## LACEY TOWNSHIP SCHOOL DISTRICT

Lanoka Harbor, New Jersey
County of Ocean

## ANNUAL COMPREHENSIVE FINANCIAL REPORT <br> YEAR ENDED JUNE 30, 2022

# ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE <br> LACEY TOWNSHIP SCHOOL DISTRICT <br> LANOKA HARBOR, NEW JERSEY 

YEAR ENDED JUNE 30, 2022

PREPARED BY
LACEY TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT

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# LACEYTOWNSHIP SCHOOL DISTRICT 

A Tradition Of Pride $\cdot$ A Tradition Of Excellence
SHARON SILVIA
BUSINESS ADMINISTRATOR/BOARD SECRETARY

February 13, 2023

Honorable President and
Members of the Board of Education Lacey Township Board of Education County of Ocean, New Jersey

Dear Board Members:

It is with pleasure that we submit the comprehensive annual financial report of the Lacey Township Board of Education for the fiscal year ended June 30, 2022. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lacey Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Title 2 U.S. Code of Federal Regulations (DER) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 0MB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Lacey Township Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 23. All funds and account groups of the District are included in this report. The Lacey Township Board of Education and all its schools constitute the District's reporting.

Honorable President and
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The District provides a comprehensive full range of educational services appropriate to grade levels $K$ through 12 . These include regular, as well as special education for handicapped youngsters. The District completed the 2021-2022 fiscal year with an average daily enrollment of 3,957 students, which is 34 students below the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

## Enrollment

| $2016-2017$ | 4,134 | $-3.43 \%$ |
| :--- | :--- | ---: |
| $2017-2018$ | 4,113 | $-0.51 \%$ |
| $2018-2019$ | 4,128 | $0.36 \%$ |
| $2019-2020$ | 4,000 | $-3.10 \%$ |
| $2020-2021$ | 3,991 | $-0.02 \%$ |
| $2021-2022$ | 3,957 | $-0.85 \%$ |

2) ECONOMIC CONDITION AND OUTLOOK: A substantial portion of Lacey Township is still available for development. Pinelands Legislation passed in 1979 has limited residential construction west of the Garden State Parkway. However, east of the Garden State Parkway, new residential communities have been built in the past few years. In addition, municipal officials are doing all they can to increase the number of rateable properties in town which will serve to lower the tax rate for residents. In all, Lacey continues to be a desirable place to live due to its still relatively low tax rate, its proximity to the water and its accessibility to major roadways such as the Garden state Parkway, Route 9, and Route 70, making it convenient for commuters.

Unfortunately, the School Funding Reform Act (S-2) continues to have a negative impact not only on the District, but on the municipality as well. The School Funding Reform Act ( $\mathrm{S}-2$ ) reduced the District's state aid $\$ 586,536$ for the 2018-2019 school year, $\$ 623,156$ for the 2019-2020 school year, $\$ 1,310,170$ for the 2020-2021 school year, $\$ 1,345,629$ for the 2021-2022 school year and $\$ 3,251,565$. If projections hold true, the District stands to lose almost $\$ 2.3$ million over the following 2 school years. These reductions will put a strain on the District, which will almost certainly result in a significant reduction in programs and staff.
3) MAJOR INITIATIVES: The District updated Curriculum in line with the New Jersey Student Learning Standards. In addition, Federal funding received due to the Coronavirus has and will continue to allow the District to continue to employee teachers and other needed staff to help students to continue to succeed as well as address the social and emotional needs of our students. The District is also taking on an energy savings initiative to help our students, staff and community. This will also aid in reducing expenses of the District.

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The capital projects listed below are in various stages of completion:

- Replacement of Fire Alarm Systems at all Schools
- HVAC Upgrades at Six (6) Schools
- Security Lighting Upgrade at Two (2) Schools
- Replacement of Boilers at the Cedar Creek School and Middle School
- Replacement of Public Address Systems at All Schools

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state awards, as well as to determine that the District has complied with applicable laws and regulations.
5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2022.
6) ACCOUNTING SYSTEMS AND REPORTS: The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds

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and account groups are explained in "Notes to the Financial Statements", Note 1.
7) FINANCIAL INFORMATION AT EISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.
8) DEBT ADMINISTRATION: In June 1989, the District issued $\$ 8,492,000$ in bonds to complete various renovations. In November 1996, the District issued $\$ 16,790,000$ in bonds to construct a new $7 / 8$ grade school, the proceeds of which we placed in the District's Capital Projects Fund. In April 2001, the District issued general obligation bonds in the amount of $\$ 24,722,000$. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide funds for renovations, replacement and additions to the Lacey Township High School, and elementary schools.

In February 2005, the Board of Education had a partial refinancing of the Series 1996 Bonds. The Board issued $\$ 10,095,000$ of general obligation refunding bonds Series 2005 to retire $\$ 11,290,000$ of the Series 1996 Bonds. The refunding resulted in a net economic gain to the District of $\$ 1,195,000$, which will be recognized over the life of the reissue.

In February 2006, the Board of Education had a partial refinancing of the 2001 Series Bonds. The Board issued $\$ 24,625,000$ of general obligation refunding bonds Series 2006 to retire $\$ 23,370,000$ of the Series 2001 Bonds. The refunding resulted in a net income gain to the district of $\$ 976,896$, which will be recognized over the life of the reissue.

In May 2009, the District issued $\$ 19,806,000$ in Series 2009 Bonds for solar panels on all the schools, window replacement at Forked River and Lanoka Harbor Elementary Schools, roof replacement at Lanoka Harbor Elementary School and boiler replacement at Forked River Elementary. The proceeds of this bond were placed in the District's Capital Projects Fund.

In January 2016, the Board of Education had a refinancing of the Series 2006 bonds. The Board issued $\$ 16,090,000$ of general obligation refunding bonds Series 2016 to retire $\$ 17,770,000$ of the Series 2006 bonds. The refunding resulted in a net present value income gain to the district of $\$ 1,875,749$, which will be recognized over the life of the reissue. In August 2016, the Board of Education had a partial refinancing of the Series 2006 bonds. The Board issued $\$ 11,595,000$ of general obligation refunding bonds Series 2016A to retire $\$ 12,020,000$ of the Series 2009 bonds. The refunding resulted in a net present value income gain to the district of $\$ 548,918$, which will be recognized over the life of the reissue.

As of June 30, 2022, the District's outstanding debt issues included $\$ 14,050,000$ of general obligation bonds.

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9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, cyber and fidelity bonds.
11) OTHER INFORMATION: Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Holman Frenia Allison, P.C., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the related Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's reports on the basic financial statements and combining and individual fund statements and schedules are 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.
12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lacey Township Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our fiscal operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Vanessa P. Pereira, Ph.D. Superintendent of Schools


Sharon Silvia
Business Administrator/ Board Secretary



# LACEY TOWNSHIP SCHOOL DISTRICT <br> LANOKA HARBOR, NEW JERSEY <br> ROSTER OF OFFICIALS <br> JUNE 30, 2022 

Members of the Board of Education
TERM EXPIRES
Frank Palino ..... 12/31/2023
Edward Scanlon ..... 12/31/2022
Salvatore Armato ..... 12/31/2024
Linda Downing ..... 12/31/2022
Kim Klaus ..... 12/31/2023
Donna McAvoy ..... 12/31/2022
Harold "Skip" Peters ..... 12/31/2024

## Other Officials

Dr. Vanessa R. Pereira, Superintendent of Schools
William Zylinski, Assistant Superintendent for Curriculum and Instruction
Patrick S. DeGeorge, School Business Administrator/Board Secretary
Sharon Silvia, Asst. School Business Administrator/Asst. Board Secretary

# LACEY TOWNSHIP SCHOOL DISTRICT <br> LANOKA HARBOR, NEW JERSEY <br> CONSULTANTS AND ADVISORS <br> JUNE 30, 2022 

## AUDITOR/AUDIT FIRM

Robert W. Allison, CPA, PSA
Holman Frenia Allison, P. C.
1985 Cedar Bridge Ave., Suite 3
Lakewood, New Jersey 08701

ATTORNEY
Cleary, Giacobbe, Alfieri, Jacobs, LLC
955 Route 34, Suite 200
Matawan, NJ 07747

## OFFICIAL DEPOSITORY

Ocean First
975 Hooper Avenue
Toms River, New Jersey 08754

## FINANCIAL SECTION

Second Section

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lacey Township School District
County of Ocean
Lanoka Harbor, New Jersey 08734

## Report on the Financial Statements

## Opinions

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 Lacey Township School District ("School District"), as of and for the fiscal year ended, June 30, 2022, 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.

