
Lower Alloways Creek School District  
County of Salem  
Salem, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Lower Alloways Creek School District for the fiscal year ended June 30, 2021, 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 Lower Alloways Creek School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

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Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Lower Alloways Creek School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, remedial, as well as special education for children who require that accommodation. Our students in grades 9-12 are sent to Salem High School in a sending/receiving relationship. Students may also choose to attend academies that are housed in several Salem County high school districts, including the Salem County Vo-Tech. The School District’s enrollment, as of October 15<sup>th</sup>, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	168	2.44%
2019-2020	164	0.61%
2018-2019	163	3.16%
2017-2018	158	-2.47%
2016-2017	162	-15.18%
2015-2016	191	-4.98%
2014-2015	201	-0.50%
2013-2014	202	-6.05%
2012-2013	215	-3.59%
2011-2012	223	-3.04%

**ECONOMIC CONDITION AND OUTLOOK**

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

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

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## **MAJOR INITIATIVES**

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

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

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

The District continues to expose students to a varied amount of character education themes. Students are recommended for outstanding recognition as students of the month and each month students are invited to the local board meeting to receive a certificate of recognition. Additionally, a school-wide theme of Kindness Rocks was implemented. Students are recognized for their kind deeds and respectful nature.

The District circulates around excellence in the academics, athletics, and arts. Students are given instruction in ELA, Math, Science, and Social Studies (the core content areas) but are also given “specials” consisting of STEAM, Sign Language, Spanish, Music, Health/PE, and Library. Additionally, the students participate in an Enrichment program which focuses on the students’ interests as well as groups them according to ability so that they are working with peers at their level. This program allows for a gifted and talented aspect as well as intervention services.

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

## **INTERNAL ACCOUNTING CONTROLS**

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

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

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

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## **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

## **ACCOUNTING SYSTEM AND REPORTS**

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

## **OTHER INFORMATION**

### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally & Associates, Inc., Certified Public Accounts & Advisors, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

## **ACKNOWLEDGEMENTS**

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

Respectfully submitted,



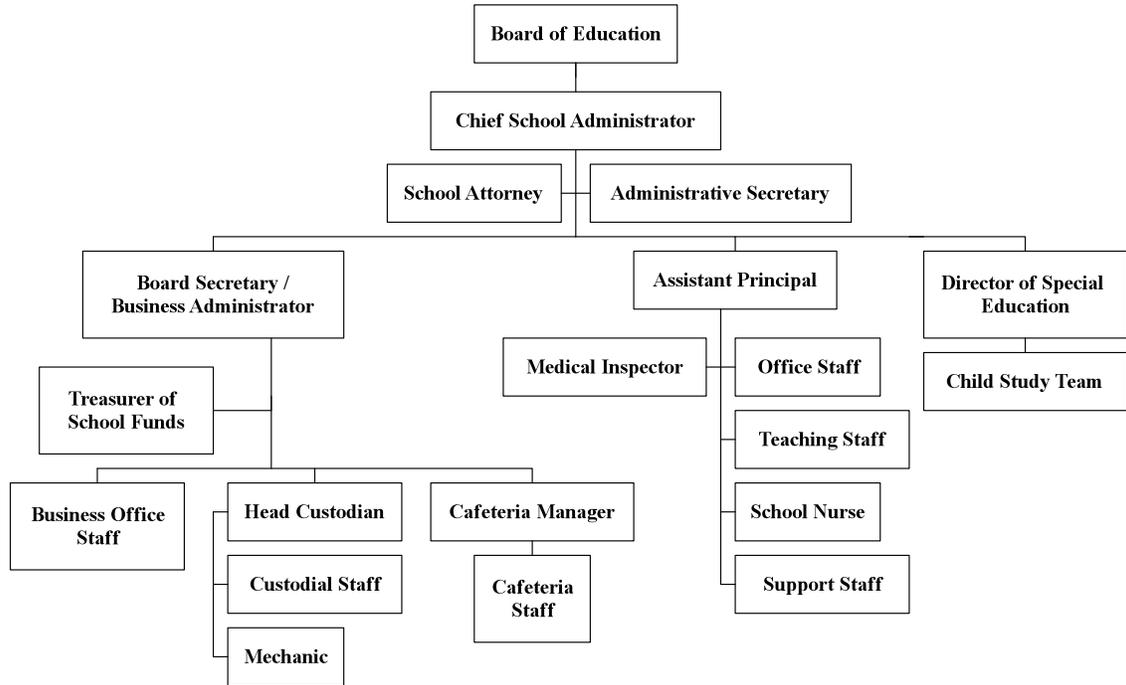
Susan Schaffer, Chief School Administrator



Melanie M. Allen, School Business Administrator/Board Secretary

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



**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
Salem, New Jersey 08079**

**ROSTER OF OFFICIALS**

**June 30, 2021**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Walter Sheets, President	2021
Robert Hill, Vice President	2023
Laura Tice Crane	2021
Gail B. Donelson	2021
Jenni Eber	2022
Jamie Ecret	2023
Tammy Murphy	2022

**OTHER OFFICIALS**

Susan Schaffer, Chief School Administrator

Shannon N. DuBois-Brody, School Business Administrator

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SALEM, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Michael Holt, CPA, PSA  
Holt McNally & Associates, Inc.  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Robert A. Muccilli  
Caphart Scatchard, PA  
8000 Midatlantic Drive, Suite 300S  
Mount Laurel, NJ 08054

**OFFICIAL DEPOSITORY**

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

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Lower Alloways Creek School District  
County of Salem  
Salem, 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 Lower Alloways Creek School District, County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 and requirements 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 Lower Alloways Creek School District, County of Salem, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### *Prior Period Restatement*

Due to the implementation of GASB Statement No. 84, fund balance as of July 1, 2020 on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 20 to the financial statements. Our opinion is not modified with respect to this matter.

Due to a correction for GASB Statement No. 68, fund balance as of July 1, 2020, on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 20 to the financial statements. Our opinion is not modified with respect to this matter.

Due to a correction in classification of Internal Service Funds, fund balance as of July 1, 2020, on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 20 to the financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Alloways Creek School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance 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 combining and individual fund statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
March 11, 2022

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

As management of the Lower Alloways Creek School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Debt Service Fund and Internal Service Fund. Business-type activities reflect the Food Service Fund and Latchkey Program.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into two categories: *governmental funds and proprietary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains three types of proprietary funds – two Enterprise Funds and one Internal Service Fund. The fund financial statements of the enterprise funds and inter service fund provide the same information as the government-wide financial statements, only in more detail.

The School District’s two enterprise funds (Food Service and Latchkey) are listed individually and are considered major funds.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the school district as a whole (governmental and business-type activities). Net position may serve over time as a useful indicator of a government’s financial position.

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

As described in Note 1 to the financial statements “Adopted Accounting Pronouncements”, the district has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. The adoption of this principle resulted in a restatement of the District’s opening net position as of July 1, 2020 in the amount of \$186,498, as indicated in Note 20 to the Financial Statements. Prior years’ balances reflected in the MD&A have been updated to reflect this change.

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 compared to fiscal year 2020.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole (continued)**

TABLE I - NET POSITION

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
<b>ASSETS</b>				
Current Assets	\$ 1,915,967	\$ 1,496,596	\$ 34,783	\$ 22,780
Capital Assets, Net	<u>2,363,293</u>	<u>2,244,315</u>	<u>6,465</u>	<u>7,680</u>
Total Assets	<u>4,279,260</u>	<u>3,740,911</u>	<u>41,248</u>	<u>30,460</u>
Deferred Outflows of Resources	<u>86,932</u>	<u>33,691</u>	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,366,192</u>	<u>\$ 3,774,602</u>	<u>\$ 41,248</u>	<u>\$ 30,460</u>
<b>LIABILITIES</b>				
Current Liabilities	\$ 82,932	\$ 39,455	\$ 2,031	\$ 2,204
Noncurrent Liabilities	<u>571,145</u>	<u>557,232</u>	-	-
Total Liabilities	<u>654,077</u>	<u>596,687</u>	<u>2,031</u>	<u>2,204</u>
Deferred Inflows of Resources	<u>205,270</u>	<u>171,045</u>	-	-
Total Liabilities and Deferred Inflows of Resources	<u>859,347</u>	<u>767,732</u>	<u>2,031</u>	<u>2,204</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,312,775	2,244,315	6,465	7,680
Restricted	1,646,356	1,274,956	-	-
Unrestricted (Deficit)	<u>(452,286)</u>	<u>(512,401)</u>	<u>32,752</u>	<u>20,576</u>
Total Net Position	<u>\$ 3,506,845</u>	<u>\$ 3,006,870</u>	<u>\$ 39,217</u>	<u>\$ 28,256</u>

Table 2 shows the changes in net position for fiscal year 2021 compared to fiscal year 2020.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
<b>REVENUES</b>				
<b>Program Revenues:</b>				
Charges for Services	\$ 57,832	\$ -	\$ 14,671	\$ 49,974
Operating Grants & Contributions	1,366,131	124,822	88,553	39,133
<b>General Revenues</b>				
Property Taxes	3,292,016	3,292,016	-	-
Grants & Entitlements	677,519	1,299,117	-	-
Tuition	132,650	84,238	-	-
Transportation	17,250	11,060	-	-
Miscellaneous	22,450	8,382	-	-
Donated Assets	120,170	-	-	-
Transfers	-	(7,000)	-	7,000
Total Revenues	<u>5,686,018</u>	<u>4,812,635</u>	<u>103,224</u>	<u>96,107</u>
<b>Expenses:</b>				
Instruction	1,594,573	1,547,901	-	-
Support Services	3,617,502	3,179,651	-	-
Interest and Other Charges	155,283	163,668	-	-
Food Service	15,704	85,857	81,694	85,857
Latchkey Program	-	6,475	5,425	6,475
Total Expenses	<u>5,383,062</u>	<u>4,983,552</u>	<u>87,119</u>	<u>92,332</u>
Increase in Net Position before Transfers	<u>302,956</u>	<u>(170,917)</u>	<u>16,105</u>	<u>3,775</u>
Changes in Net Position	<u>302,956</u>	<u>(170,917)</u>	<u>16,105</u>	<u>3,775</u>
Net Position- July 1, restated	<u>3,203,889</u>	<u>3,177,787</u>	<u>23,112</u>	<u>24,481</u>
Net Position- June 30	<u>\$ 3,506,845</u>	<u>\$ 3,006,870</u>	<u>\$ 39,217</u>	<u>\$ 28,256</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Governmental Activities**

During the fiscal year 2021, the net position of governmental activities increased by \$302,956.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$3,506,845, with an unrestricted deficit balance of \$452,286. The deficit in unrestricted net position is primarily due to accounting treatment for capital lease payable, compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 4% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3**  
**GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(452,286)
Add back: PERS Pension Liability		488,369
Less: Deferred Outflows related to pensions		(86,932)
Add back: Deferred Inflows related to pensions		<u>205,270</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>154,421</u>

**Business-type Activities**

During the fiscal year 2021, the net position of business-type activities increased by \$16,105.

The liabilities and deferred inflows of the business-type activities exceeded assets and deferred outflows by \$39,217.

**General Fund Budgeting Highlights**

Final budgeted revenues was \$4,011,885, which remained unchanged from the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$108,796.

Final budgeted appropriations was \$4,596,258, which was an increase of \$86,125 from the original budget. Excluding nonbudgeted expenditures, the School District's budgeted appropriations exceeded actual expenditures by \$593,726.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$1,888,884 at June 30, 2021, an increase of \$187,920 from the prior year.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

**Governmental Funds**

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$1,847,908, a increase of \$204,269 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District’s general fund increased by \$200,870 or 12.30% to \$1,834,019 at June 30, 2021, compared to an increase of \$77,390 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Revenues exceeded budgeted revenues by \$108,796.
- Budgeted expenditures exceeded actual expenditures by \$593,726.

*Special Revenue fund* - During the current fiscal year, the fund balance of the School District’s special revenue fund increased by \$3,399 to \$13,889 at June 30, 2021, compared to no change in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the special revenue fund is as follows:

- Student activities revenues exceeded expenditures by \$3,524.

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District’s food service fund increased by \$13,262 or 89.28% to \$28,116 at June 30, 2021, compared to a decrease of \$401 in fund balance in the prior fiscal year.

*Latchkey Program* - During the current fiscal year, the net position of the School District’s Latchkey Program increased by \$2,843 or 34.43% to \$11,101 at June 30, 2021, compared to a decrease of \$968 in fund balance in the prior fiscal year.

**Capital Assets**

The School District’s capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$2,369,758 (net of accumulated depreciation). Capital assets includes construction in progress, land, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District’s investment in capital assets for the current fiscal year in the amount of \$117,763. Table 4 shows fiscal 2021 balances compared to 2020.

**Table 4**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 31,918	\$ 31,918	\$ -	0.0%
Building and Improvements	5,050,771	5,050,771	-	0.0%
Equipment	1,863,705	1,590,702	273,003	17.2%
Accumulated Depreciation	(4,576,636)	(4,421,396)	(155,240)	3.5%
	<u>\$ 2,369,758</u>	<u>\$ 2,251,995</u>	<u>\$ 117,763</u>	<u>5.2%</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited) (Continued)**

Depreciation expense for the year was \$155,240. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total debt outstanding of \$50,518, which represents an increase of \$50,518 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Factors on the School District's Future**

The Lower Alloways Creek School District anticipates that the approved 2021-2022 budget will be adequate to satisfy all 2021-2022 financial needs barring any significant unexpected situations or conditions unforeseen at this time.

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Lower Alloways Creek School District, 967 Main Street-Canton, Salem, New Jersey 08079.