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 School District as of June 30, 2022, 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.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirement prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Emphasis of Matter

## Changes in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2022 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

## Responsibilities of Management 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and audit requirements prescribed by the Office of School Finance Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## 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 and 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 GASB 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.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and 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 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying combining statements and related major fund supporting statements and schedules and 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.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic finanical statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2023 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 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,
HOLMAN FRENIA ALLISON, P.C.


Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Lakewood, New Jersey
February 13, 2023

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## REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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## LACEY TOWNSHIP SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS <br> YEAR ENDED JUNE 30, 2022 <br> UNAUDITED

This section of the Lacey Township School District's Annual Comprehensive Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD\&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2021-2022) and the prior fiscal year (2020-2021) is required to be presented in the MD\&A.

## FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- In total, net position of governmental activities increased $\$ 8,347,084$, which represents a $156.05 \%$ increase from 2021. Total net position of business-type activities increased $\$ 554,861$, which represents a $483.97 \%$ increase from 2021.
- General revenues accounted for $\$ 78,569,046$ in revenue or $83.22 \%$ of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $\$ 15,842,543$ or $16.78 \%$ of total revenue of $\$ 94,411,589$.
- Total assets of governmental activities increased by $\$ 3,398,224$ as cash and cash equivalents increased by $\$ 2,898,456$, receivables increased by $\$ 2,345,426$, restricted cash and cash equivalents increased by $\$ 1,216,000$, and total capital assets decreased by $\$ 2,082,516$.
- Total liabilities of governmental activities decreased by $\$ 5,794,128$ as accounts payable increased by $\$ 1,784,655$ and non-current liabilities decreased by $\$ 7,798,844$.
- The District had $\$ 86,064,505$ in governmental activity expenses; only $\$ 15,842,543$ of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) and transfers of $\$ 78,569,046$ were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$8,347,084.
- In the governmental funds, the general fund had $\$ 88,405,559$ in revenues, and $\$ 85,534,203$ in expenditures. The general fund's fund balance increased by $\$ 2,871,356$ over 2021.


## USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to these financial statements. These statements are organized in a way to allow the reader to understand the Lacey Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

The Statement of Net Position (A-1) presents information on the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.
Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

## Governmental Funds

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, and debt service fund, all of which are considered to be major funds.

The general, special revenue and debt service funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

## Proprietary Funds

The District maintains one proprietary fund type, enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District.

The food services fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.
Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other Information. As described in Note 21 to the financial statements, "Prior Period Adjustment/Restatement of Net Position" the District has adopted the provisions of GASB 87, Leases, for the year ended June 30, 2022. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2021 in the amount of $\$ 214,482$, as indicated in Note 21 to the financial statements.

## Government-Wide Financial Analysis

The District's financial position is the result of several types of financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2022 and 2021, respectively:

Net Position
June 30, 2022
Governmental Activities
Business-Type Activities
$\underline{2022} \underline{2021}$
$\underline{2022} \underline{\underline{2021}}$
Assets
Current and Other

| Assets | $\$$ | $17,899,655$ | $\$$ | $12,418,915$ | $\$$ | 628,669 | $\$$ |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Capital Assets, Net | $37,331,146$ | $39,413,662$ | 61,793 | 96,123 |  |  |  |
| Total Assets |  | $55,230,801$ | $51,832,577$ | 690,462 | 62,004 |  |  |
|  |  |  |  |  |  |  |  |

Deferred Outflows of
Resources
Deferred Outflows

| Relating to Pension | 1,577,242 | 2,405,145 | - | - |
| :---: | :---: | :---: | :---: | :---: |
| Deferred Charges on |  |  |  |  |
| Refunding of Debt | 139,727 | 171,005 | - | - |
| Total Deferred Outflows |  |  |  |  |
| of Resources | 1,716,969 | 2,576,150 | - | - |
| Liabilities |  |  |  |  |
| Long-Term Liabilities | 31,260,020 | 39,058,864 | - | - |
| Other Liabilities | 4,156,689 | 2,151,973 | 20,953 | 43,479 |
| Total Liabilities | 35,416,709 | 41,210,837 | 20,953 | 43,479 |

## Deferred Inflows of

## Resources

Deferred Inflows
Relating to Pension
Total Deferred Inflows
of Resources

> | $7,835,101$ | $7,634,532$ |
| :--- | :--- |

$-$
of Rest
$7,835,101 \quad 7,634,532$

## Net Position

Net Investment in
Capital Assets
Restricted
Unrestricted
Total Net Position

|  | $20,724,642$ | $19,018,432$ | 61,793 | 62,004 |
| :---: | :---: | :---: | :---: | :---: |
|  | $10,685,353$ | $9,643,340$ | - | - |
|  | $(17,714,034)$ | $(23,098,414)$ | 607,716 | 52,644 |
| $\$$ | $13,695,960$ | $\$$ | $5,563,358$ | $\$$ |
| 669,509 | $\$$ | 114,648 |  |  |

The District's largest net position component is the Net Investment in Capital Assets portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position increased $\$ 1,042,013$, from the prior year to $\$ 10,685,353$ at June 30, 2022.
Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The $(\$ 17,714,034)$ is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District's governmental and businesstype activities and the change in net position for June 30, 2022 and 2021. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the 'Financial Analysis of the District's Funds' section later in this report.

| $\underline{\text { June 30, 2022 }}$  <br> Governmental  <br> Activities Business-Type | Activities | Total |
| :---: | :---: | :---: |

## Revenues:

Program Revenues:

| Charges for Services | $\$$ | - | $\$$ | 86,210 | $\$$ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| $\quad$ Operating Grants and Contributions |  | $15,842,543$ | $1,772,457$ | 86,210 |  |
| General Revenues: |  |  | $17,615,000$ |  |  |
| $\quad$ Property Taxes | $54,060,948$ | - | $54,060,948$ |  |  |
| Federal and State Aid | $23,572,273$ | - | $23,572,273$ |  |  |
| Miscellaneous | 935,825 | - | 935,825 |  |  |
| Total Revenues | $94,411,589$ | $1,858,667$ | $96,270,256$ |  |  |

## Expenses:

Instructional Services
Support Services
Interest and Other Charges
Total Expenses
Change in Net Position
Net Position, Beginning (As Restated, Note 21)
Net Position, Ending

| $55,293,816$ | - | $55,293,816$ |
| ---: | ---: | ---: |
| $29,886,653$ | $1,303,806$ | $31,190,459$ |
| 884,036 | - | 884,036 |
| $86,064,505$ | $1,303,806$ | $87,368,311$ |
| $8,347,084$ | 554,861 | $8,901,945$ |
| $5,348,876$ | 114,648 | $5,463,524$ |
| $\$$ | $13,695,960$ | $\$$ |
| 669,509 | $\$$ | $14,365,469$ |

June 30, 2021

| Governmental | Business-Type |
| :---: | :---: | :---: |
| Activities | $\underline{\text { Activities }}$ |

## Revenues:

Program Revenues:
Charges for Service
Operating Grants and Contributions
General Revenues:
Property Taxes
Federal and State Aid
Miscellaneous
Total Revenues

| $\$$ | - | $\$$ |
| ---: | ---: | ---: |
| $17,553,793$ | 647,726 | 13,125 |
|  |  | $18,201,519$ |
| $52,853,951$ | - | $52,853,951$ |
| $20,685,549$ | - | $20,685,549$ |
| $1,880,271$ | - | $1,880,271$ |
| $92,973,564$ | 660,851 | $93,634,415$ |

## Expenses:

| Instructional Services | 56,725,482 |  |  |  |  | 56,725,482 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Support Services |  | 27,939,396 |  | 873,603 |  | 28,812,999 |
| Interest and Other Charges |  | 572,224 |  | - |  | 572,224 |
| Total Expenses |  | 85,237,102 |  | 873,603 |  | 86,110,705 |
| Change in Net Position |  | 7,736,462 |  | $(212,752)$ |  | 7,523,710 |
| Net Position, Beginning |  | $(2,173,104)$ |  | 327,400 |  | $(1,845,704)$ |
| Net Position, Ending | \$ | 5,563,358 | \$ | 114,648 | S | 5,678,006 |

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

## Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2022 and 2021 and the amount and percentage of increases and (decreases) in relation to prior year revenues.


Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

## General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2021-2022 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state's contribution to the pension fund, is an "on-behalf" revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2021-2022 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2021-2022, unassigned fund balance increased $\$ 1,540,954$ from the prior year to $\$ 2,951,899$ at June 30, 2022. (4\% required per S-1701, net of allowable adjustments).

Proprietary Funds. The District's proprietary fund provides the same type of information found in the districtwide financial statements, but in more detail.

During the fiscal year 2022, the net position of business-type activities increased $\$ 554,861$ or $483.97 \%$. The assets and deferred outflows of the business-type activities exceed liabilities and deferred inflows by $\$ 669,509$.

## Capital Assets

At June 30, 2022, the District has capital assets of $\$ 37,392,939$, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

|  | June 30, 2022 |  | Business-Type |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | rnmental <br> tivities |  |  |
| Land | \$ | 163,472 | \$ | - |
| Buildings/Construction |  | 27,068,231 |  | - |
| Machinery and Equipment |  | 10,099,443 |  | 61,793 |
| Total | \$ | 37,331,146 | \$ | 61,793 |
| June 30, 2021 |  |  |  |  |
|  | Governmental |  | Business-Type |  |
|  | Activities |  | Activities |  |
| Land | \$ | 163,472 | \$ | - |
| Buildings/Construction |  | 28,526,882 |  | - |
| Machinery and Equipment |  | 10,723,308 |  | 62,004 |
| Total | \$ | 39,413,662 | \$ | 62,004 |

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

## Debt Administration and Other Obligations

At June 30, 2022 and 2021, the District's outstanding debt issues included $\$ 14,050,000$ and $\$ 16,945,000$, respectively, of general obligation bonds, $\$ 637,015$ and $\$ 993,347$, respectively, of lease obligations and $\$ 3,338,146$ and $\$ 3,253,272$, respectively, of compensated absences.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

## Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2022-2023 budget will be adequate to satisfy all 2022-2023 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- The School Board anticipates flat enrollment for the coming years. However, if the School Board were to experience any significant increases in enrollment without a corresponding increase in state aid, the School Board will be faced with the following alternatives: (a) reduce programs and services, or (b) increase local tax levy beyond the $2.0 \%$ cap.
- The School Funding Reform Act (S-2) continues to have a negative impact on the District. The District has seen significant reductions in its state aid and anticipates future reductions as well. Our reduction for the 2022-2023 school year was $\$ 3,200,000$.


## Requests for Information

This financial report is designed to provide a general overview of the Lacey Township 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, Lacey Township School District, 200 Western Blvd, Lanoka Harbor, NJ 08734.

## BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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## LACEY TOWNSHIP SCHOOL DISTRICT STATEMENT OF NET POSITION

JUNE 30, 2022

|  | ACTIVITIES |  | ACTIVITIES |  | TOTAL |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS: |  |  |  |  |  |  |
| Cash \& Cash Equivalents | \$ | 5,814,172 | \$ | 502,474 | \$ | 6,316,646 |
| Receivables, Net (Note 4) |  | 2,466,931 |  | 121,505 |  | 2,588,436 |
| Inventory |  | - |  | 4,690 |  | 4,690 |
| Other Current Assets |  | 10,083 |  | - |  | 10,083 |
| Restricted Cash \& Cash Equivalents |  | 8,967,328 |  | - |  | 8,967,328 |
| Right to Use Leased Assets, Net (Note 20) |  | 641,141 |  | - |  | 641,141 |
| Capital Assets, Net (Note 5) |  |  |  |  |  |  |
| Non-Depreciable |  | 163,472 |  | - |  | 163,472 |
| Depreciable |  | 37,167,674 |  | 61,793 |  | 37,229,467 |
| Total Assets |  | 55,230,801 |  | 690,462 |  | 55,921,263 |
| DEFERRED OUTFLOWS OF RESOURCES: |  |  |  |  |  |  |
| Related to Pensions (Note 8) |  | 1,577,242 |  | - |  | 1,577,242 |
| Related to Loss on Debt Refunding |  | 139,727 |  | - |  | 139,727 |
| Total Deferred Outflow of Resources |  | 1,716,969 |  | - |  | 1,716,969 |
| LIABILITIES: |  |  |  |  |  |  |
| Accounts Payable |  | 2,199,728 |  | 1,053 |  | 2,200,781 |
| Due to Other Governments |  | 1,409,322 |  | - |  | 1,409,322 |
| Unearned Revenue |  | 172,714 |  | 19,900 |  | 192,614 |
| Accrued Interest |  | 235,725 |  | - |  | 235,725 |
| Unemployment Trust Liability |  | 83,713 |  | - |  | 83,713 |
| Other Liabilities |  | 55,487 |  | - |  | 55,487 |
| Noncurrent Liabilities (Note 7): |  |  |  |  |  |  |
| Due Within One Year |  | 3,898,575 |  | - |  | 3,898,575 |
| Due in More Than One Year |  | 27,361,445 |  | - |  | 27,361,445 |
| Total Liabilities |  | 35,416,709 |  | 20,953 |  | 35,437,662 |
| DEFERRED INFLOWS OF RESOURCES: |  |  |  |  |  |  |
| Related to Pensions (Note 8) |  | 7,835,101 |  | - |  | 7,835,101 |
| Total Deferred Inflow of Resources |  | 7,835,101 |  | - |  | 7,835,101 |
| NET POSITION: |  |  |  |  |  |  |
| Net Investment in Capital Assets |  | 20,724,642 |  | 61,793 |  | 20,786,435 |
| Restricted for: |  |  |  |  |  |  |
| Capital Projects (Note 3) |  | 7,815,555 |  | - |  | 7,815,555 |
| Maintenance Reserve (Note 3) |  | 1,151,773 |  | - |  | 1,151,773 |
| Unemployment Reserve |  | 84,604 |  | - |  | 84,604 |
| Student Activities |  | 214,551 |  | - |  | 214,551 |
| Scholarship |  | 16,189 |  | - |  | 16,189 |
| Excess Surplus |  | 1,402,680 |  | - |  | 1,402,680 |
| Unrestricted (Deficit) |  | $(17,714,034)$ |  | 607,716 |  | $(17,106,318)$ |
| Total Net Position | \$ | 13,695,960 | \$ | 669,509 | \$ | 14,365,469 |

The accompanying Notes to Financial Statements are an integral part of this statement.
LACEY TOWNSHIP SCHOOL DISTRICT
EXHIBIT A-2