**BASIC FINANCIAL STATEMENTS**

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A. District-Wide Financial Statements

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

ASSETS	GOVERNMENTAL BUSINESS-TYPE		
	ACTIVITIES	ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 1,533,924	\$ 27,595	\$ 1,561,519
Receivables, Net (Note 4)	70,602	6,254	76,856
Inventory	-	934	934
Restricted Cash & Cash Equivalents	311,441	-	311,441
Capital Assets, Net (Note 5)			
Non-Depreciable	31,918	-	31,918
Depreciable	2,331,375	6,465	2,337,840
	<hr/>		
Total Assets	4,279,260	41,248	4,320,508
	<hr/>		
DEFERED OUTFLOW OF RESOURCES			
Related to Pensions (Note 8)	86,932	-	86,932
	<hr/>		
Total Deferred Outflow of Resources	86,932	-	86,932
	<hr/>		
Total Assets and Deferred Outflow of Resources	4,366,192	41,248	4,407,440
	<hr/>		
LIABILITIES			
Accounts Payable	46,951	-	46,951
Payroll Payable	6,008	-	6,008
Due to Other Governments	29,973	-	29,973
Unearned Revenue	-	2,031	2,031
Noncurrent Liabilities (Note 7):			
Due Within One Year	11,794	-	11,794
Due Beyond One Year	559,351	-	559,351
	<hr/>		
Total Liabilities	654,077	2,031	656,108
	<hr/>		
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	205,270	-	205,270
	<hr/>		
Total Deferred Inflow of Resources	205,270	-	205,270
	<hr/>		
Total Liabilities and Deferred Inflow of Resources	859,347	2,031	861,378
	<hr/>		
NET POSITION			
Net Investment in Capital Assets	2,312,775	6,465	2,319,240
Restricted For:			
Capital Projects	115,488	-	115,488
Excess Surplus	1,321,026	-	1,321,026
Maintenance Reserve	18,597	-	18,597
Unemployment Compensation	177,356	-	177,356
Scholarships	1,253	-	1,253
Student Activities	12,636	-	12,636
Unrestricted	(452,286)	32,752	(419,534)
	<hr/>		
Total Net Position	\$ 3,506,845	\$ 39,217	\$ 3,546,062
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The accompanying Notes to Financial Statements are an integral part of this statement.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 1,118,933	\$ -	-	(1,118,933)	\$ -	(1,118,933)
Special Education	427,628	-	84,651	(342,977)	-	(342,977)
Other Instruction	48,012	-	-	(48,012)	-	(48,012)
Support Services:						
Tuition	846,869	-	-	(846,869)	-	(846,869)
Student & Instruction Related Services	291,564	-	98,596	(192,968)	-	(192,968)
Health Services	60,140	-	-	(60,140)	-	(60,140)
Educational Media Services/School Library	46,392	-	-	(46,392)	-	(46,392)
School Administrative Services	52,020	-	-	(52,020)	-	(52,020)
General Administration	113,203	-	-	(113,203)	-	(113,203)
Central Services	79,423	-	-	(79,423)	-	(79,423)
Plant Operations & Maintenance	339,190	20,584	-	(318,606)	-	(318,606)
Pupil Transportation	239,179	-	-	(239,179)	-	(239,179)
Unallocated Benefits	1,549,522	-	1,182,884	(366,638)	-	(366,638)
Shared Service- Food Service	15,704	37,248	-	21,544	-	21,544
Interest and Charges on Long-Term Debt	1,258	-	-	(1,258)	-	(1,258)
Unallocated Depreciation	154,025	-	-	(154,025)	-	(154,025)
	5,383,062	57,832	1,366,131	(3,959,099)	-	(3,959,099)
Total Governmental Activities						

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
Food Service	81,694	6,403	88,553	-	13,262
Latchkey Program	5,425	8,268	-	-	2,843
Total Business-Type Activities	87,119	14,671	88,553	-	16,105
Total Primary Government	\$ 5,470,181	\$ 72,503	\$ 1,454,684	(3,959,099)	(3,942,994)

General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes		3,292,016	-
Federal & State Aid Not Restricted		677,519	-
Tuition Charges		132,650	-
Transportation Fees		17,250	-
Interest Earnings		576	-
Donated Assets		120,170	-
Miscellaneous Income		21,874	-
Total General Revenues, Special Items, Extraordinary Items & Transfers		4,262,055	-
Change In Net Position		302,956	16,105
Net Position - Beginning, restated		3,203,889	23,112
Net Position - Ending	\$	3,506,845	\$ 39,217
			\$ 3,546,062

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

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## B. Fund Financial Statements

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## Governmental Funds

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2021**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL
Cash & Cash Equivalents	\$ 1,552,092	\$ -	\$ 1,552,092
Receivables from Other Governments	9,929	60,523	70,452
Other Accounts Receivable	150	-	150
Restricted Cash & Cash Equivalents	311,441	-	311,441
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,873,612</u>	<u>\$ 60,523</u>	<u>\$ 1,934,135</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Cash Overdraft	\$ -	\$ 33,268	\$ 33,268
Accounts Payable	33,585	13,366	46,951
Payroll Deductions and Withholdings Payable	6,008	-	6,008
	<hr/>	<hr/>	<hr/>
Total Liabilities	39,593	46,634	86,227
Fund Balances:			
Restricted for:			
Maintenance Reserve	18,597	-	18,597
Capital Reserve	115,488	-	115,488
Excess Surplus - Designated for Subsequent Year's Expenditures	557,074	-	557,074
Excess Surplus	763,952	-	763,952
Unemployment Compensation	177,356	-	177,356
Scholarships	-	1,253	1,253
Student Activities	-	12,636	12,636
Assigned to:			
Other Purposes	4,967	-	4,967
Unassigned:			
General Fund	196,585	-	196,585
	<hr/>	<hr/>	<hr/>
Total Fund Balances	1,834,019	13,889	1,847,908
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$ 1,873,612</u>	<u>\$ 60,523</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,866,540 and the accumulated depreciation is \$4,503,247. \$ 2,363,293

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.

Deferred Outflows related to pensions	86,932
Deferred Inflows related to pensions	(205,270)

Internal service funds are used by the School District to services provide to other governments. The assets and liabilities of the internal service fund are included with governmental activities. 15,100

Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. (29,973)

Long-term liabilities, including net pension liability an bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (571,145)

Net position of Governmental Activities \$ 3,506,845

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR FISCAL YEAR ENDED JUNE 30, 2021**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:			
Local Sources:			
Local Tax Levy	\$ 3,292,016	\$ -	\$ 3,292,016
Tuition	132,650	-	132,650
Transportation	17,250	-	17,250
Interest Earned on Capital Reserve Funds	81	-	81
Interest Earned on Maintenance Reserve Funds	495	-	495
Miscellaneous	13,620	10,757	24,377
Total Local Sources	<u>3,456,112</u>	<u>10,757</u>	<u>3,466,869</u>
State Sources	1,293,459	-	1,293,459
Federal Sources	-	180,619	180,619
Total Revenues	<u>4,749,571</u>	<u>191,376</u>	<u>4,940,947</u>
Expenditures:			
Current Expense:			
Regular Instruction	1,133,042	-	1,133,042
Special Education Instruction	342,977	84,651	427,628
Other Instruction	48,012	-	48,012
Support Services:			
Tuition	846,869	-	846,869
Student & Instruction Related Services	188,238	103,326	291,564
Health Services	60,140	-	60,140
Educational Media Services/ School Library	46,392	-	46,392
Instructional Staff Training	160	-	160
General Administrative	113,043	-	113,043
School Administrative Services	52,020	-	52,020
Central Services	79,423	-	79,423
Plant Operations & Maintenance	386,854	-	386,854
Pupil Transportation	239,179	-	239,179
Employee Benefits	384,631	-	384,631
On Behalf TPAF Pension and Social Security Contributions	615,940	-	615,940
Interest & Other Charges	1,258	-	1,258
Capital Outlay	80,294	-	80,294
Total Expenditures	<u>4,618,472</u>	<u>187,977</u>	<u>4,806,449</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>131,099</u>	<u>3,399</u>	<u>134,498</u>
Other Financing Sources/(Uses):			
Transfers In	5,144	-	5,144
Capital Leases (Nonbudget)	64,627	-	64,627
Total Other Financing Sources & Uses	<u>69,771</u>	<u>-</u>	<u>69,771</u>
Net Change in Fund Balances	200,870	3,399	204,269
Fund Balances July 1, as previously stated	<u>1,457,141</u>	<u>-</u>	<u>1,457,141</u>
Prior Period Adjustment	176,008	10,490	186,498
Fund Balances, July 1, as restated	<u>1,633,149</u>	<u>10,490</u>	<u>1,643,639</u>
Fund Balances June 30,	<u>\$ 1,834,019</u>	<u>\$ 13,889</u>	<u>\$ 1,847,908</u>

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	204,269
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(154,025)
Capital Outlays		273,003
		118,978
Repayment of obligation of lease purchase agreements are 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.		
		14,109
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of activities.		
		(64,627)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		27,376
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		2,851
Change in Net Position of Governmental Activities		\$ 302,956

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

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## Proprietary Funds

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

ASSETS	BUSINESS-TYPE ACTIVITIES			TOTAL
	ENTERPRISE FUNDS		GOVERNMENTAL	
	FOOD	LATCHKEY	ACTIVITIES-	
	SERVICE	PROGRAM	INTERNAL	
	FUND	PROGRAM	SERVICE FUND	
Current Assets:				
Cash & Cash Equivalents	\$ 16,494	\$ 11,101	\$ 15,100	\$ 42,695
Receivables from Other				
Governments	5,990	-	-	5,990
Other Receivable	264	-	-	264
Inventories	934	-	-	934
Total Current Assets	<u>23,682</u>	<u>11,101</u>	<u>15,100</u>	<u>49,883</u>
Fixed Assets:				
Equipment	79,854	-	-	79,854
Accumulated Depreciation	(73,389)	-	-	(73,389)
Total Fixed Assets	<u>6,465</u>	<u>-</u>	<u>-</u>	<u>6,465</u>
Total Assets	<u>30,147</u>	<u>11,101</u>	<u>15,100</u>	<u>56,348</u>
LIABILITIES				
Current Liabilities:				
Unearned Revenue	2,031	-	-	2,031
Total Current Liabilities	<u>2,031</u>	<u>-</u>	<u>-</u>	<u>2,031</u>
NET POSITION				
Investment in Capital Assets	6,465	-	-	6,465
Unrestricted	21,651	11,101	15,100	47,852
Total Net Position	<u>\$ 28,116</u>	<u>\$ 11,101</u>	<u>\$ 15,100</u>	<u>\$ 54,317</u>

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES			TOTAL
	ENTERPRISE FUND		GOVERNMENTAL	
	FOOD SERVICE FUND	LATCHKEY PROGRAM	ACTIVITIES- INTERNAL SERVICE FUND	
Operating Revenue:				
Daily Sales - Reimbursable Programs	\$ 850	\$ -	\$ -	\$ 850
Daily Sales - Nonreimbursable Programs	5,553	-	-	5,553
Delivery	-	-	2,584	2,584
Lunch	-	-	37,248	37,248
Maintenance	-	-	18,000	18,000
Tuition Fees	-	8,268	-	8,268
<b>Total Operating Revenues</b>	<b>6,403</b>	<b>8,268</b>	<b>57,832</b>	<b>72,503</b>
Operating Expenses:				
Salaries	35,174	4,947	-	40,121
Other Salaries	-	-	24,875	24,875
Employee Benefits	3,413	478	2,153	6,044
Supplies and Materials	-	-	-	-
Other Purchased Services	1,580	-	-	1,580
Depreciation	1,214	-	-	1,214
Cost of Sales - Reimbursable Programs	36,703	-	15,704	52,407
Cost of Sales - Non-Reimbursable Programs	3,610	-	-	3,610
<b>Total Operating Expenses</b>	<b>81,694</b>	<b>5,425</b>	<b>42,732</b>	<b>129,851</b>
<b>Operating (Loss)/Gain</b>	<b>(75,291)</b>	<b>2,843</b>	<b>15,100</b>	<b>(57,348)</b>
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	2,842	-	-	2,842
Federal Sources:				
National School Lunch Program	58,991	-	-	58,991
Food Distribution Program	4,427	-	-	4,427
National Breakfast Program	22,293	-	-	22,293
<b>Total Nonoperating Revenues</b>	<b>88,553</b>	<b>-</b>	<b>-</b>	<b>88,553</b>
Other Financing Sources/(Uses):				
Transfer to General Fund	-	-	(5,144)	(5,144)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>(5,144)</b>	<b>(5,144)</b>
Change in Net Position	13,262	2,843	9,956	26,061
Net Position - Beginning of Year	14,854	8,258	5,144	28,256
<b>Total Net Position - End of Year</b>	<b>\$ 28,116</b>	<b>\$ 11,101</b>	<b>\$ 15,100</b>	<b>\$ 54,317</b>

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES			TOTAL
	ENTERPRISE FUND		GOVERNMENTAL	
	FOOD SERVICE FUND	LATCHKEY PROGRAM	ACTIVITIES- INTERNAL SERVICE FUND	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 6,273	\$ 8,268	\$ 57,832	\$ 72,373
Payments to Employees	(35,174)	(4,947)	(24,875)	(64,996)
Payments for Employee Benefits	(3,413)	(478)	(2,153)	(6,044)
Payments to Suppliers	(41,893)	-	(15,704)	(57,597)
Net Cash Provided/(Used) by Operating Activities	(74,207)	2,843	15,100	(56,264)
Cash Flows From Noncapital Financing Activities:				
Transfer to General Fund	-	-	(5,144)	(5,144)
Cash Received From State & Federal Reimbursements	86,119	-	-	86,119
Net Cash Provided by Noncapital Financing Activities	86,119	-	(5,144)	80,975
Net Increase/(Decrease) in Cash & Cash Equivalents	11,912	2,843	9,956	24,711
Cash & Cash Equivalents, July 1	4,582	8,258	5,144	17,984
Cash & Cash Equivalents, June 30	\$ 16,494	\$ 11,101	\$ 15,100	\$ 42,695

**RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:**

Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (75,291)	\$ 2,843	\$ 15,100	\$ (57,348)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	1,214	-	-	1,214
Change in Assets & Liabilities:				
(Increase)/Decrease in Accounts Receivable	43	-	-	43
Increase/(Decrease) in Unearned Revenue	(173)	-	-	(173)
Total Adjustments	1,084	-	-	1,084
Net Cash Provided/(Used) by Operating Activities	\$ (74,207)	\$ 2,843	\$ 15,100	\$ (56,264)

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

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Lower Alloways Creek Township School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).The following is a summary of more significant accounting policies.