## B. Fund Financial Statements

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Governmental Funds

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## LACEY TOWNSHIP SCHOOL DISTRICT <br> GOVERNMENTAL FUNDS <br> BALANCE SHEET <br> JUNE 30, 2022

| MAJOR FUNDS |  |  |  |
| :---: | :---: | :---: | :---: |
|  | SPECIAL | DEBT | TOTAL |
| GENERAL | REVENUE | SERVICE | GOVERNMENTAL |
| FUND | FUND | FUND | FUNDS |

ASSETS
Cash \& Cash Equivalents

| $\$ 5,804,151$ | $\$$ | $10,021 \quad \$$ | - | $\$$ |
| ---: | :---: | :---: | :---: | ---: |
| 258,921 | 15,000 | - | $5,814,172$ |  |
|  |  |  |  |  |
| 11,182 | $1,359,021$ | - | $1,373,921$ |  |
| 917,226 | - | - | 917,226 |  |
| 23,730 | - | - | 23,730 |  |
| 148,532 | 7,240 | - | 155,772 |  |
| 10,083 | - | - | 10,083 |  |
| $8,967,328$ | - | - | $8,967,328$ |  |
|  |  |  |  |  |

Total Assets

| $\$$ | $16,141,153$ | $\$$ | $1,391,282$ | $\$$ | - | $\$$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |

## LIABILITIES \& FUND BALANCES

Liabilities:
Accounts Payable
Intergovernmental Payable - State
Interfund Payable
Unearned Revenue
Payroll Deductions and Withholdings Payable
Unemployment Trust Liability

| \$ | 1,472,000 | \$ | 727,728 | \$ | - | \$ | 2,199,728 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 220,582 |  | 1,599 |  | - |  | 222,181 |
|  | 15,000 |  | 258,921 |  | - |  | 273,921 |
|  | 420 |  | 172,294 |  | - |  | 172,714 |
|  | 55,487 |  | - |  | - |  | 55,487 |
|  | 83,713 |  | - |  |  |  | 83,713 |
|  | 1,847,202 |  | 1,160,542 |  | - |  | 3,007,744 |

Fund Balances:
Restricted for:
Capital Reserve
Maintenance Reserve
Excess Surplus
Unemployment Compensation
Excess Surplus Designated
for Subsequent Year
Scholarships
Student Activities
Assigned to:
Other Purposes
Unassigned
Total Fund Balances
Total Liabilities \& Fund Balances

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 $\$ 110,634,225$ and the
accumulated depreciation is $\$ 73,303,079$.

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $\$ 943,630$ and the accumulated amortization is $\$ 302,489$.

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
Deferred Inflows Related to Pensions
$(7,835,101)$
Deferred Outflow Related to the Loss on Bond Refunding of Debt
139,727
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.
$(235,725)$
Accrued pension contributions for the June 30, 2022 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.

Long-term liabilities, including net pension liability, lease obligations and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

## LACEY TOWNSHIP SCHOOL DISTRICT GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2022

Revenues:
Local Sources:
Local Tax Levy
Tuition Charges
Transportation Charges
Miscellaneous

| MAJOR FUNDS |  |  |  |
| :---: | :---: | :---: | :---: |
| GENERAL | SPECIAL | DEBT | TOTAL |
| FEVENUE | SERVICE | GOVERNMENTAL |  |
| FUND | FUND | FUND | FUNDS |

Total Local Sources

State Sources
Federal Sources
Total Revenues

| $\$$ | $50,966,035$ | $\$$ | - | $\$$ | $3,094,913$ | $\$$ |
| ---: | ---: | ---: | :---: | :---: | ---: | ---: |
| 142,934 | - | - | $54,060,948$ |  |  |  |
| 12,514 | - | - | 142,934 |  |  |  |
| 521,387 | 331,551 | - | 12,514 |  |  |  |
|  |  |  | 852,938 |  |  |  |


| Expenditures: |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Instruction: |  |  |  |  |  |  |  |  |
| Regular Instruction |  | 20,696,669 |  | 772,627 |  | - |  | 21,469,296 |
| Special Education Instruction |  | 9,686,603 |  | - |  | - |  | 9,686,603 |
| Other Instruction |  | 1,667,389 |  | - |  | - |  | 1,667,389 |
| Support Services: |  |  |  |  |  |  |  |  |
| Tuition |  | 1,609,387 |  | - |  | - |  | 1,609,387 |
| Attendance \& Social Work Services |  | 228,365 |  | - |  | - |  | 228,365 |
| Health Services |  | 851,769 |  | - |  | - |  | 851,769 |
| Student \& Instruction Related Services |  | 5,740,305 |  | 1,497,890 |  | - |  | 7,238,195 |
| General Administrative |  | 1,196,282 |  | - |  | - |  | 1,196,282 |
| School Administrative Services |  | 1,520,618 |  | - |  | - |  | 1,520,618 |
| Central Services |  | 579,947 |  | - |  | - |  | 579,947 |
| Administrative Information Technology |  | 657,465 |  | - |  | - |  | 657,465 |
| Plant Operations \& Maintenance |  | 5,803,062 |  | - |  | - |  | 5,803,062 |
| Pupil Transportation |  | 3,387,076 |  | - |  | - |  | 3,387,076 |
| Unallocated Benefits |  | 14,861,342 |  | - |  | - |  | 14,861,342 |
| On Behalf TPAF Pension and Social |  |  |  |  |  |  |  |  |
| Security Contributions |  | 15,549,067 |  | - |  | - |  | 15,549,067 |
| Capital Outlay |  | 1,337,504 |  | 1,803,364 |  | - |  | 3,140,868 |
| Debt Service: |  |  |  |  |  |  |  |  |
| Principal |  | - |  | - |  | 2,895,000 |  | 2,895,000 |
| Interest \& Other Charges |  | 161,352 |  | - |  | 755,200 |  | 916,552 |
| Total Expenditures |  | 85,534,203 |  | 4,073,881 |  | 3,650,200 |  | 93,258,284 |
| Excess/(Deficiency) of Revenues |  |  |  |  |  |  |  |  |
| Over Expenditures |  | 2,871,356 |  | $(1,488)$ |  | - |  | 2,869,868 |
| Net Changes in Fund Balances |  | 2,871,356 |  | $(1,488)$ |  | - |  | 2,869,868 |
| Fund Balance, July 1 |  | 11,422,595 |  | 232,228 |  | - |  | 11,654,823 |
| Fund Balance, June 30 | \$ | 14,293,951 |  | 230,740 | \$ | - | \$ | 14,524,691 |

## LACEY TOWNSHIP SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

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 depreciation exceeded capital outlays in the period.

Depreciation Expense
Capital Outlays
\$ $(2,716,551)$
1,850,168

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.

Repayment of long-term debt principal and 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.

Governmental funds recognize the right to use leased assets as a revenue when lease is first entered, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of Right to Use Leased Assets

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

Amortization of Premium on Bonds
Amortization of Loss on Bond Refunding
510,651
$(31,278)$

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation ( + ).

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 $(+)$.