**Reporting Entity**

The Lower Alloways Creek Township School District (hereafter referred to as the “District”) is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades kindergarten through eighth grade. The District has an approximate enrollment at June 30, 2021 of 168 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component units – and Amendment of GASB Statement No. 14* and GASB Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of or for the year ended June 30, 2021.

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

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the Latchkey program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are special authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

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

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

**Latchkey Program** – This fund accounts for the revenues and expenses pertaining to providing day care services for students before and after school.

**Internal Service Fund** - The internal service fund accounts for the financing of services by one department to other departments of the District, or to other governments on a cost-reimbursement basis.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**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 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 a reduction of the accounts receivables or 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.

**Cash and Cash Equivalents**

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from 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 public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2021 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

**Compensated Absences**

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

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

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Deferred Loss of Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2021.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Net Position**

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued):**

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

**Note 2. Cash Deposits and Investments**

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the District's bank balance of \$1,533,683 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	1,350,288
Uninsured and Uncollateralized		183,395
	\$	1,533,683

Investments

The District had no investments at June 30, 2021.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 3. Reserve Accounts**

**Capital Reserve**

A Capital Reserve account was established by the District 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 School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 N.J.S.A.19:60-2. Pursuant to N.J.A.C.6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2020	\$	115,407
Increased by:		
Interest Earnings		81
Ending Balance, June 30, 2021	\$	115,488

**Maintenance Reserve**

The District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District’s approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	101,508
Increased by:		
Interest Earnings		495
		102,003
Decreased by:		
Budget Withdrawals		(83,406)
Ending Balance, June 30, 2021	\$	18,597

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

Description	Governmental Funds			Proprietary Funds		
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Latchkey Program	Total Business-Type Activities
Federal Awards	\$ -	\$ 60,523	\$ 60,523	\$ 5,388	\$ -	\$ 5,388
State Awards	9,929	-	9,929	602	-	602
Other	-	150	150	264	-	264
<b>Total</b>	<b>\$ 9,929</b>	<b>\$ 60,673</b>	<b>\$ 70,602</b>	<b>\$ 6,254</b>	<b>\$ -</b>	<b>\$ 6,254</b>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements and Adjustments	Balance June 30, 2021
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 31,918	\$ -	\$ -	\$ 31,918
Construction in Progress	-	-	-	-
<b>Total Capital Assets not being depreciated</b>	<b>31,918</b>	<b>-</b>	<b>-</b>	<b>31,918</b>
Capital Assets being depreciated:				
Land Improvements	94,935	-	-	94,935
Buildings and Improvements	4,955,836	-	-	4,955,836
Equipment	1,510,848	273,003	-	1,783,851
<b>Total Capital Assets being depreciated</b>	<b>6,561,619</b>	<b>273,003</b>	<b>-</b>	<b>6,834,622</b>
Less: Accumulated Depreciation:				
Land Improvements	(78,806)	(5,002)	-	(83,808)
Buildings and Improvements	(2,951,478)	(123,270)	-	(3,074,748)
Equipment	(1,318,938)	(25,753)	-	(1,344,691)
<b>Total Accumulated Depreciation</b>	<b>(4,349,222)</b>	<b>(154,025)</b>	<b>-</b>	<b>(4,503,247)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>2,212,397</b>	<b>118,978</b>	<b>-</b>	<b>2,331,375</b>
<b>Total Governmental Activities Capital Assets, net</b>	<b>\$ 2,244,315</b>	<b>\$ 118,978</b>	<b>\$ -</b>	<b>\$ 2,363,293</b>

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 5. Capital Assets (continued):**

	Balance July 1, 2020	<u>Additions</u>	Retirements and Transfers	Balance June 30, 2021
<b>Business-Type Activities:</b>				
Equipment	\$ 79,854	\$ -	\$ -	\$ 79,854
	<u>79,854</u>	<u>-</u>	<u>-</u>	<u>79,854</u>
Less: Accumulated Depreciation:				
Equipment	(72,174)	(1,215)	-	(73,389)
	<u>(72,174)</u>	<u>(1,215)</u>	<u>-</u>	<u>(73,389)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 7,680</u>	<u>\$ (1,215)</u>	<u>\$ -</u>	<u>\$ 6,465</u>

**Note 6. Interfund Receivables, Payables and Transfers**

There were no individual fund receivables/payables balances at June 30, 2021.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations:

	Balance July 1, 2020	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2021	Balance Due Within One Year
Governmental Activities:					
Capital Lease	\$ -	\$ 64,627	\$ 14,109	\$ 50,518	\$ 11,794
Compensated Absences	68,863	-	2,851	66,012	-
Net Pension Liability	625,723	-	171,108	454,615	-
	<u>\$ 694,586</u>	<u>\$ 64,627</u>	<u>\$ 188,068</u>	<u>\$ 571,145</u>	<u>\$ 11,794</u>

Compensated absences, capital leases and net pension liability are liquidated by the general fund.

**Capital Lease Payable**

On July 25, 2020, the District entered into a lease purchase agreement in the amount of \$64,627 for technology equipment. The lease obligation was issued at an interest rate of 1.967% and matures on July 25, 2024. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending <u>June 30,</u>	
2022	\$ 14,109
2023	14,109
2024	14,109
2025	<u>14,109</u>
Total Minimum Lease Payments	56,436
Less: Amount Representing Interest	<u>(5,918)</u>
Present Value of Minimum Lease Payments	<u>\$ 50,518</u>

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans**

**A. Public Employees' Retirement System (PERS)**

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

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:

**Note 8. Pension Plans (continued)**

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

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.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2021, the School District reported a liability of \$454,615 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was 0.002787%, which was an increase of 0.000077% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$2,322 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 8,278	\$ 1,608
Changes of Assumptions	14,748	190,352
Net Difference between Projected and Actual Earnings on Pension Plan Investments	15,539	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	18,394	13,310
School District Contributions Subsequent to Measurement Date	29,973	-
	<b>\$ 86,932</b>	<b>\$ 205,270</b>

\$29,973 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ (51,428)
2022	(54,138)
2023	(28,152)
2024	(9,898)
2025	(4,695)
	<u>\$ (148,311)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation	
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%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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 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-2020.

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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The single blended discount rate was based on 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 municipals 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 employer and 100% of actuarially determined contributions for the 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.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School 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:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 576,785	\$ 454,615	\$ 357,559

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

**Balances at June 30, 2021 and June 30, 2020**

	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,435,616,426	18,143,832,135
District's portion of the Plan's total Net Pension Liability	0.00279%	0.00271%

**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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the membership tiers for TPAF:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

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

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

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

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$8,628,741. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.01310%, which was a decrease of 0.001198% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$536,572 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

**Actuarial Assumptions** – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	
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 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-2020.

The actuarial assumptions used in the July 1, 2019 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 plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's 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:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

	1% Decrease <u>(4.40%)</u>	Current Discount Rate <u>(5.40%)</u>	1% Increase <u>(6.40%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>10,135,466</u>	<u>8,628,741</u>	<u>7,377,658</u>
	<u>\$ 10,135,466</u>	<u>\$ 8,628,741</u>	<u>\$ 7,377,658</u>

**Pension Plan Fiduciary Net Position** - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

**Balances at June 30, 2021 and June 30, 2020**

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)		
Collective Deferred Outflows of Resources	\$ 9,626,548,228	\$ 10,129,162,237
Collective Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Collective Net Pension Liability	65,993,498,688	61,519,112,443
District's portion of the Plan's total Net Pension Liability	0.01310%	0.01430%

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 8. Pension Plans (continued):**

**C. Defined Contribution Plan (DCRP) (continued):**

- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2021, employee contributions totaled \$1,606, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$876.

**Note 9. Other Post-Retirement Benefits**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 9. Other Post-Retirement Benefits (continued)**

percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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 is the responsibility of the individual local education employers.

**Basis of Presentation**

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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.

Total Nonemployer OPEB Liability:                   \$     67,809,962,608

**Inflation Rate:**                                           2.5%

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement 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. Postretirement 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-2020. 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-2020.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 9. Other Post-Retirement Benefits (continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**OPEB Obligation and OPEB Expense** - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$15,981,211. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.02356%, which was a decrease of 0.000352% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$537,599 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

**Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate**

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 19,266,175	\$ 15,981,211	\$ 13,412,686
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**Note 9. Other Post-Retirement Benefits (continued)**

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate**

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 12,900,572	\$ 15,981,211	\$ 19,649,567
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

\* See Healthcare Cost Trend Assumptions for details of rates.

**Additional Information**

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 10,295,318,750	\$ (9,170,703,615)
Change in Assumptions	-	-
Change in Assumptions Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	11,534,251,250	(7,737,500,827)
	TBD	-
	\$ 21,829,570,000	\$ (16,908,204,442)

\*\* Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 9. Other Post-Retirement Benefits (continued)**

Fiscal Year Ending June 30,	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$ 4,921,365,558</u>

**Plan Membership**

At June 30, 2019, the Program membership consisted of the following:

	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>149,304</u>
	<u>366,108</u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

**Total OPEB Liability**

Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected & Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	<u>(1,180,515,618)</u>
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	<u>41,729,084,045</u>
Total OPEB Liability (Ending)	<u>\$ 67,809,965,608</u>
Total Covered Employee Payroll	\$ 14,267,738,658
Net OPEB Liability as a Percentage of Payroll	475%

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for post-retirement medical costs, pension contribution, long-term disability and reimbursed social security were \$121,028, \$386,199, \$224 and \$108,489, respectively.

**Note 11. Risk Management**

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

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the statistical section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year the District did not incur claims in excess of their coverage.

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

- Workers Compensation and Employers’ Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -	\$ 3,822	\$ 2,474	\$ 177,356
2019-2020	-	3,799	6,234	176,008
2018-2019	-	3,514	10,974	178,443

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Note 13. Economic Dependency**

The District 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, could have an effect on the District's programs and activities.

**Note 14. Deferred Compensation**

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

Lincoln Investment Planning  
MetLife  
Voya

**Note 15. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences 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 amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, the liability for compensated absences reported on the government-wide Statement of Net Position was \$66,012.

**Note 16. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 16. Tax Abatements (continued)**

agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

**Note 17. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve the General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 was \$763,952.

**Note 18. Fund Balance**

**General Fund** – Of the \$1,834,019 General Fund balance at June 30, 2021 \$763,952 is restricted for current year excess surplus, \$557,074 is restricted for prior year excess surplus – designated for subsequent year's expenditures, \$115,488 is restricted for capital reserve, \$18,597 is restricted for maintenance reserve, \$4,967 is assigned for other purposes, \$177,356 is restricted for unemployment compensation and \$196,585 is unassigned.

**Special Revenue Fund** – Of the \$13,889 Special Revenue fund balance at June 30, 2021 \$1,253 is restricted for scholarships and \$12,636 is restricted for student activities.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District's governmental activities had a deficit in unrestricted net position in the amount of \$452,286. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees' Retirement System (PERS) as of June 30, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**Note 20. Prior Period Adjustment/Restatement of Net Position and Fund Balance**

During the year ended June 30, 2021 the District adopted GASB Statement No. 84, *Fiduciary Activities* (See Note 1). The District adjusted its beginning balances to reflect all newly adopted standards for its Restricted Net Position and Restricted Fund Balance for New Jersey Unemployment Trust Fund, Scholarships and Student Activities. In addition, the prior year Deferred Inflows and Outflows related to Pension for GASB 68 required restatement as well the classification of Internal Service funds. The beginning balances as of July 1, 2020 were adjusted as follows:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 20. Prior Period Adjustment/Restatement of Net Position and Fund Balance (continued)**

**Prior Period Adjustment to Governmental Activity Net Position (Exhibit A-2)**

Balance, July 1, 2020 prior to Adjustment	\$ 3,006,870
Add:	
Internal Service Fund	5,114
Restatement of Deferred Inflows/Outflows related to Pension (GASB 68)	5,407
New Jersey Unemployment Trust	176,008
Student Activities	9,112
Scholarships	<u>1,378</u>
Balance, July 1, 2020 Restated	<u>\$ 3,203,889</u>

**Prior Period Adjustment to Business-Type Net Position (Exhibit A-2)**

Balance, July 1, 2020 prior to Adjustment	\$ 28,226
Less:	
Internal Service Fund	<u>(5,114)</u>
Balance, July 1, 2020 Restated	<u>\$ 23,112</u>

**Prior Period Adjustment to Fund Balance (Exhibit B-2) (General Fund)**

Balance, July 1, 2020 prior to Adjustment	\$ 1,457,141
Add:	
New Jersey Unemployment Trust	<u>176,008</u>
Balance, July 1, 2020 Restated	<u>\$ 1,633,149</u>

**Prior Period Adjustment to Fund Balance (Exhibit B-2) (Special Revenue Fund)**

Balance, July 1, 2020 prior to Adjustment	\$ -
Add:	
Student Activities	9,112
Scholarships	<u>1,378</u>
Balance, July 1, 2020 Restated	<u>\$ 10,490</u>

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**Note 21. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 11, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. To date the School District has not been materially and adversely affected financially due to the virus.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ACCOUNT NUMBERS	JUNE 30, 2021				ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET			
<b>Revenues:</b>						
Local Tax Levy	10-1210	\$ 3,292,016	\$ -	\$ 3,292,016	\$ 3,292,016	\$ -
Tuition	10-1300	54,000	-	54,000	132,650	78,650
Transportation	10-1410	-	-	-	17,250	17,250
Interest on Capital Reserve Funds	10-1511	50	-	50	81	31
Interest on Maintenance Reserve Funds	10-1512	200	-	200	495	295
Miscellaneous Revenues	10-1990	2,500	-	2,500	13,620	11,120
<b>Total Local Sources</b>		<b>3,348,766</b>	<b>-</b>	<b>3,348,766</b>	<b>3,456,112</b>	<b>107,346</b>
<b>State Sources:</b>						
Equalization Aid	10-3176	363,868	-	363,868	363,868	-
Categorical Security Aid	10-3177	23,353	-	23,353	23,353	-
Categorical Transportation Aid	10-3121	135,665	-	135,665	135,665	-
Categorical Special Education Aid	10-3132	140,233	-	140,233	140,233	-
Non-Public Transportation Aid	10-3190	-	-	-	1,450	1,450
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	386,199	386,199
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	121,028	121,028
On-Behalf TPAF Long Term Disability Insurance Contributions		-	-	-	224	224
Reimbursed TPAF Social Security Contribution		-	-	-	108,489	108,489
<b>Total State Sources</b>		<b>663,119</b>	<b>-</b>	<b>663,119</b>	<b>1,280,509</b>	<b>617,390</b>
<b>Total Revenues</b>		<b>4,011,885</b>	<b>-</b>	<b>4,011,885</b>	<b>4,736,621</b>	<b>724,736</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool	11-105-100-101	154,338	(51,400)	102,938	96,734	6,204
Kindergarten	11-110-100-101	85,949	49,696	135,645	130,112	5,533
Grades 1 - 5	11-120-100-101	491,495	6,574	498,069	497,525	544
Grades 6 - 8	11-130-100-101	310,071	(46,122)	263,949	256,906	7,043
Salaries of Teachers	11-150-100-101	1,000	(1,000)	-	-	-
Purchased Professional Services	11-150-100-320	1,000	1,000	2,000	1,792	208
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	25,080	-	25,080	13,194	11,886
Purchased Professional Services	11-190-100-320	1,000	-	1,000	-	1,000
Purchased Technical Services	11-190-100-340	51,800	-	51,800	45,100	6,700
Other Purchased Services	11-190-100-500	68,068	-	68,068	63,074	4,994
General Supplies	11-190-100-610	38,316	(208)	38,108	24,841	13,267
Textbooks	11-190-100-640	1,900	250	2,150	1,061	1,089
Other Objects	11-190-100-800	4,650	-	4,650	2,703	1,947
<b>Total Regular Programs</b>		<b>1,234,667</b>	<b>(41,210)</b>	<b>1,193,457</b>	<b>1,133,042</b>	<b>60,415</b>
<b>Behavioral Disabilities:</b>						
Salaries of Teachers	11-209-100-101	64,294	16,056	80,350	79,765	585
Other Salaries for Instruction	11-209-100-106	28,314	(2,496)	25,818	25,372	446
General Supplies	11-209-100-610	600	-	600	593	7
<b>Total Behavioral Disabilities</b>		<b>93,208</b>	<b>13,560</b>	<b>106,768</b>	<b>105,730</b>	<b>1,038</b>
<b>Resource Room:</b>						
Salaries of Teachers	11-213-100-101	205,424	24,475	229,899	228,292	1,607
Other Salaries for Instruction	11-213-100-106	2,111	6,427	8,538	7,938	600
Other Purchased Services	11-213-100-500	650	(644)	6	-	6
General Supplies	11-213-100-610	1,325	(300)	1,025	1,017	8
<b>Total Resource Room</b>		<b>209,510</b>	<b>29,958</b>	<b>239,468</b>	<b>237,247</b>	<b>2,221</b>
<b>Total Special Education</b>		<b>302,718</b>	<b>43,518</b>	<b>346,236</b>	<b>342,977</b>	<b>3,259</b>

LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Basic Skills/Remedial- Instruction:						
Salaries	11-230-100-100	54,304	(4,565)	49,739	48,012	1,727
General Supplies	11-230-100-600	300	(300)	-	-	-
Total Basic Skills/Remedial-Instruction		54,604	(4,865)	49,739	48,012	1,727
School Sponsored Co-Curricular Activities:						
Salaries	11-401-100-100	1,750	-	1,750	-	1,750
Total School Sponsored Co-Curricular Activities		1,750	-	1,750	-	1,750
Total Other Instructional Programs		56,354	(4,865)	51,489	48,012	3,477
Total Instruction		1,593,739	(2,557)	1,591,182	1,524,031	67,151
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	431,542	-	431,542	431,542	-
Tuition to Other LEAs Within the State - Special	11-000-100-562	117,174	(30,000)	87,174	61,174	26,000
Tuition to County Vocational District/Regular Day Schools	11-000-100-563	176,035	-	176,035	176,035	-
Tuition to County Special Services District/Regional Day Schools	11-000-100-565	125,107	(2,105)	123,002	118,108	4,894
Tuition to Private School for the Disabled	11-000-100-566	-	60,010	60,010	60,010	-
Total Undistributed Expenditures - Instruction		849,858	27,905	877,763	846,869	30,894
Attendance & Social Work Services:						
Salaries	11-000-211-100	20,765	20	20,785	20,785	-
Purchased Professional Services	11-000-211-320	5,700	-	5,700	5,700	-
Total Attendance & Social Work Services		26,465	20	26,485	26,485	-
Health Services:						
Salaries	11-000-213-100	53,815	2,475	56,290	56,273	17
Purchased Professional & Technical Services	11-000-213-300	4,400	(400)	4,000	2,525	1,475
Other Purchased Services	11-000-213-500	200	(103)	97	-	97
Supplies and Materials	11-000-213-600	1,300	103	1,403	1,342	61
Other Objects	11-000-213-800	100	-	100	-	100
Total Health Services		59,815	2,075	61,890	60,140	1,750
Other Support Services - Students - Related Services:						
Purchased Professional/Education Services	11-000-216-320	71,000	19,413	90,413	90,168	245
Supplies and Materials	11-000-216-600	150	-	150	-	150
Total Other Support Services - Students - Related Services		71,150	19,413	90,563	90,168	395
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	32,860	7,391	40,251	40,084	167
Purchased Professional/Education Services	11-000-217-320	49,500	(40,377)	9,123	-	9,123
Supplies and Materials	11-000-217-600	50	-	50	-	50
Total Other Support Services - Students - Extra Services		82,410	(32,986)	49,424	40,084	9,340
Other Support Services - Students - Regular:						
Purchased Professional Services	11-000-218-320	23,500	-	23,500	20,194	3,306
Supplies and Materials	11-000-218-600	100	-	100	-	100
Total Other Support Services - Students - Regular		23,600	-	23,600	20,194	3,406
Other Support Services - Students - Special Services:						
Purchased Professional/Education Services	11-000-219-320	20,819	-	20,819	11,307	9,512
Other Purchased Professional Services	11-000-219-390	2,500	-	2,500	-	2,500
Supplies and Materials	11-000-219-600	300	-	300	-	300
Total Other Support Services - Students - Special Services		23,619	-	23,619	11,307	12,312

LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ACCOUNT NUMBERS	JUNE 30, 2021			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	63,014	(13,829)	49,185	45,360	3,825
Purchased Professional/Education Services	11-000-222-300	1,000	-	1,000	-	1,000
Supplies and Materials	11-000-222-600	8,370	-	8,370	1,032	7,338
<b>Total Educational Media Services/School Library</b>		<b>72,384</b>	<b>(13,829)</b>	<b>58,555</b>	<b>46,392</b>	<b>12,163</b>
<b>Support Services Instructional Staff Training Service:</b>						
Salaries of Other Professional Staff	11-000-223-104	250	-	250	-	250
Purchased Professional Education Services	11-000-223-320	73	-	73	-	73
Other Purchased Professional Services	11-000-223-390	500	(160)	340	-	340
Other Purchased Services	11-000-223-500	125	160	285	160	125
Supplies and Materials	11-000-223-600	100	-	100	-	100
<b>Total Support Services Instructional Staff Training Services</b>		<b>1,048</b>	<b>-</b>	<b>1,048</b>	<b>160</b>	<b>888</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	73,285	-	73,285	73,217	68
Legal Services	11-000-230-331	2,500	7,000	9,500	5,404	4,096
Audit Services	11-000-230-332	12,600	425	13,025	12,425	600
Other Purchased Professional Services	11-000-230-339	10,800	(5,550)	5,250	4,250	1,000
Purchased Technical Services	11-000-230-340	500	-	500	-	500
Communications/Telephone	11-000-230-530	8,900	(500)	8,400	7,084	1,316
BOE Other Purchased Professional Services	11-000-230-585	100	-	100	-	100
Other Purchased Services	11-000-230-590	8,850	(601)	8,249	5,189	3,060
Supplies & Materials	11-000-230-610	700	-	700	463	237
BOE In-House Training	11-000-230-630	50	-	50	-	50
Miscellaneous Expenditures	11-000-230-890	4,200	(349)	3,851	2,000	1,851
BOE Membership Dues & Fees	11-000-230-895	3,500	-	3,500	3,011	489
<b>Total Support Services General Administration</b>		<b>125,985</b>	<b>425</b>	<b>126,410</b>	<b>113,043</b>	<b>13,367</b>
<b>Support Services School Administration:</b>						
Salaries of Principals	11-000-240-103	52,020	-	52,020	52,020	-
<b>Total Support Services School Administration</b>		<b>52,020</b>	<b>-</b>	<b>52,020</b>	<b>52,020</b>	<b>-</b>
<b>Central Services:</b>						
Purchased Professional Services	11-000-251-330	68,000	-	68,000	68,000	-
Purchased Technical Services	11-000-251-340	10,450	-	10,450	9,334	1,116
Other Purchased Services	11-000-251-592	1,800	-	1,800	1,604	196
Supplies & Materials	11-000-251-600	700	-	700	385	315
Other Objects	11-000-251-890	500	-	500	100	400
<b>Total Central Services</b>		<b>81,450</b>	<b>-</b>	<b>81,450</b>	<b>79,423</b>	<b>2,027</b>
<b>Allowance Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	36,642	34	36,676	35,946	730
Cleaning, Repair & Maintenance Services	11-000-261-420	24,449	81,071	105,520	103,974	1,546
General Supplies	11-000-261-610	1,500	2,644	4,144	1,435	2,709
Other Objects	11-000-261-800	200	-	200	-	200
<b>Total Allowance Maintenance for School Facilities</b>		<b>62,791</b>	<b>83,749</b>	<b>146,540</b>	<b>141,355</b>	<b>5,185</b>
<b>Other Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	67,235	-	67,235	63,299	3,936
Purchased Professional & Technical Services	11-000-262-300	45,000	(3,173)	41,827	37,430	4,397
Cleaning, Repair & Maintenance Services	11-000-262-420	7,300	-	7,300	3,456	3,844
Insurance	11-000-262-520	43,750	-	43,750	36,010	7,740
Other Purchased Services	11-000-262-590	1,800	-	1,800	400	1,400
General Supplies	11-000-262-610	20,500	1,910	22,410	10,807	11,603
Energy (Electricity)	11-000-262-622	75,000	-	75,000	51,151	23,849
Energy (Oil)	11-000-262-624	60,000	-	60,000	34,287	25,713
Energy (Gasoline)	11-000-262-626	300	-	300	-	300
Other Objects	11-000-262-800	1,280	-	1,280	479	801
<b>Total Other Operation &amp; Maintenance of Plant Services</b>		<b>322,165</b>	<b>(1,263)</b>	<b>320,902</b>	<b>237,319</b>	<b>83,583</b>
<b>Security:</b>						
Cleaning, Repair & Maintenance Services	11-000-266-420	15,000	-	15,000	8,180	6,820
General Supplies	11-000-266-610	1,000	-	1,000	-	1,000
<b>Total Security</b>		<b>16,000</b>	<b>-</b>	<b>16,000</b>	<b>8,180</b>	<b>7,820</b>
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>400,956</b>	<b>82,486</b>	<b>483,442</b>	<b>386,854</b>	<b>96,588</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Student Transportation Services:</b>						
Salaries for Non-Instructional Aides	11-000-270-107		-		-	
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	82,741	(6,500)	76,241	60,875	15,366
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	15,069	6,500	21,569	9,122	12,447
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	38,641	-	38,641	35,676	2,965
Other Purchased Professional and Technical Services	11-000-270-390	36,800	-	36,800	36,520	280
Cleaning, Repair & Maintenance Services	11-000-270-420	2,000	-	2,000	1,084	916
Rental Payments - School Payments	11-000-270-442	200	-	200	-	200
Aid in Lieu of Payments - Nonpublic	11-000-270-503	10,000	(10)	9,990	4,015	5,975
Aid in Lieu of Payments - Choice School	11-000-270-505	2,000	510	2,510	1,417	1,093
Contracted Services (Regular Students) ESC and CTSA's	11-000-270-517	57,000	(500)	56,500	29,620	26,880
Contracted Services (Special Education Students) - ESC/CTSA	11-000-270-518	81,300	-	81,300	38,571	42,729
Miscellaneous Purchased Services - Transportation	11-000-270-593	5,000	-	5,000	5,000	-
Transportation Supplies	11-000-270-615	60,500	-	60,500	16,153	44,347
Other Objects	11-000-270-800	2,375	-	2,375	1,126	1,249
<b>Total Student Transportation Services</b>		<b>393,626</b>	<b>-</b>	<b>393,626</b>	<b>239,179</b>	<b>154,447</b>
<b>Unallocated Benefits - Employee Benefits:</b>						
Social Security	11-000-291-220	40,000	-	40,000	34,123	5,877
Other Retirement Benefits - PERS	11-000-291-241	36,000	2,497	38,497	38,386	111
Unemployment Compensation	11-000-291-250	5,000	(2,497)	2,503	-	2,503
Worker's Compensation	11-000-291-260	30,000	-	30,000	29,395	605
Health Benefits	11-000-291-270	470,000	-	470,000	281,653	188,347
Tuition Reimbursement	11-000-291-280	10,000	-	10,000	1,272	8,728
Other Employee Benefits	11-000-291-290	12,500	-	12,500	(198)	12,698
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	7,000	-	7,000	-	7,000
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>610,500</b>	<b>-</b>	<b>610,500</b>	<b>384,631</b>	<b>225,869</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution		-	-	-	386,199	(386,199)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	121,028	(121,028)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	224	(224)
Reimbursed TPAF Social Security Contribution		-	-	-	108,489	(108,489)
<b>Total Nonbudgeted</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>615,940</b>	<b>(615,940)</b>
<b>Total Undistributed Expenditures</b>		<b>2,874,886</b>	<b>85,509</b>	<b>2,960,395</b>	<b>3,012,889</b>	<b>(52,494)</b>
<b>Total Expenditures - Current Expense</b>		<b>4,468,625</b>	<b>82,952</b>	<b>4,551,577</b>	<b>4,536,920</b>	<b>14,657</b>
<b>Capital Outlay:</b>						
Increase in Capital Reserve	10-604	50	-	50	-	50
Increase in Maintenance Reserve	10-606	200	-	200	-	200
Undistributed Expenditures- Required Maintenance	12-261-100-730	15,000	-	15,000	12,494	2,506
Undistributed Expenditures- Custodial Services	12-262-100-730	5,000	-	5,000	-	5,000
Undistributed Expenditures- Student Transportation	12-270-100-732	-	3,173	3,173	3,173	-
<b>Total Equipment</b>		<b>20,250</b>	<b>3,173</b>	<b>23,423</b>	<b>15,667</b>	<b>7,756</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Assessment for Debt Service	12-000-400-896	1,258	-	1,258	1,258	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>1,258</b>	<b>-</b>	<b>1,258</b>	<b>1,258</b>	<b>-</b>
<b>Total Capital Outlay</b>		<b>21,508</b>	<b>3,173</b>	<b>24,681</b>	<b>16,925</b>	<b>7,756</b>
<b>Assets Acquired Under Capital Leases (Nonbudgeted):</b>						
Instruction/Non-Instruction		-	-	-	64,627	(64,627)
<b>Total Assets Acquired Under Capital Leases (Nonbudgeted):</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>64,627</b>	<b>(64,627)</b>
<b>Total Expenditures</b>		<b>4,490,133</b>	<b>86,125</b>	<b>4,576,258</b>	<b>4,618,472</b>	<b>(42,214)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>		<b>(478,248)</b>	<b>(86,125)</b>	<b>(564,373)</b>	<b>118,149</b>	<b>682,522</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)	-	-	-	64,627	64,627	
Transfer from Internal Service Fund	-	-	-	5,144	5,144	
Transfer to Charter Schools	10-000-100-56x	(20,000)	(20,000)	-	20,000	
Total Other Financing Sources/(Uses)		(20,000)	(20,000)	69,771	89,771	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)		(498,248)	(86,125)	(584,373)	187,920	772,293
Fund Balances, July 1 - as previously stated		1,524,956	-	1,524,956	1,524,956	-
Prior Period Adjustment		-	-	-	176,008	176,008
Fund Balances, July 1 - as restated		1,524,956	-	1,524,956	1,700,964	176,008
Fund Balances, June 30		\$ 1,026,708	\$ (86,125)	\$ 940,583	\$ 1,888,884	\$ 948,301