Change in Net Position of Governmental Activities

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## Proprietary Funds

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## LACEY TOWNSHIP SCHOOL DISTRICT PROPRIETARY FUNDS <br> STATEMENT OF NET POSITION <br> JUNE 30, 2022

| MAJOR FUNDS |  |
| :---: | :---: |
| BUSINESS-TYPE |  |
| ACTIVITIES - |  |
| ENTERPRISE |  |
| FUNDS |  |
| FOOD |  |
| SERVICE | TOTALS |

## ASSETS

Current Assets:

| Cash \& Cash Equivalents | $\$$ | 502,474 | $\$$ |
| :--- | ---: | ---: | ---: |
| Accounts Receivable: |  | 502,474 |  |
| Federal |  | 115,015 | 115,015 |
| State | 1,964 | 1,964 |  |
| Other Receivables | 4,526 | 4,526 |  |
| Inventories | 4,690 | 4,690 |  |
|  |  |  |  |
| Total Current Assets |  | 628,669 | 628,669 |

Noncurrent Assets:
Capital Assets
Less: Accumulated Depreciation

| 468,758 | 468,758 |
| :---: | :---: |
| $(406,965)$ | $(406,965)$ |

Total Capital Assets, Net
Total Noncurrent Assets

Total Assets

| 61,793 | 61,793 |
| ---: | :---: |
| 61,793 | 61,793 |
|  | 690,462 |

## LIABILITIES

Current Liabilities:
Accounts Payable

| 1,053 | 1,053 |
| ---: | ---: |
| 19,900 | 19,900 |
|  |  |
| 20,953 | 20,953 |

## NET POSITION

Net Investment in Capital Assets

|  | 61,793 | 61,793 |
| :--- | ---: | ---: |
|  | 607,716 | 607,716 |
|  | 669,509 | $\$$ |

## LACEY TOWNSHIP SCHOOL DISTRICT PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2022

|  | MAJOR FUNDS |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \hline \text { BUSINESS-TYPE } \\ \text { ACTIVITIES - } \\ \text { ENTERPRISE } \\ \text { FUNDS } \\ \hline \end{gathered}$ |  |  |  |
|  | $\begin{aligned} & \text { FOOD } \\ & \text { SERVICE } \end{aligned}$ |  | TOTALS |  |
| Operating Revenues: |  |  |  |  |
| Charges for Services: |  |  |  |  |
| Daily Sales - Non-Reimbursable Programs | \$ | 77,823 | \$ | 77,823 |
| Special Functions |  | 6,063 |  | 6,063 |
| Miscellaneous |  | 2,324 |  | 2,324 |
| Total Operating Revenues |  | 86,210 |  | 86,210 |
| Operating Expenses: |  |  |  |  |
| Cost of Sales - Reimbursable Programs |  | 668,861 |  | 668,861 |
| Salaries |  | 569,617 |  | 569,617 |
| Supplies and Materials |  | 15,501 |  | 15,501 |
| Repairs and Maintenance |  | 27,249 |  | 27,249 |
| Depreciation |  | 5,654 |  | 5,654 |
| Other |  | 16,924 |  | 16,924 |
| Total Operating Expenses |  | 1,303,806 |  | 1,303,806 |
| Operating Income/(Loss) |  | $(1,217,596)$ |  | $(1,217,596)$ |
| Nonoperating Revenues (Expenses): |  |  |  |  |
| State Sources: |  |  |  |  |
| State School Lunch Program |  | 29,676 |  | 29,676 |
| Federal Sources: |  |  |  |  |
| National School Lunch Program |  | 1,264,789 |  | 1,264,789 |
| National School Breakfast Program |  | 329,454 |  | 329,454 |
| Emergency Operational Cost Program - Schools |  | 33,870 |  | 33,870 |
| P-EBT Administrative Cost Program |  | 6,198 |  | 6,198 |
| Food Distribution Program |  | 108,470 |  | 108,470 |
| Total Nonoperating Revenues/(Expenses) |  | 1,772,457 |  | 1,772,457 |
| Change in Net Position |  | 554,861 |  | 554,861 |
| Total Net Position - Beginning |  | 114,648 |  | 114,648 |
| Total Net Position - Ending | \$ | 669,509 | \$ | 669,509 |

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

## LACEY TOWNSHIP SCHOOL DISTRICT <br> PROPRIETARY FUNDS <br> STATEMENT OF CASH FLOWS <br> YEAR ENDED JUNE 30, 2022



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

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Fiduciary Fund
Not Applicable

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# LACEY TOWNSHIP SCHOOL DISTRICT 

## NOTES TO FINANCIAL STATEMENTS

 JUNE 30, 2022This page intentionally left blank

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 

## Note 1. Summary of Significant Accounting Policies

## Basis of Presentation

The financial statements of the Lacey Township School District (hereafter referred to as the "School 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).

## Reporting Entity

The School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year staggered terms. The District provides a full range of educational services appropriate to grades levels kindergarten through twelfth at its six schools. The School District has an approximate enrollment at June 30, 2022 of 3,957 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- the School District appoints a voting majority of the organization's board
- the School District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the School District
- there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School 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, and 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 - an Amendment of GASB Statement No. 14 and GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan- an Amendment of GASB Statements No. 14 and No. 84. The School District had no component units as of for the year ended June 30, 2022.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

## 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.

## A. Government-Wide Financial Statements

The School 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 School District accompanied by a total column. Fiduciary activities of the School 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 School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

## B. 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. The School District has presented all major funds that met those qualifications.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the governmentwide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:
General Fund - The general fund is the general operating fund of the School 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 noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School 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.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

## C. 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.

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.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

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.

The School District reports the following major proprietary funds:
Food Service Fund - The food service fund accounts for the financial transactions related to the food service operations of the School District.

## D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports no fiduciary funds.

## 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 School 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.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The 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 School 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal yearend.

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.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

## Cash, Cash Equivalents and Investments

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A.18A:20-3 7 provides a list of permissible investments that may be purchased by New Jersey school districts.
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 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. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

## Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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 School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

## Right to Use Leased Assets

The School District has recorded right to use leased assets as a result of implementing GASB Statement No. 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

## Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the governmentwide 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

|  | Governmental <br> Activities |
| :--- | :---: | :---: |
| Description | Estimated Lives |$\quad$| Business-Type |
| :---: |
| Activities |
| Estimated Lives |

## 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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 School District is eligible to realize the revenue.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

## 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 assumptions 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 1. Summary of Significant Accounting Policies (Continued)

## Deferred Loss on 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, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

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.

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued)

## 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.

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 School 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 School 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 into the following three components:

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

Restricted - This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

## Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and February 13 , 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

## Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements
The following GASB Statements became effective for the fiscal year ended June 30, 2022:
Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. Implementation of this standard resulted in a prior period adjustment to net position and additional footnotes.

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Statement No. 93, Replacement of Interbank Offered Rates. This Statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases in addition to identifying appropriate benchmark interest rates for hedging derivative instruments. Requirements of this pronouncement related to paragraph 11 b will be effective for reporting periods ending after December 31, 2021, and requirements related to paragraphs 13 and 14 will be effective for fiscal years beginning after June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the District's financial statements.

Statement No. 98, The Annual Comprehensive Report. This Statement establishes the term annual comprehensive financial report and its acronym $A C F R$. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has determined the implementation of this Statement did not have a significant impact on the District's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods
Statement No. 99, Omnibus 2022. The requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITA are effective for fiscal years beginning after June 15, 2022, and all reporting period thereafter.

Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, Compensated Absences. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined the potential impact on the District's financial statements.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 2. Deposits and Investments

## Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 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 funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2022, the School District's bank balance of $\$ 17,004,930$ was exposed to custodial credit risk as follows:

| Insured under FDIC and GUDPA | $\$$ | 250,000 |
| :--- | :---: | ---: |
| Uninsured and Uncollateralized | $16,754,930$ |  |
| Total | $\$$ | $17,004,930$ |

## Investments

New Jersey statutes permit the District to purchase the following types of securities:
a. Bonds and Other obligations of the United States or obligations guaranteed by the United States.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of
c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

As of June 30, 2022, the District's investment balance of $\$ 89,423$ was in Solar Renewable Energy Certificates (SRECs). The district categorizes its fair value measurement within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant and unobservable.
The District has the following recurring fair value measurements as of June 30, 2022:

$$
\text { SRECs in the amount of } \$ 89,423 \text {. }
$$

## Note 3. Reserve Accounts

## Capital Reserve

A capital reserve account was established by the School 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 School 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.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

| Beginning Balance, July 1, 2021 | $\$$ | $6,699,555$ |
| :---: | :---: | :---: |
| Increased by: |  | $2,750,000$ |
| Deposits Approved by Board |  | $(1,634,000)$ |
| Decreased by: |  |  |
| Budget Withdrawals | $7,815,555$ <br> Ending Balance, June 30, 2022 |  |

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 3. Reserve Accounts (Continued)

## Maintenance Reserve

The School District established a maintenance reserve account in June of 2011 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, 2021 to June 30, 2022 fiscal year is as follows:

| Beginning Balance, July 1, 2021 | $\$$ | $1,051,773$ |
| :---: | :---: | :---: |
| Increased by: |  |  |
| Deposits Approved by Board | 500,000 |  |
| Decreased by: |  | $(400,000)$ |
| Budget Withdrawals | $\xlongequal{\$}$ | $1,151,773$ |

## Unemployment Claim Reserve

Unemployment Claim Reserve funds are restricted pursuant to N.J.S.A. $43: 21-7.3(\mathrm{~g})$, which requires that employer and employee contributions be held in a trust fund maintained by the governmental entity or instrumentality for unemployment benefit cost purposes and any surplus remaining in this trust fund must be retained in reserve for payment of benefit costs in subsequent years.