Withdraw from Maintenance Reserve	\$ 83,406
Prior Year Encumbrances	<u>2,719</u>
Total	<u>\$ 86,125</u>

**RECAPITULATION OF FUND BALANCE:**

Restricted for:	
Capital Reserve	\$ 115,488
Maintenance Reserve	18,597
Excess Surplus	763,952
Excess Surplus Designated for Subsequent Year's Expenditures	557,074
Unemployment Compensation	177,356
Assigned to:	
Year-End Encumbrances	4,967
Unassigned Fund Balance	<u>251,450</u>
Subtotal	1,888,884
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(54,865)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,834,019</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 165,185	\$ 24,194	\$ 189,379	\$ 186,619	\$ (2,760)
Local Sources	2,503	-	2,503	10,757	8,254
<b>Total Revenues</b>	<b>167,688</b>	<b>24,194</b>	<b>191,882</b>	<b>197,376</b>	<b>5,494</b>
Expenditures:					
Instruction:					
Salaries of Teachers	31,808	-	31,808	31,808	-
General Supplies	41,144	11,699	52,843	52,843	-
<b>Total Instruction</b>	<b>72,952</b>	<b>11,699</b>	<b>84,651</b>	<b>84,651</b>	<b>-</b>
Support Services:					
Personal Services - Employee Benefits	12,723	644	13,367	13,366	1
Purchased Professional Services	75,010	(644)	74,366	61,317	13,049
Supplies and Materials	7,003	12,495	19,498	19,451	47
Student Activities	-	-	-	4,730	(4,730)
<b>Total Support Services</b>	<b>94,736</b>	<b>12,495</b>	<b>107,231</b>	<b>109,326</b>	<b>(2,095)</b>
<b>Total Expenditures</b>	<b>167,688</b>	<b>24,194</b>	<b>191,882</b>	<b>193,977</b>	<b>(2,095)</b>
<b>Total Outflows</b>	<b>167,688</b>	<b>24,194</b>	<b>191,882</b>	<b>193,977</b>	<b>(2,095)</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	3,399	3,399
Fund Balances, July 1, as previously stated	-	-	-	-	-
Prior Period Adjustment	-	-	-	10,490	10,490
Fund Balances, July 1, as restated	-	-	-	10,490	10,490
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ 13,889	\$ 13,889

**Recapitulation of Fund Balance:**

Restricted for:	
Scholarships	\$ 1,253
Student Activities	<u>12,636</u>
<b>Total Fund Balance</b>	<u><u>\$ 13,889</u></u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

**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 (C-Series)	\$ 4,736,621	\$ 197,376
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal	-	(6,000)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	67,815	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(54,865)	-
	\$ 4,749,571	\$ 191,376
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,618,472	\$ 193,977
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
General Supplies	-	(6,000)
	\$ 4,618,472	\$ 187,977
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST EIGHT FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00279%	0.00271%	0.00269%	0.00279%	0.00287%	0.00287%	0.00319%	0.00305%
School District's proportionate share of the net pension liability	\$ 454,615	\$ 488,369	\$ 527,801	\$ 650,338	\$ 823,252	\$ 644,667	\$ 597,666	\$ 583,445
District's covered-employee payroll	\$ 192,821	\$ 212,351	\$ 207,087	\$ 202,668	\$ 201,632	\$ 201,865	\$ 212,498	\$ 228,970
School District's proportionate share of the net pension liability as a percentage of its covered payroll	235.77%	229.98%	254.87%	320.89%	408.29%	319.36%	281.26%	254.81%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 30,497	\$ 26,364	\$ 26,709	\$ 25,881	\$ 24,694	\$ 24,690	\$ 26,316	23,002
Contributions in relation to the contractually required contribution	(30,497)	(26,364)	(26,709)	(25,881)	(24,694)	(24,690)	(26,316)	(23,002)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 192,821	\$ 212,351	\$ 207,087	\$ 202,668	\$ 201,632	\$ 201,865	\$ 212,498	\$ 228,970
Contributions as a percentage of covered-employee payroll	15.82%	12.42%	12.90%	12.77%	12.25%	12.23%	12.38%	11.32%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST EIGHT FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	8,628,741	8,777,733	9,161,549	9,594,815	11,708,518	8,878,395	7,820,066	7,991,828
District's covered-employee payroll	\$ 1,417,143	\$ 1,467,749	\$ 1,467,412	\$ 1,524,887	\$ 1,439,159	\$ 1,463,829	\$ 1,476,750	\$ 1,477,064
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)**  
**LAST FOUR FISCAL YEARS\***

	2021	2020	2019	2018
<b>Total OPEB Liability Associated with the District</b>				
Service Cost	\$ 239,452	\$ 230,823	\$ 277,748	\$ 335,636
Interest Cost	353,059	452,300	473,261	410,657
Differences between Expected and Actual	2,757,593	(2,156,706)	(606,409)	-
Changes of Assumptions	2,919,218	148,828	(1,331,589)	(1,582,335)
Contributions: Member	8,433	9,083	10,724	11,165
Gross Benefit Payments	<u>(278,220)</u>	<u>(306,408)</u>	<u>(310,280)</u>	<u>(303,199)</u>
Net Change in Total OPEB Liability Associated with District	5,999,535	(1,622,080)	(1,486,545)	(1,128,076)
Total OPEB Liability Associated with District (Beginning)	<u>9,981,676</u>	<u>11,603,756</u>	<u>13,090,301</u>	<u>14,218,377</u>
Total OPEB Liability Associated with District (Ending)	<u>\$15,981,211</u>	<u>\$9,981,676</u>	<u>\$11,603,756</u>	<u>\$ 13,090,301</u>
District's Covered Employee Payroll	1,674,499	2,357,966	2,270,542	2,270,542
Net OPEB Liability Associated with District as a Percentage of Payroll	954.39%	423.32%	511.06%	576.53%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 5.60% as of June 30, 2019, to 5.4% as of June 30, 2020.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. - PART B PRE-K	TITLE I	TITLE II	TITLE IV
Revenues:					
Federal Sources	\$ 50,524	\$ 793	\$ 45,174	\$ 4,337	\$ 10,000
Total Revenues	<u>\$ 50,524</u>	<u>\$ 793</u>	<u>\$ 45,174</u>	<u>\$ 4,337</u>	<u>\$ 10,000</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ 31,808	\$ -	\$ -
Total Instruction	<u>-</u>	<u>-</u>	<u>31,808</u>	<u>-</u>	<u>-</u>
Support Services:					
Employee Benefits	-	-	13,366	-	-
Purchased Professional Services	50,524	793	-	-	10,000
Other Purchased Services	-	-	-	4,337	-
Total Support Services	<u>50,524</u>	<u>793</u>	<u>13,366</u>	<u>4,337</u>	<u>10,000</u>
Total Expenditures	<u>\$ 50,524</u>	<u>\$ 793</u>	<u>\$ 45,174</u>	<u>\$ 4,337</u>	<u>\$ 10,000</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	CARES ACT DIGITAL DIVIDE	CARES ACT EDUCATION STABLIZATION	CARES ACT LEARNING ACCELERATION	COVID REFLIEF FUNDS	REAP GRANT	SAFETY GRANT	STUDENT ACTIVITIES	SCHOLARSHIPS	2021
Revenues:									
Federal Sources	\$ 11,699	\$ 33,876	\$ 6,000	\$ 10,572	\$ 13,644	\$ -	\$ -	\$ -	\$ 186,619
Local Sources	-	-	-	-	-	2,503	8,254	-	10,757
<b>Total Revenues</b>	<b>\$ 11,699</b>	<b>\$ 33,876</b>	<b>\$ 6,000</b>	<b>\$ 10,572</b>	<b>\$ 13,644</b>	<b>\$ 2,503</b>	<b>\$ 8,254</b>	<b>\$ -</b>	<b>\$ 197,376</b>
Expenditures:									
Instruction:									
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,808
General Supplies	11,699	27,500	-	-	13,644	-	-	-	52,843
<b>Total Instruction</b>	<b>11,699</b>	<b>27,500</b>	<b>-</b>	<b>-</b>	<b>13,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,651</b>
Support Services:									
Employee Benefits	-	-	-	-	-	-	-	-	13,366
Purchased Professional Services	-	-	-	-	-	-	-	-	61,317
Other Purchased Services	-	-	6,000	-	-	-	-	-	10,337
Supplies & Materials	-	6,376	-	10,572	-	2,503	-	-	19,451
Student Activities	-	-	-	-	-	-	4,730	-	4,730
Scholarship	-	-	-	-	-	-	-	125	125
<b>Total Support Services</b>	<b>-</b>	<b>6,376</b>	<b>6,000</b>	<b>10,572</b>	<b>-</b>	<b>2,503</b>	<b>4,730</b>	<b>125</b>	<b>109,326</b>
<b>Total Expenditures</b>	<b>11,699</b>	<b>33,876</b>	<b>6,000</b>	<b>10,572</b>	<b>13,644</b>	<b>2,503</b>	<b>4,730</b>	<b>125</b>	<b>193,977</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	3,524	(125)	3,399
Fund Balance, July 1	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	9,112	1,378	10,490
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	9,112	1,378	10,490
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,636</b>	<b>\$ 1,253</b>	<b>\$ 13,889</b>