The activity of the unemployment claim reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

| Beginning Balance, July 1, 2021 | $\$$ | 29,419 |
| :---: | ---: | ---: |
| Increased by: |  | 185 |
| Interest Earnings | 55,000 |  |
| Deposits Approved by Board | $\$ 84,604$ |  |
| Ending Balance, June 30, 2022 | $\$$ |  |

## LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued)

## Note 4. Accounts Receivable

Accounts receivable at June 30, 2022 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2022, consisted of the following:

| Description | General <br> Fund | Special <br> Revenue <br> Fund | Total <br> Governmental Activities |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Federal Awards | \$ 11,182 | \$ 1,359,021 | \$ | 1,370,203 |  |
| State Awards | 917,226 | - |  | 917,226 |  |
| Other | 172,263 | 7,240 |  | 179,503 |  |
| Total | \$ 1,100,671 | \$ 1,366,261 | \$ | 2,466,932 |  |
|  | Proprietary Funds |  | Total |  |  |
|  | Food Service |  | Business-Type |  |  |
| Description | Fund |  | Activities |  |  |
| Federal Awards | \$ | 115,015 | \$ |  | 115,015 |
| State Awards |  | 1,964 |  |  | 1,964 |
| Other |  | 4,526 |  |  | 4,526 |
| Total | \$ | 121,505 | \$ |  | 121,505 |

## Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

| Balance |  | Balance |  |
| :--- | :--- | :---: | :---: |
| July 1, |  | Retirements | June 30, |
| $\underline{2021}$ | $\underline{\text { Additions }}$ | $\underline{\text { and Transfers }}$ | $\underline{2022}$ |

## Governmental Activities:

Capital assets not being depreciated:

Land
Total Capital Assets not being depreciated
Capital Assets being depreciated:
Buildings and Improvements
Equipment
Total Capital Assets being depreciated
Less: Accumulated Depreciation: Buildings and Improvements Equipment
Total Accumulated Depreciation
Total Capital Assets being depreciated, net
Total Governmental Activities Capital Assets, net

| $\$$ | 163,472 | $\$$ | - | $\$$ | - | $\$$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| 163,472 | - | 163,472 |  |  |  |  |


| $85,387,713$ | - | - | $85,387,713$ |
| ---: | :---: | ---: | ---: |
| $23,993,561$ | $1,850,168$ | $(760,689)$ | $25,083,040$ |
| $109,381,274$ | $1,850,168$ | $(760,689)$ | $110,470,753$ |


| $(56,860,831)$ | $(1,458,651)$ | - | $(58,319,482)$ |
| ---: | ---: | :---: | :---: |
| $(14,486,386)$ | $(1,257,900)$ | 760,689 | $(14,983,597)$ |
| $(71,347,217)$ | $(2,716,551)$ | 760,689 | $(73,303,079)$ |
| $38,034,057$ | $(866,383)$ | - | $37,167,674$ |


| $\$ 38,197,529$ | $\$$ | $(866,383)$ |
| :--- | :--- | :--- | :--- |

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 5. Capital Assets (Continued)



Depreciation expense was charged to functions/programs of the School District as follows:

| Governmental Activities |  |
| :--- | ---: |
| Instruction: | $1,043,420$ |
| Regular Instruction | 470,774 |
| Special Education Instruction | 81,036 |
| Other Instruction | 404,276 |
| Support Services: | 58,140 |
| Student \& Instruction Related Services | 73,903 |
| General Administrative | 28,186 |
| School Administrative Services | 31,953 |
| Central Services | 282,032 |
| Administrative Info. Technology | 164,614 |
| Plant Operations \& Maintenance | $\$$ |
| Pupil Transportation | $2,716,551$ |
| Total Depreciation Expense - Governmental Activities | $\$$ |

## Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2022 are as follows:

| Fund | Interfund <br> Receivables |  | Interfund Payables |  |
| :---: | :---: | :---: | :---: | :---: |
| General Fund | \$ | 258,921 | \$ | 15,000 |
| Special Revenue Fund |  | 15,000 |  | 258,921 |
|  | \$ | 273,921 | \$ | 273,921 |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers for the year ended June 30, 2022.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2022 the following changes occurred in long-term obligations for the governmental and business-type activities:

|  | $\begin{gathered} \text { Balance } \\ \text { June } 30,2021 \\ \hline \end{gathered}$ | Additions |  | Reductions |  | $\begin{gathered} \text { Balance } \\ \text { June } 30,2022 \\ \hline \end{gathered}$ |  | Balance Due Within One Year |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Governmental Activities: |  |  |  |  |  |  |  |  |  |
| General Obligation Bonds | \$ 16,945,000 | \$ | - | \$ | 2,895,000 |  | 14,050,000 | \$ | 2,950,000 |
| Lease Obligations | 993,347 |  | - |  | 356,332 |  | 637,015 |  | 296,908 |
| Unamortized Bond |  |  |  |  |  |  |  |  |  |
| Premiums | 2,569,867 |  | - |  | 510,651 |  | 2,059,216 |  | 550,132 |
| Compensated Absences | 3,253,272 |  | 137,963 |  | 53,089 |  | 3,338,146 |  | 101,535 |
| Net Pension Liability | 15,239,357 |  | 6,176,532 |  | 10,240,246 |  | 11,175,643 |  | - |
|  | \$ 39,000,843 | \$ | 6,314,495 | \$ | 14,055,318 |  | 31,260,020 | \$ | 3,898,575 |

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, lease obligations, unamortized bond premiums and the net pension liability are liquidated by the general fund.

## Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On January 13, 2016, the School District issued $\$ 16,090,000$ of Refunding School Bonds. The Refunding School Bonds were issued at interest rates varying from $4.000 \%$ to $5.000 \%$ and mature on April 1, 2026.

On September 8, 2016, the School District issued $\$ 11,595,000$ of Refunding School Bonds. The Refunding School Bonds were issued at interest rates varying from $3.000 \%$ to $4.000 \%$ and mature on January 15, 2030.

| Fiscal Year Ending |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| June 30, | Principal |  | Interest |  | Total |  |
| 2023 | \$ | 2,950,000 | \$ | 623,100 | \$ | 3,573,100 |
| 2024 |  | 2,900,000 |  | 488,850 |  | 3,388,850 |
| 2025 |  | 2,945,000 |  | 357,700 |  | 3,302,700 |
| 2026 |  | 2,125,000 |  | 224,850 |  | 2,349,850 |
| 2027 |  | 660,000 |  | 125,200 |  | 785,200 |
| 2028-2030 |  | 2,470,000 |  | 201,400 |  | 2,671,400 |
|  | \$ | 14,050,000 | \$ | 2,021,100 | \$ | 16,071,100 |

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 7. Long-Term Obligations (Continued)

## Lease Obligations

The School District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The School District executed an agreement on August 15, 2018 to lease buses that requires annual payments of $\$ 92,136$. There are no variable payment components of the leases. The lease liabilities are measured at an explicit discount rate of $3.125 \%$ and have a balance of $\$ 89,344$ at June 30, 2022. As a result of the leases, the School District has recorded right to use leased assets with a net book value of $\$ 90,740$ at June 30, 2022. The right to use leased assets are discussed in more detail in Note 20.