F. Capital Projects Fund  
Not Applicable

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## G. Proprietary Funds

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## Enterprise Funds

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2021**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>			TOTAL
	FOOD SERVICE FUND	LATCHKEY PROGRAM		
Current Assets:				
Cash & Cash Equivalents	\$ 16,494	\$ 11,101	\$	27,595
Accounts Receivable:				
State	602	-		602
Federal	5,388	-		5,388
Other	264			264
Inventory	934	-		934
Total Current Assets	<u>23,682</u>	<u>11,101</u>		<u>34,783</u>
Noncurrent Assets:				
Furniture, Machinery & Equipment	79,854	-		79,854
Less: Accumulated Depreciation	<u>(73,389)</u>	<u>-</u>		<u>(73,389)</u>
Total Noncurrent Assets	<u>6,465</u>	<u>-</u>		<u>6,465</u>
Total Assets	<u>30,147</u>	<u>11,101</u>		<u>41,248</u>
LIABILITIES				
Current Liabilities:				
Unearned Revenue	<u>2,031</u>	<u>-</u>		<u>2,031</u>
Total Current Liabilities	<u>2,031</u>	<u>-</u>		<u>2,031</u>
NET POSITION				
Investment in Capital Assets	6,465	-		6,465
Unrestricted	<u>21,651</u>	<u>11,101</u>		<u>32,752</u>
Total Net Position	<u>\$ 28,116</u>	<u>\$ 11,101</u>	<u>\$</u>	<u>39,217</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**AS OF JUNE 30, 2021**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 850	\$ -	\$ 850
Daily Sales Nonreimbursable Programs	5,553	-	5,553
Special Functions	-	-	-
Tuition	-	8,268	8,268
Total Operating Revenue	6,403	8,268	14,671
Operating Expenses:			
Salaries	35,174	4,947	40,121
Employee Benefits	3,413	478	3,891
Purchased Services	1,580	-	1,580
Depreciation	1,214	-	1,214
Cost of Sales - Reimbursable Programs	36,703	-	36,703
Cost of Sales - Non-Reimbursable Programs	3,610	-	3,610
Total Operating Expenses	81,694	5,425	87,119
Operating/(Loss)/Gain	(75,291)	2,843	(72,448)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	2,842	-	2,842
Federal Sources:			
National School Lunch Program	58,991	-	58,991
Food Distribution Program	4,427	-	4,427
National School Breakfast Program	22,293	-	22,293
Total Nonoperating Revenues/ (Expenses)	88,553	-	88,553
Net Income/(Loss)	13,262	2,843	16,105
Net Position - Beginning,	14,854	8,258	23,112
Total Net Position - Ending	\$ 28,116	\$ 11,101	\$ 39,217

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2021**

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 6,273	\$ 8,268	\$ 14,541
Payments to Suppliers	(41,893)	-	(41,893)
Payments to Employees	(35,174)	(4,947)	(40,121)
Payments for Employee Benefits	(3,413)	(478)	(3,891)
	<hr/>		
Net Cash Provided/(Used) by Operating Activities	(74,207)	2,843	(71,364)
	<hr/>		
Cash Flows From Non-Capital Financing Activities:			
Cash Received from State & Federal Reimbursements	86,119	-	86,119
	<hr/>		
Net Cash Provided by Non-Capital Financing Activities	86,119	-	86,119
	<hr/>		
Net Increase/(Decrease) in Cash & Cash Equivalents	11,912	2,843	14,755
Cash & Cash Equivalents, July 1	4,582	8,258	12,840
	<hr/>		
Cash & Cash Equivalents, June 30	\$ 16,494	\$ 11,101	\$ 27,595
	<hr/> <hr/>		

**RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTI**

Operating Income/(Loss)	\$ (75,291)	\$ 2,843	\$ (72,448)
Adjustments to Reconcile Operating Income/(Loss) in Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	1,214	-	1,214
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	43	-	43
Increase/(Decrease) in Unearned Revenue	(173)	-	(173)
	<hr/>		
Total Adjustments	1,084	-	1,084
	<hr/>		
Net Cash Provided/(Used) by Operating Activities	\$ (74,207)	\$ 2,843	\$ (71,364)
	<hr/> <hr/>		

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Internal Service Fund

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	<u>INTERNAL SERVICE</u>
Current Assets:	
Cash and cash equivalents	<u>\$ 15,100</u>
Total Assets	<u>15,100</u>
NET POSITION	
Unrestricted	<u>15,100</u>
Total Net Position	<u><u>\$ 15,100</u></u>

EXHIBIT G-5  
**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**AS OF JUNE 30, 2021**

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> INTERNAL SERVICE
<b>OPERATING REVENUES:</b>	
Local Sources:	
Delivery	\$ 2,584
Lunch	37,248
Maintenance	<u>18,000</u>
Total Operating Revenue	<u>57,832</u>
<b>OPERATING EXPENSES:</b>	
Other Salaries	24,875
Benefits	2,153
Cost of Sales	<u>15,704</u>
Total Operating Expenses	<u>42,732</u>
Net Income/(Loss)	15,100
<b>Other Financing Sources/(Uses):</b>	
Transfer to General Fund	<u>(5,144)</u>
Total Other Financing Sources/(Uses)	<u>(5,144)</u>
Change in Net Position	9,956
Total Net Position - July 1	<u>5,144</u>
Total Net Position - June 30	<u><u>\$ 15,100</u></u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
AS OF JUNE 30, 2021**

	<u>GOVERNMENTAL ACTIVITIES</u> INTERNAL SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 57,832
Payments to Suppliers	(15,704)
Payments to Employees	(24,875)
Payments for Employee Benefits	<u>(2,153)</u>
Net Cash Provided/(Used) by Operating Activities	<u>15,100</u>
Cash Flows From Noncapital Financing Activities:	
Transfer to General Fund	<u>(5,144)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(5,144)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	<u>9,956</u>
Cash & Cash Equivalents, July 1	<u>5,144</u>
Cash & Cash Equivalents, June 30	<u><u>\$ 15,100</u></u>
 <b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING</b>	
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 15,100</u></u>

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## I. Long-Term Debt

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**LONG-TERM DEBT**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**JUNE 30, 2021**

DESCRIPTION	DATE OF ISSUE	TERM	MATURITY DATE	INTEREST RATE	AMOUNT OF ISSUE	BALANCE JUNE 30, 2020	ISSUED	RETIRED	BALANCE JUNE 30, 2021
Technology Equipment	7/25/2020	5 Years	7/25/2024	1.967%	\$ 64,627	\$ -	\$ 64,627	\$ 14,109	\$ 50,518
Total						\$ -	\$ 64,627	\$ 14,109	\$ 50,518

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**STATISTICAL SECTION (Unaudited)**

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental Activities:</b>										
Net Investment in,										
Capital Assets	\$ 2,312,775	\$ 2,244,315	\$ 2,403,842	\$ 2,569,760	\$ 1,698,792	\$ 1,872,333	\$ 1,794,674	\$ 1,903,866	\$ 1,034,496	\$ 1,093,296
Restricted	1,646,356	1,274,956	1,191,717	1,004,517	1,745,986	1,949,793	1,706,965	1,412,851	1,955,939	1,512,647
Unrestricted	(452,286)	(512,401)	(510,104)	(541,501)	(509,666)	(449,727)	(418,542)	149,802	142,631	141,661
<b>Total Governmental Activities</b>	<b>\$ 3,506,845</b>	<b>\$ 3,006,870</b>	<b>\$ 3,085,455</b>	<b>\$ 3,032,776</b>	<b>\$ 2,935,112</b>	<b>\$ 3,372,399</b>	<b>\$ 3,083,097</b>	<b>\$ 3,466,519</b>	<b>\$ 3,133,066</b>	<b>\$ 2,747,604</b>
<b>Business-Type Activities:</b>										
Net Investment in,										
Capital Assets	\$ 6,465	\$ 7,680	\$ 8,498	\$ 9,319	\$ 10,138	\$ 9,708	\$ 10,578	\$ 6,551	\$ 5,401	\$ 7,112
Unrestricted	32,752	20,576	15,983	11,828	8,743	10,004	11,886	6,582	10,405	3,214
<b>Total Business-Type Activities</b>	<b>\$ 39,217</b>	<b>\$ 28,256</b>	<b>\$ 24,481</b>	<b>\$ 21,147</b>	<b>\$ 18,881</b>	<b>\$ 19,712</b>	<b>\$ 22,464</b>	<b>\$ 13,133</b>	<b>\$ 15,806</b>	<b>\$ 10,326</b>
<b>District-Wide:</b>										
Net Investment in,										
Capital Assets	\$ 2,319,240	\$ 2,251,995	\$ 2,412,340	\$ 2,579,079	\$ 1,708,930	\$ 1,882,041	\$ 1,805,252	\$ 1,910,417	\$ 1,039,897	\$ 1,100,408
Restricted	1,646,356	1,274,956	1,191,717	1,004,517	1,745,986	1,949,793	1,706,965	1,412,851	1,955,939	1,512,647
Unrestricted	(419,534)	(491,825)	(494,121)	(529,673)	(500,923)	(439,723)	(406,656)	156,384	153,036	144,875
<b>Total District Net Position</b>	<b>\$ 3,546,062</b>	<b>\$ 3,035,126</b>	<b>\$ 3,109,936</b>	<b>\$ 3,053,923</b>	<b>\$ 2,953,993</b>	<b>\$ 3,392,111</b>	<b>\$ 3,105,561</b>	<b>\$ 3,479,652</b>	<b>\$ 3,148,872</b>	<b>\$ 2,757,930</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction:</b>										
Regular	\$ 1,118,933	\$ 1,147,269	\$ 1,176,469	\$ 1,250,860	\$ 1,264,634	\$ 1,418,544	\$ 1,466,324	\$ 1,396,118	\$ 1,382,904	\$ 1,336,507
Special Education	427,628	351,602	260,071	248,988	222,499	219,793	175,065	166,215	157,600	155,811
Other Special Instruction	-	48,266	41,853	39,193	34,671	-	-	-	-	51,000
Other Instruction	48,012	764	1,050	980	2,084	1,311	3,072	495	422	878
<b>Support Services:</b>										
Student & Instruction Related Services	1,244,965	1,361,279	1,310,659	1,077,397	1,387,441	925,638	900,955	894,075	730,956	1,073,741
General Administrative	113,203	115,485	124,802	142,052	130,048	115,076	133,373	136,260	127,322	118,218
School Administrative Services	52,020	51,000	62,368	61,222	59,650	48,341	57,820	58,715	59,422	60,808
Central Services	79,423	97,273	88,674	97,991	95,115	92,298	110,245	101,450	94,316	90,799
Administrative Information Technology	-	-	-	-	2,208	2,860	-	-	-	-
Plant Operations & Maintenance	339,190	312,254	322,177	297,525	355,162	308,008	332,329	317,915	416,061	311,990
Pupil Transportation	239,179	271,975	317,599	341,405	402,276	369,315	372,798	351,905	299,835	342,116
Employee Benefits	1,549,522	969,127	1,328,885	985,397	956,966	881,792	800,641	759,237	823,840	835,848
Food Service	15,704	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	1,258	1,258	1,258	11,419	99,287	10,760	6,508	1,258	61,391	2,315
Unallocated Depreciation	154,025	163,668	185,954	177,515	155,968	147,183	141,625	132,947	122,517	123,654
<b>Total Governmental Activities Expenses</b>	<b>\$5,383,062</b>	<b>\$4,891,220</b>	<b>\$5,221,819</b>	<b>\$4,731,944</b>	<b>\$5,168,009</b>	<b>\$4,540,919</b>	<b>\$4,500,755</b>	<b>\$4,316,590</b>	<b>\$4,276,586</b>	<b>\$4,503,685</b>
<b>Business-Type Activities:</b>										
Food Service	81,694	85,857	82,304	69,715	73,099	75,172	74,584	96,311	91,778	94,612
Latchkey	5,425	6,475	6,325	4,699	4,357	3,849	2,721	3,193	5,374	6,526
<b>Total Business-Type Activities Expense</b>	<b>87,119</b>	<b>92,332</b>	<b>88,629</b>	<b>74,414</b>	<b>77,456</b>	<b>79,021</b>	<b>77,305</b>	<b>99,504</b>	<b>97,152</b>	<b>101,138</b>
<b>Total District Expenses</b>	<b>\$ 5,470,181</b>	<b>\$ 4,983,552</b>	<b>\$ 5,310,448</b>	<b>\$ 4,806,358</b>	<b>\$ 5,245,465</b>	<b>\$ 4,619,940</b>	<b>\$ 4,578,060</b>	<b>\$ 4,416,094</b>	<b>\$ 4,373,738</b>	<b>\$ 4,604,823</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Revenues:										
Governmental Activities:										
Charges for Services & Operating Grants										
Shared Services	\$ 57,832	\$ -	\$ -	\$ -	\$ -	\$ 27,800	\$ 38,400	\$ 24,099	\$ 20,980	\$ 23,275
Operating grants and contributions	1,366,131	124,822	138,609	143,451	101,604	217,681	103,837	95,246	96,444	108,584
Total Governmental Activities Program Revenues	1,423,963	124,822	138,609	143,451	101,604	245,481	142,237	119,345	117,424	131,859
Business-Type Activities:										
Charges for Services:										
Food Service	6,403	44,467	43,961	40,237	33,479	37,599	42,206	42,263	49,573	50,152
Latchkey	8,268	5,507	9,318	5,614	6,013	5,116	3,099	4,275	5,806	6,637
Operating Grants & Contributions	88,553	39,133	34,684	27,829	27,316	28,554	32,081	29,693	22,253	24,168
Total Business Type Activities Program Revenues	103,224	89,107	87,963	73,680	66,808	71,269	77,386	76,231	77,632	80,957
Total District Program Revenues	\$ 1,527,187	\$ 213,929	\$ 226,572	\$ 217,131	\$ 168,412	\$ 316,750	\$ 219,623	\$ 195,576	\$ 195,056	\$ 212,816
Net/(Expense)/Revenue:										
Governmental Activities	\$ (3,959,099)	\$ (4,766,398)	\$ (5,083,210)	\$ (4,588,493)	\$ (5,066,405)	\$ (4,295,438)	\$ (4,358,518)	\$ (4,197,245)	\$ (4,159,162)	\$ (4,371,826)
Business-Type Activities	16,105	(3,225)	(666)	(734)	(10,648)	(7,752)	81	(23,273)	(19,520)	(20,181)
Total District-Wide Net Expense	\$ (3,942,994)	\$ (4,769,623)	\$ (5,083,876)	\$ (4,589,227)	\$ (5,077,053)	\$ (4,303,190)	\$ (4,358,437)	\$ (4,220,518)	\$ (4,178,682)	\$ (4,392,007)

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,359,200	\$ 3,359,200
Taxes Levied for Debt Service	677,519	1,299,117	1,753,760	1,353,245	1,345,135	-	-	-	-	-
Unrestricted Grants & Contributions	132,650	84,238	41,650	15,000	21,000	1,273,425	1,230,631	1,213,118	1,232,736	1,354,182
Tuition Charges	17,250	11,060	4,318	5,260	2,202	9,000	-	3,483	6,890	7,000
Transportation Fees	576	7,733	8,576	4,652	9,320	617	-	600	62	250
Investment Earnings	120,170	-	-	4,652	(38,450)	11,472	19,338	23,511	37,283	34,845
Capital Asset Adjustments	-	(7,000)	(4,000)	(3,000)	(6,000)	(8,303)	(3,656)	(3,525)	-	(19,914)
Transfers	21,874	649	39,569	18,984	3,872	(5,000)	(4,000)	(18,000)	(25,000)	(16,000)
Other	-	-	-	-	-	11,513	1,210	19,495	637	291,252
<b>Total Governmental Activities</b>	<b>4,262,055</b>	<b>4,687,813</b>	<b>5,135,889</b>	<b>4,686,157</b>	<b>4,629,095</b>	<b>4,584,740</b>	<b>4,535,539</b>	<b>4,530,698</b>	<b>4,611,808</b>	<b>5,010,815</b>
Business-Type Activities:										
Transfers	-	7,000	4,000	3,000	6,000	5,000	4,000	18,000	25,000	-
Investment in capital assets	-	-	-	-	3,817	-	5,250	2,600	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>7,000</b>	<b>4,000</b>	<b>3,000</b>	<b>9,817</b>	<b>5,000</b>	<b>9,250</b>	<b>20,600</b>	<b>25,000</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 4,262,055</b>	<b>\$ 4,694,813</b>	<b>\$ 5,139,889</b>	<b>\$ 4,689,157</b>	<b>\$ 4,638,912</b>	<b>\$ 4,589,740</b>	<b>\$ 4,544,789</b>	<b>\$ 4,551,298</b>	<b>\$ 4,636,808</b>	<b>\$ 5,010,815</b>
Change in Net Position:										
Governmental Activities	\$ 302,956	\$ (78,585)	\$ 52,679	\$ 97,664	\$ (437,310)	\$ 289,302	\$ 177,021	\$ 333,453	\$ 452,646	\$ 638,989
Business-Type Activities	16,105	3,775	3,334	2,266	(831)	(2,752)	9,331	(2,673)	5,480	(20,181)
<b>Total District</b>	<b>\$ 319,061</b>	<b>\$ (74,810)</b>	<b>\$ 56,013</b>	<b>\$ 99,930</b>	<b>\$ (438,141)</b>	<b>\$ 286,550</b>	<b>\$ 186,352</b>	<b>\$ 330,780</b>	<b>\$ 458,126</b>	<b>\$ 618,808</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Restricted	\$ 1,632,467	\$ 1,241,057	\$ 1,145,597	\$ 670,362	\$ 1,629,034	\$ 1,885,507	\$ 1,631,171	\$ 1,356,523	\$ 1,147,303	\$ 1,382,706
Assigned	4,967	33,899	22,474	281	30,297	57,278	68,786	49,320	68,614	129,941
Unrestricted	196,585	182,185	211,680	190,711	173,287	182,495	205,568	224,354	208,139	211,187
<b>Total General Fund</b>	<b>\$ 1,834,019</b>	<b>\$ 1,457,141</b>	<b>\$ 1,379,751</b>	<b>\$ 861,354</b>	<b>\$ 1,832,618</b>	<b>\$ 2,125,280</b>	<b>\$ 1,905,525</b>	<b>\$ 1,630,197</b>	<b>\$ 1,424,056</b>	<b>\$ 1,723,834</b>
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund	\$ 13,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	-	-	23,646	33,874	86,655	7,008	7,008	7,008	740,002	-
<b>Total All Other Governmental Funds</b>	<b>\$ 13,889</b>	<b>\$ -</b>	<b>\$ 23,646</b>	<b>\$ 33,874</b>	<b>\$ 86,655</b>	<b>\$ 7,008</b>	<b>\$ 7,008</b>	<b>\$ 7,008</b>	<b>\$ 740,002</b>	<b>\$ -</b>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues:</b>										
Tax Levy	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,359,200
Tuition	132,650	84,238	41,650	15,000	21,000	9,000	-	3,483	6,890	7,000
Transportation	17,250	11,060	4,318	5,260	2,225	617	-	600	62	250
Interest Earnings	576	7,733	8,576	4,652	9,320	11,472	19,338	23,511	37,283	34,845
Miscellaneous	24,377	2,649	35,143	21,357	6,076	13,664	5,028	19,495	3,938	8,597
State Sources	1,293,459	1,283,577	1,401,250	1,353,245	1,345,135	1,365,835	1,230,631	1,213,118	1,232,736	1,315,617
Federal Sources	180,619	122,822	136,035	141,078	99,400	123,120	100,019	95,246	93,143	143,050
<b>Total Revenue</b>	<b>4,940,947</b>	<b>4,804,095</b>	<b>4,918,988</b>	<b>4,832,608</b>	<b>4,775,172</b>	<b>4,815,724</b>	<b>4,647,032</b>	<b>4,647,469</b>	<b>4,666,068</b>	<b>4,868,559</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	1,133,042	1,142,094	1,175,919	1,252,315	1,266,391	1,398,986	1,446,096	1,371,383	1,368,160	1,328,293
Special Education Instruction	427,628	351,189	259,771	248,763	222,162	220,280	175,690	165,653	158,012	155,221
Other	-	47,553	41,853	39,868	33,996	-	-	-	-	51,045
Other Special Instruction	48,012	764	1,050	980	2,084	1,311	3,072	1,095	422	878
<b>Undistributed:</b>										
Student & instruction related services	1,245,125	1,359,892	1,310,659	1,079,770	1,387,441	925,638	900,955	894,075	730,956	1,112,978
General administration	113,043	115,485	124,802	142,052	130,048	115,076	133,373	136,260	127,322	118,218
School administration	52,020	51,000	62,368	61,222	59,650	48,341	57,820	58,715	59,422	60,808
Central Services	79,423	97,273	88,674	97,991	95,115	92,298	110,245	101,450	94,316	90,799
Administration information technology	-	-	-	-	2,208	2,860	-	-	-	-
Operations and maintenance of plant services	386,854	312,254	332,204	297,525	355,162	308,008	332,329	355,293	415,121	314,600

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

Expenditures (continued):	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Student Transportation	239,179	271,700	320,774	338,755	402,056	368,515	376,048	347,725	299,835	342,116
Employee Benefits	1,000,571	988,748	992,196	936,883	905,710	865,751	790,479	758,763	822,150	832,031
Capital Outlay	80,294	5,399	11,267	1,057,529	120,164	243,905	41,597	969,722	125,108	311,987
Debt Service Expenditures:										
Interest	1,258	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,806,449</b>	<b>4,743,351</b>	<b>4,721,537</b>	<b>5,553,653</b>	<b>4,982,187</b>	<b>4,590,969</b>	<b>4,367,704</b>	<b>5,160,134</b>	<b>4,200,824</b>	<b>4,718,974</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>134,498</b>	<b>60,744</b>	<b>197,451</b>	<b>(721,045)</b>	<b>(207,015)</b>	<b>224,755</b>	<b>279,328</b>	<b>(512,665)</b>	<b>465,244</b>	<b>149,585</b>
<b>Other Financing Sources/(Uses):</b>										
Prior year receivable cancelled	-	-	7,000	-	-	-	-	-	-	-
Transfers	5,144	(7,000)	3,718	(6,000)	(6,000)	(5,000)	(4,000)	(18,000)	(25,000)	(16,000)
Capital Leases	64,627	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>69,771</b>	<b>(7,000)</b>	<b>10,718</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>(5,000)</b>	<b>(4,000)</b>	<b>(18,000)</b>	<b>(25,000)</b>	<b>(16,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$204,269</b>	<b>\$53,744</b>	<b>\$208,169</b>	<b>(\$727,045)</b>	<b>(\$213,015)</b>	<b>\$219,755</b>	<b>\$275,328</b>	<b>(\$530,665)</b>	<b>\$440,244</b>	<b>\$133,585</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.03%</b>	-	-	-	-	-	-	-	-	-

Source: District Records

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

FISCAL YEAR ENDING JUNE 30,	PRIOR YEAR REFUNDS	MISCELLANEOUS	RENTALS	ANNUAL TOTAL
2021	\$ -	\$ 13,620	\$ -	\$ 13,620
2020	113	536	-	649
2019	15,468	101	17,000	32,569
2018	1,718	266	17,000	18,984
2017	3,747	125	-	3,872
2016	8,157	3,356	-	11,513
2015	-	1,210	-	1,210
2014	15,280	4,215	-	19,495
2013	454	183	-	637
2012	1,922	2,576	-	4,498
	<u>\$ 46,859</u>	<u>\$ 26,188</u>	<u>\$ 34,000</u>	<u>\$ 107,047</u>

Source: District records

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2021	\$ 2,829,500	71,365,600	\$ 21,342,700	\$ 3,792,400	\$ 1,485,000	\$ 113,498,600	\$ 214,313,800	\$ -	\$ 214,313,800	-	283,444,267
2020	2,973,000	71,257,000	20,874,100	3,805,200	1,485,000	113,498,600	213,892,900	703,862	214,596,762	-	266,094,743
2019	2,906,600	70,694,800	20,674,000	3,826,000	1,633,600	113,498,600	213,233,600	453,058	213,686,658	-	277,201,503
2018	2,896,900	70,386,600	20,568,300	3,828,000	1,633,600	113,498,600	212,812,000	259,555	213,071,555	-	297,149,087
2020	2,976,300	71,209,500	19,574,300	3,732,600	1,633,600	113,498,600	212,624,900	258,243	212,883,143	-	293,931,047
2016	3,014,700	70,823,500	19,449,800	3,773,600	1,633,600	113,498,600	212,193,800	249,916	212,443,716	-	303,262,027
2015	3,023,500	70,949,400	19,112,000	3,749,800	1,633,600	113,498,600	211,966,900	247,473	212,214,373	-	301,889,459
2014	3,226,000	70,567,100	18,679,100	3,757,200	1,633,600	113,498,600	211,361,600	409,427	211,771,027	-	264,640,143
2013	3,229,600	69,945,000	18,928,500	3,772,300	1,633,600	113,498,600	211,007,600	436,054	211,443,654	-	276,948,769
2012	3,198,600	64,264,700	23,401,100	3,907,300	1,527,200	113,498,600	209,797,500	423,390	210,220,890	-	296,419,755

b. Tax rates are per \$100

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				TOTAL DIRECT SCHOOL TAX RATE	OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICES	TOWNSHIP OF LAC	SALEM COUNTY				
2021	-	-	-	-	-	1.5100	1.510	
2020	-	-	-	-	-	1.5670	1.567	
2019	-	-	-	-	-	1.6510	1.651	
2018	-	-	-	-	-	1.6040	1.604	
2020	-	-	-	-	-	1.5490	1.549	
2016	-	-	-	-	-	1.4410	1.441	
2015	-	-	-	-	-	1.3760	1.376	
2014	-	-	-	-	-	1.2070	1.207	
2013	-	-	-	-	-	1.2680	1.268	
2012	-	-	-	-	-	1.1160	1.116	

Source: Salem County Board of Taxation- Abstract of Ratables

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2021		2012	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION
PSEG	113,592,800	53.00%	113,498,600	54.10%
Taxpayer #1	856,300	0.40%	398,800	0.19%
Taxpayer #2	782,500	0.37%	362,500	0.17%
Verizon	679,069	0.32%	436,054	0.21%
Wave Maker 4 LLC	644,900	0.30%	664,900	0.32%
Taxpayment #3	398,800	0.19%	336,500	0.16%
Taxpayment #4	396,600	0.19%	228,900	0.11%
Taxpayment #5	366,400	0.17%	285,000	0.14%
Taxpayment #6	362,500	0.17%	284,200	0.14%
Taxpayment #7	336,500	0.16%	282,300	0.13%
<b>Total</b>	<b>\$ 118,416,369</b>	<b>55.25%</b>	<b>\$ 116,777,754</b>	<b>55.66%</b>

Source: Municipal Tax Assessor.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

YEAR ENDED DECEMBER 31	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE FISCAL YEAR		COLLECTIONS IN SUBSEQUENT YEAR
		AMOUNT	PERCENT OF LEVY	
2021	3,292,016	3,292,016	100.00%	-
2020	3,292,016	3,292,016	100.00%	-
2019	3,292,016	3,292,016	100.00%	-
2018	3,292,016	3,292,016	100.00%	-
2020	3,292,016	3,292,016	100.00%	-
2016	3,292,016	3,292,016	100.00%	-
2015	3,292,016	3,292,016	100.00%	-
2014	3,292,016	3,292,016	100.00%	-
2013	3,292,016	3,292,016	100.00%	-
2012	3,292,200	3,292,200	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F Form).

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>		BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	CAPITAL LEASES		
2021	\$ -	\$ 50,518	\$ -	\$ 50,518	0.01%
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2020	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2021	\$ -	\$ -		\$ -	-	-
2020	-	-		-	-	-
2019	-	-		-	-	-
2018	-	-		-	-	-
2020	-	-		-	-	-
2016	-	-		-	-	-
2015	-	-		-	-	-
2014	-	-		-	-	-
2013	-	-		-	-	-
2012	-	-		-	-	-

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2021**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Lower Alloways Creek		100.00%	
Salem County General Obligation Debt	38,650,075	5.52%	<u>2,133,484</u>
Subtotal, overlapping debt			2,133,484
Lower Alloways Creek Township School Debt			<u>2,133,484</u>
Total Direct & Overlapping Debt			<u><u>\$2,133,484</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation.