The School District executed an agreement on August 15, 2019 to lease vehicles that requires annual payments of $\$ 75,647$. There are no variable payment components of the leases. The lease liabilities are measured at an explicit discount rate of $3.50 \%$ and have a balance of $\$ 143,707$ at June 30, 2022. As a result of the leases, the School District has recorded right to use leased assets with a net book value of $\$ 146,236$ at June 30, 2022. The right to use leased assets are discussed in more detail in Note 20.

The School District executed an agreement on April 30, 2020 to lease vehicles that requires annual payments of $\$ 73,684$. There are no variable payment components of the leases. The lease liabilities are measured at an explicit discount rate of $2.017 \%$ and have a balance of $\$ 151,856$ at June 30, 2022. As a result of the leases, the School District has recorded right to use leased assets with a net book value of $\$ 150,360$ at June 30, 2022. The right to use leased assets are discussed in more detail in Note 20.

The School District executed an agreement on April 30, 2021 to lease vehicles that requires annual payments of $\$ 65,148$. There are no variable payment components of the leases. The lease liabilities are measured at an explicit discount rate of $1.337 \%$ and have a balance of $\$ 252,108$ at June 30, 2022. As a result of the leases, the School District has recorded right to use leased assets with a net book value of $\$ 253,805$ at June 30,2022 . The right to use leased assets are discussed in more detail in Note 20.

The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2022:


## Bonds Authorized but not Issued

As of June 30, 2022, the School District had no bonds authorized but not issued.

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 8. Pension Plans

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

Plan Description - The State of New Jersey (the State), Public Employees' Retirement System (PERS) is a costsharing 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 the Division's Annual Comprehensive Financial Report (ACFR) which can be found at http://www.nj.gov/treasury/pensions/financial-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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

| $\frac{\text { Tier }}{1}$ | $\underline{\text { Definition }}$ |
| :---: | :--- |
| 2 | Members who were enrolled prior to July 1, 2007 |
| 3 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 4 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 5 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |

Service retirement benefits of $1 / 55$ th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62 . Service retirement benefits of $1 / 60$ th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65 . Early retirement benefits are available to tiers 1 and 2 members before reaching age 60 , tiers 3 and 4 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. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, 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 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.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

Pension Liability, Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At June 30, 2022, the School District reported a liability of $\$ 11,175,643$ for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021, was, $0.09433709 \%$ which was an increase of $0.00088644 \%$ from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized full accural pension credit of $(\$ 1,848,101)$ in the government-wide financial statements. This pension credit was based on the pension plans June 30, 2021 measurement date. At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following source:

|  | Deferred Outflows <br> of Resources |  | Deferred Inflows <br> of Resources |
| :--- | ---: | ---: | ---: |
| Differences between Expected <br> and Actual Experience | 176,254 <br> Changes of Assumptions | 58,203 | 80,004 |
| Net Difference between Projected <br> and Actual Earnings on Pension <br> Plan Investments |  | $3,978,601$ |  |

$\$ 1,187,141$ reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer pension contribution rate of $15.98 \%$. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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:

| Year Ending June 30, |  |  |
| :---: | :---: | :---: |
| 2023 | \$ | $(2,940,939)$ |
| 2024 |  | $(2,107,218)$ |
| 2025 |  | $(1,397,829)$ |
| 2026 |  | $(843,727)$ |
| 2027 |  | $(155,287)$ |
|  | \$ | (7,445,000) |

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

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:

|  | Deferred <br> Outflow of Resources | Deferred <br> Inflow of <br> Resources |
| :---: | :---: | :---: |
| 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 | - |
| June 30, 2021 | 5.13 | - |
| 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 |
| June 30, 2021 | - | 5.13 |
| 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 | - |
| June 30, 2021 | 5.00 | - |
| Changes in Proportion and Differences between District Contributions 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 |
| June 30, 2021 | 5.13 | 5.13 |

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 8. Pension Plans (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

| Inflation Rate: |  |
| :--- | :---: |
| Price | $2.75 \%$ |
| Wage | $3.25 \%$ |
| Salary Increases: |  |
| Through 2026 | $2.00 \%-6.00 \%$ Based on Age |
| Thereafter | $3.00 \%-7.00 \%$ Based on Age |

Investment Rate of Return $\quad 7.00 \%$
Mortality Rate of Return:
PERS Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year
using Scale MP-2021

## 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments $(7.00 \%$ at June 30,2021 ) 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, 2021 are summarized in the following table:

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

| Asset Class |
| :--- |
| U.S. Equity |
| Non-U.S. Developed Markets Equity |
| Emerging Markets Equity |
| Private Equity |
| Real Estate |
| Real Assets |
| High Yield |
| Private Credit |
| Investment Grade Credit |
| Cash Equivalents |
| U.S. Treasuries |
| Risk Mitigation Strategies |


| Target <br> Allocation | Long-Term <br> Expected Real <br> Rate of Return |
| :---: | :---: |
| $27.00 \%$ | $8.09 \%$ |
| $13.50 \%$ | $8.71 \%$ |
| $5.50 \%$ | $10.96 \%$ |
| $13.00 \%$ | $11.30 \%$ |
| $8.00 \%$ | $9.15 \%$ |
| $3.00 \%$ | $7.40 \%$ |
| $2.00 \%$ | $3.75 \%$ |
| $8.00 \%$ | $7.60 \%$ |
| $8.00 \%$ | $1.68 \%$ |
| $4.00 \%$ | $0.50 \%$ |
| $5.00 \%$ | $0.95 \%$ |
| $3.00 \%$ | $3.35 \%$ |
| $100.00 \%$ |  |

Discount Rate - The discount rate used to measure the total pension liability was $7.00 \%$ as of June 30, 2021. 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 and the nonemployer contributing entity will be based on $78 \%$ 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2021, 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:

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

$\left.\begin{array}{lcccc} & \begin{array}{c}\text { At 1\% } \\ \text { Decrease } \\ \underline{(6.00 \%)}\end{array} & \begin{array}{c}\text { At Current } \\ \text { Discount Rate } \\ \underline{(7.00 \%)}\end{array} & \begin{array}{c}\text { At 1\% } \\ \text { Increase }\end{array} \\ \begin{array}{l}\text { School District's Proportionate Share } \\ \text { of the Net Pension Liability }\end{array} & \$ & 15,381,194 & \$ & \underline{(8.00 \%)}\end{array}\right]$

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2022 and 2021:

|  | $\underline{6 / 30 / 2022}$ | $\underline{6 / 30 / 2021}$ |  |
| :--- | ---: | ---: | ---: |
|  |  |  |  |
| Collective Deferred Outflows of Resources | $\$, 164,738,169$ | $\$$ | $2,347,583,337$ |
| Collective Deferred Inflows of Resources | $8,339,123,762$ | $7,849,949,467$ |  |
| Collective Net Pension Liability | $11,972,782,878$ | $16,435,616,426$ |  |
| School District's portion | $0.09434 \%$ | $0.09345 \%$ |  |

## B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - TPAF is a cost sharing multiple-employer defined benefit pension plan with a specialfunding situation, by which 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 Division. For additional information about TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/financial-reports.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:
Tier Definition
1 Members who were enrolled prior to July 1, 2007
2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5 Members who were eligible to enroll on or after June 28, 2011

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

Service retirement benefits of $1 / 55$ th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62 . Service retirement benefits of $1 / 60$ th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65 . Early retirement benefits are available to tiers 1 and 2 members before reaching age 60 , tiers 3 and 4 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. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from $5.5 \%$ of annual compensation to $6.5 \%$ plus an additional $1 \%$ phased-in over 7 years beginning in July 2012. The member contribution rate was $7.5 \%$ in State fiscal year 2018. 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 2021, 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, 2022 was $\$ 122,426,871$. The School District's proportionate share was $\$ 0$.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the TPAF net pension liability attributable to the School District was $0.25465 \%$, which was a decrease of $0.00358 \%$ from its proportion measured as of June 30, 2020 .