Debt outstanding data provided by each governmental unit.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$8,198,471	\$8,336,532	\$8,623,074	8,885,970	8,970,953	9,043,440	8,653,225	8,347,514	8,303,129	8,302,877
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$8,198,471</u>	<u>\$8,336,532</u>	<u>\$8,623,074</u>	<u>\$8,885,970</u>	<u>\$8,970,953</u>	<u>\$9,043,440</u>	<u>\$8,653,225</u>	<u>\$8,347,514</u>	<u>\$8,303,129</u>	<u>\$8,302,877</u>

Total Net Debt Applicable to the Limit  
as a Percentage of Debt Limit

	-	-	-	-	-	-	-	-	-	-
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**Legal Debt Margin Calculation for Fiscal Year 2020**

	2020	2019	2018	Equalized Valuation Basis Total
Average Equalized Valuation of Taxable Property	281,547,294	263,348,895	274,950,904	<u>\$819,847,093</u>
Debt Limit (3% of Average Equalization Value)	<u>\$8,198,471</u>			<u>\$8,198,471</u>
Net Bonded School Debt	-			<u>\$8,198,471</u>
Legal Debt Margin				<u>\$8,198,471</u>

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2021	N/A	N/A	N/A	N/A
2020	1,672	81,570,272	48,496	N/A
2019	1,682	78,660,890	46,435	4.4%
2018	1,694	77,855,760	45,690	4.9%
2017	1,704	77,343,070	45,098	6.8%
2016	1,715	74,540,510	43,087	7.2%
2015	1,730	73,321,038	42,066	6.2%
2014	1,743	73,137,870	41,674	7.8%
2013	1,755	74,118,750	41,875	8.2%
2012	1,770	74,118,750	41,875	7.9%

**Source:**

- <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income
- <sup>c</sup> Per Capita
- <sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

EMPLOYER	2021		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK (OPTIONAL)	
PSEG	1,300		183.36%
LAC Township	52		7.33%
LAC Board of Education	47		6.33%
	<u>1,399</u>		<u>197.02%</u>

EMPLOYER	2012		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK (OPTIONAL)	
PSEG	1,500		118.20%
LAC Township	75		5.91%
LAC Board of Education	50		3.94%
	<u>1,625</u>		<u>128.05%</u>

Source: Salem County Economic Development Office and responses to School District survey

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	19.37	20.40	19.04	19.04	20.04	21.24	22.16	21.24	20.76	19.21
Special Education	6.71	5.89	4.64	4.64	4.64	4.14	3.37	3.37	3.45	3.84
Support Services:										
Student & Instruction Related Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10	1.00
General Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
School Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Administration Services										
Plants Operations and Maintenance	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Pupil Transportation	2.87	2.83	2.70	4.02	4.02	4.03	4.05	3.56	5.26	4.36
Custodial Services	2.39	2.26	2.26	2.26	2.52	2.52	2.52			
Food Service	1.68	1.68	1.54	1.53	1.53	1.53	1.58	2.29	2.30	2.30
Child Care	0.43	0.29	0.36	0.36	0.36	0.29	0.29	0.36	0.50	0.30
<b>Total</b>	<b>37.0</b>	<b>36.85</b>	<b>34.04</b>	<b>35.35</b>	<b>36.61</b>	<b>37.25</b>	<b>37.47</b>	<b>34.32</b>	<b>35.87</b>	<b>33.51</b>

**Source:** District Personnel Records

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
					TEACHING STAFF	ELEMENTARY RATIO				
2021	158	\$ 4,536,920	28,715	-0.61%	21	1:7	167.2	162.3	3.85%	97.07%
2020	164	4,737,952	28,890	1.52%	23	1:7	165.0	159.7	2.48%	96.75%
2019	163	4,710,270	28,897	-3.72%	21	1:8	161.0	154.2	-2.81%	95.73%
2018	158	4,496,124	28,456	-5.18%	21	1:8	165.7	154.2	2.78%	93.10%
2020	162	4,862,023	30,012	31.87%	23	1:7	161.2	153.9	0.00%	95.44%
2016	191	4,347,064	22,759	5.75%	22	1:8	161.9	154.9	-8.72%	95.68%
2015	201	4,326,107	21,523	3.75%	22	1:9	177.4	167.8	-8.50%	94.61%
2014	202	4,190,412	20,745	9.43%	22	1:9	193.9	186.1	-3.17%	95.99%
2013	215	4,075,716	18,957	-4.08%	22	1:9	200.2	191.3	0.01%	95.55%
2012	223	4,406,987	19,762	3.67%	25	1:8	198.5	189.0	-0.01%	95.21%

**Sources:** District records

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

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Lower Alloways Creek Township School District:										
Square Feet	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110
Capacity (Students)	425	425	425	425	425	425	425	425	425	425
Enrollment	158	163	162	161	162	162	173	194	201	197

Number of Schools at June 30, 2021:  
Elementary = 1

**Source:** District Facilities Office

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GROSS SQUARE * FOOTAGE	54,110									
Lower Alloways Creek Elementary School	\$ 141,355	\$ 56,086	\$ 79,014	\$ 40,450	\$ 101,625	\$ 75,698	\$ 84,498	\$ 73,806	\$ 159,012	\$ 74,341
Total School Facilities	\$ 141,355	\$ 56,086	\$ 79,014	\$ 40,450	\$ 101,625	\$ 75,698	\$ 84,498	\$ 73,806	\$ 159,012	\$ 74,341

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

Source: District records

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2021**

	COVERAGE	DEDUCTIBLE
School Package Policy- School Alliance Insurance Fund		
Educational Risk and Insurance Consortium- South Property		
Blanket buildings & contents	\$ 12,957,571	\$ 2,500
School Board legal liability	5,000,000	
Automobile liability	5,000,000	None
Workmen's compensation		
Bodily injury- by accident	3,000,000	None
Bodily injury- by disease	3,000,000	None
Bodily injury- by employee	3,000,000	None
Pollution Liability	25,000,000	50,000
General Liability		
Student Accident		
Basic	1,000,000	None
Catastrophic	5,000,000	25,000
Public Employee's faithful performance bonds		
Employee Bond- Shannon N. DuBois-Brody	185,000	None

Source: District Records.

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**SINGLE AUDIT SECTION**

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**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Lower Alloways Creek School District  
County of Salem  
Salem, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Alloways Creek School District (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 11, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies 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.

618 Stokes Road, Medford, NJ 08055

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[www.hmacpainc.com](http://www.hmacpainc.com)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from 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*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
March 11, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
of the Board of Education  
Lower Alloways Creek School District  
County of Salem  
Salem, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Lower Alloways Creek School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2021. The School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit

includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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.

**Purpose of this Report**

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 and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Medford, New Jersey  
March 11, 2022

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2021

ASSISTANCE LISTING NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE, JUNE 30, 2020		CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2021		
					UNEARNED REVENUE	GRANTOR				UNEARNED REVENUE	GRANTOR	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
10.553	21NJ304N1099	100-010-3350-028	\$ 22,293	7/1/20-6/30/21	\$ -	\$ 21,004	\$ (22,293)	\$ -	\$ (1,289)	\$ -	\$ -	
10.553	20NJ304N1099	100-010-3350-100	24,572	7/1/19-6/30/20	(1,287)	1,287	-	-	-	-	-	
10.555	20NJ304N1099	100-010-3350-098	11,223	7/1/19-6/30/20	(2,036)	2,036	-	-	-	-	-	
10.555	21NJ304N1099	100-010-3350-026	58,991	7/1/20-6/30/21	-	54,892	(58,991)	-	(4,099)	-	-	
10.555	21NJ304N1099	Unavailable	3,977	7/1/20-6/30/21	-	3,977	(3,977)	-	-	-	-	
10.555	20NJ304N1099	Unavailable	2,480	7/1/19-6/30/20	450	-	(450)	-	-	-	-	
Total Child Nutrition Cluster					(2,873)	83,196	(85,711)	-	(5,388)	-	-	
Total Enterprise Fund					(2,873)	83,196	(85,711)	-	(5,388)	-	-	
<b>U.S. DEPARTMENT OF TREASURY PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Special Revenue Fund:												
COVID Relief Funds Cluster:												
21.019	S425D200027	100-034-5120-516	11,699	7/16/20-10/31/20	-	11,699	(11,699)	-	-	-	-	
21.019	S425D200027	100-034-5120-515	10,572	3/1/20-12/31/21	-	10,572	(10,572)	-	-	-	-	
Total COVID Relief Funds Cluster					-	22,271	(22,271)	-	-	-	-	
Total Special Revenue Fund					-	22,271	(22,271)	-	-	-	-	
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Special Revenue Fund:												
Title I - Part A												
84.010	S010A200030	100-034-5064-194	45,174	7/1/20-9/30/21	-	19,085	(45,174)	-	(26,089)	-	-	
84.367A	S367A200029	100-034-5063-290	4,491	7/1/20-9/30/21	-	3,500	(4,337)	-	(837)	-	-	
84.424A	S424A200031	100-034-5069-031	10,000	7/1/20-9/30/21	-	7,875	(10,000)	-	(2,125)	-	-	
84.358	S358B200030	S358A202361	13,644	7/1/20-9/30/21	-	11,721	(13,644)	-	(1,923)	-	-	
Rural Education Achievement Program (REAP)												
CARES Cluster:												
84.425D	S425D210027	100-034-5120-513	145,873	3/13/20-9/30/23	-	18,070	(33,876)	-	(15,806)	-	-	
84.425D	S425D210027	100-034-5120-513	25,000	3/13/20-9/30/23	-	-	(6,000)	-	(6,000)	-	-	
Total CARES Cluster:					-	18,070	(39,876)	-	(21,806)	-	-	
Special Education Cluster:												
I.D.E.A. Part B, Basic Regular												
84.027A	H027A200100	100-034-5065-016	50,524	7/1/20-9/30/21	-	36,781	(50,524)	-	(13,743)	-	-	
84.173	H173A200100	100-034-5065-016	793	7/1/20-9/30/21	-	793	(793)	-	-	-	-	
Total Special Education Cluster					-	37,574	(51,317)	-	(13,743)	-	-	
Total Special Revenue Fund					-	120,096	(186,619)	-	(66,523)	-	-	
Total Federal Financial Assistance					(2,873)	203,292	(272,330)	-	(71,911)	-	-	

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2021		MEMO CUMULATIVE TOTAL
								ACCOUNTS RECEIVABLE	GRANTOR RECEIVABLE/EXPENDITURES	
<b>State Department of Education:</b>										
General Fund:										
State Aid Public:										
Equalization Aid	495-034-5120-078	\$ 363,868	7/1/20-6/30/21	\$ -	\$ 363,868	\$ (363,868)	\$ -	\$ -	\$ -	\$ 363,868
Special Education Categorical Aid	495-034-5120-089	140,233	7/1/20-6/30/21	-	140,233	(140,233)	-	-	-	140,233
Security Aid	495-034-5120-084	23,353	7/1/20-6/30/21	-	23,353	(23,353)	-	-	-	23,353
Total State Aid Public				-	527,454	(527,454)	-	-	-	527,454
Transportation Aid	495-034-5120-014	135,665	7/1/20-6/30/21	-	135,665	(135,665)	-	-	-	135,665
Additional Nonpublic Transportation Aid	495-034-5120-014	1,450	7/1/20-6/30/21	-	-	(1,450)	-	(1,450)	-	1,450
Reimbursed TPAF Social Security	100-034-5094-003	147,627	7/1/20-6/30/21	-	100,010	(108,489)	-	(8,479)	-	108,489
Noncash Assistance:										
TPAF - Post Retirement Medical	495-034-5094-001	121,028	7/1/20-6/30/21	-	121,028	(121,028)	-	-	-	121,028
TPAF - Pension Contributions	495-034-5094-002	386,199	7/1/20-6/30/21	-	386,199	(386,199)	-	-	-	386,199
TPAF - Long-Term Disability Insurance	495-034-5094-004	224	7/1/20-6/30/21	-	224	(224)	-	-	-	224
Total General Fund Assistance				-	1,270,580	(1,280,509)	-	(9,929)	-	54,865
<b>State Department of Agriculture:</b>										
Enterprise Fund:										
National School Lunch Program	100-010-3360-067	858	7/1/19-6/30/20	(233)	233	-	-	-	-	-
National School Lunch Program	100-010-3360-067	2,842	7/1/20-6/30/21	-	2,240	(2,842)	-	(602)	-	2,842
Total Enterprise Fund Assistance				(233)	2,473	(2,842)	-	(602)	-	2,842
Grand Total State Financial Assistance				\$ (233)	\$ 1,273,053	\$ (1,283,351)	\$ -	\$ (10,531)	\$ -	\$ 54,865
State Financial Assistance Programs Not Subject to Calculation for Major Program Determination:										
TPAF - Post Retirement Medical (Noncash Assistance)		121,028	7/1/20-6/30/21							121,028
TPAF - Pension Contributions (Noncash Assistance)		386,199	7/1/20-6/30/21							386,199
TPAF - Long-Term Disability Insurance (Noncash Assistance)		224	7/1/20-6/30/21							224
Total State Financial Assistance subject to Major Program Determination										\$ (775,900)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Lower Alloways Creek School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

**Note 3. Relationship to Basic Financial Statements**

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Note 3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$12,950 for the general fund and (\$6,000) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,293,459	\$ 1,293,459
Special Revenue Fund	180,619	-	180,619
Food Service Fund	<u>85,711</u>	<u>2,842</u>	<u>88,553</u>
Total Awards & Financial Assistance	<u>\$ 266,330</u>	<u>\$ 1,296,301</u>	<u>\$ 1,562,631</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Federal and State Loans Outstanding**

The Lower Alloways Creek School District had no loan balances outstanding at June 30, 2021.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes   X   no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------------	-----------------------	-------------------------------------------

Not Applicable

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs	\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Internal control over major programs:	
1) Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
2) Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Identification of major programs:	

**State Grant/Project Number(s)**

**Name of State Program**

495-034-5120-078	State Aid-Public:
495-034-5120-084	Equalization Aid
495-034-5120-089	Categorical Security Aid
	Special Education Categorical Aid

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section II – Financial Statement Findings – N/A**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS- N/A**

**STATE FINANCIAL ASSISTANCE- N/A**

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.