For the fiscal year ended June 30, 2022, the State of New Jersey recognized a pension expense in the amount of $\$ 2,880,758$ for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2021 measurement date.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:

| Price | $2.75 \%$ |
| :--- | :--- |
| Wage | $3.25 \%$ |

Salary Increases:
Through 2026
Thereafter
1.55\%-4.45\% Based on Years of Service
$2.75 \%-5.65 \%$ 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 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 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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 bestestimate 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, 2021 are summarized in the following table:

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 8. Pension Plans (Continued)

| Asset Class | Target <br> Allocation | Long-Term Expected Real Rate of Return |
| :---: | :---: | :---: |
| U.S. Equity | 27.00\% | 8.09\% |
| Non-U.S. Developed Markets Equity | 13.50\% | 8.71\% |
| Emerging Markets Equity | 5.50\% | 10.96\% |
| Private Equity | 13.00\% | 11.30\% |
| Real Estate | 8.00\% | 9.15\% |
| Real Assets | 3.00\% | 7.40\% |
| High Yield | 2.00\% | 3.75\% |
| Private Credit | 8.00\% | 7.60\% |
| Investment Grade Credit | 8.00\% | 1.68\% |
| Cash Equivalents | 4.00\% | 0.50\% |
| U.S. Treasuries | 5.00\% | 0.95\% |
| Risk Mitigation Strategies | 3.00\% | 3.35\% |
|  | 100.00\% |  |

Discount Rate - The discount rate used to measure the total pension liability was $7.00 \%$ as of June 30, 2021. 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 $100 \%$ of 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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 $7.00 \%$ 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:

## Note 8. Pension Plans (Continued)

|  | At 1\% <br> Decrease <br> (6.00\%) | At Current <br> Discount Rate <br> $\mathbf{( 7 . 0 0 \% )}$ | At 1\% <br> Increase |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
| State's Proportionate <br> Share of Net Pension Liability <br> associated with the School District | $\$$ | $144,851,438$ | $\$$ | $122,426,871$ | $\$$ |

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, 2022 and 2021:

Collective Deferred Outflows of Resources
Collective Deferred Inflows of Resources
Collective Net Pension Liability
School District's portion

$$
\underline{6 / 30 / 2022} \quad \underline{6 / 30 / 2021}
$$

$\begin{array}{rr}\$ & 6,373,530,834 \\ 27,363,906\end{array} \quad \$ \quad \begin{array}{r}9,626,548,228 \\ 14,591,988,841\end{array}$
48,165,991,182 65,993,498,688
$0.25466 \% \quad 0.25824 \%$

## C. Defined Contribution Retirement 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;
- 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.
- 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 educations employees.


## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued)

## Note 8. Pension Plans (Continued)

Contributions - The contribution policy is set by N.J.S.A. $43: 15 C-3$ 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, 2022, employee contributions totaled $\$ 116,639$, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of $\$ 87,520$.

## 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 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 are 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.

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

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

## Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| Inflation Rate | $2.50 \%$ |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Salary Increases: |  | TPAF/ABP |  | PERS | | PFRS |
| :---: |

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 the Scale MP-2021. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. Disability mortality was based on the PUB2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021 for current disables retirees. Future disabled retirees were based on Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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, 2021 was $\$ 207,179,038$. The School District's proportionate share was $\$ 0$.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State proportionate share of the OPEB Obligation attributable to the School District was $0.34525437 \%$, which was a decrease of $(0.01436815 \%)$ from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized an OPEB expense in the amount of $\$ 8,752,422.00$ 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 , 2021 measurement date.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

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

## Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially $5.65 \%$ and decreases to a $4.50 \%$ long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially $5.74 \%$ in fiscal year 2024, increasing to $12.93 \%$ in fiscal year 2025 and decreases to $4.50 \%$ after 11 years. For HMO the trend is initally $6.01 \%$ in fiscal year 2024, increasing to $15.23 \%$ in fiscal year 2025 and decreases to $4.5 \%$ after 11 years. For prescription drug benefits, the initial trend rate is $6.75 \%$ and decreases to a $4.50 \%$ long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend is $5.00 \%$.

## Discount Rate

The discount rate for June 30, 2021 was $2.16 \%$, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes taxexempt 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, 2021, respectively, 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, 2021

|  |  | $\begin{gathered} \text { At 1\% } \\ \text { Decrease (1.16\%) } \end{gathered}$ |  | At Discount <br> Rate (2.16\%) |  | $\begin{gathered} \text { At 1\% } \\ \text { crease (3.16\%) } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| State of New Jersey's <br> Proportionate Share of Total OPEB <br> Obligations Associated with the School District | \$ | 248,167,964 | \$ | 207,179,038 | \$ | 174,902,720 |
| State of New Jersey's |  |  |  |  |  |  |
| Liability | \$ | 71,879,745,555 | \$ | 60,007,650,970 | \$ | 50,659,089,138 |

## 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, 2021, respectively, 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:

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

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

|  | June 30, 2021 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Healthcare Cost |  |  |  |  |  |
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District | \$ | 167,711,932 | \$ | 207,179,038 | \$ | 260,180,213 |
| State of New Jersey's Total Nonemployer OPEB |  |  |  |  |  |  |
| Liability | \$ | 48,576,338,417 | \$ | 60,007,650,970 | \$ | 75,358,991,782 |

* See Healthcare Cost Trend Assumptions for details of rates.


## Additional Information

Collective balances of the Local Group at June 30, 2021 are as follows:

|  | ferred Outflows of Resources | Deferred Inflows of Resources |
| :---: | :---: | :---: |
| \$ | 9,045,886,863 | \$ (18,009,362,976) |
|  | 10,179,536,966 | $(6,438,261,807)$ |
|  | TBD | N/A |
| \$ | 19,225,423,829 | \$ (24,447,624,783) |

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

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

## Additional Information (continued):

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

| Fiscal Year <br> Ending June 30, | \$ |  |
| :---: | :---: | :---: |
|  |  |  |
| 2022 |  | $(1,182,303,041)$ |
| 2023 |  | (1,182,303,041) |
| 2024 |  | (1,182,303,041) |
| 2025 |  | $(1,182,303,041)$ |
| 2026 |  | $(840,601,200)$ |
| Thereafter |  | 347,612,410 |
|  | \$ | (5,222,200,954) |

** Employer Contributions made after June 30, 2021 are reported as a deferred outflow of resources, but are not amortized in expense.

## Plan Membership

At June 30, 2020, the Program membership consisted of the following:

| Active Plan Members | 213,901 |
| :--- | ---: |
| Inactive Plan Members or Beneficiaries |  |
| Currently Receiving Benefits | 150,427 |
|  |  |
|  |  |

## Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2022 (measurement date June 30,2021 ) is as follows:

## Total OPEB Liability

| Service Cost | \$ | 3,217,184,264 |
| :---: | :---: | :---: |
| Interest Cost |  | 1,556,661,679 |
| Changes of Benefit Terms |  | $(63,870,842)$ |
| Difference Between Expected \& Actual Experience |  | $(11,385,071,658)$ |
| Changes of Assumptions |  | 59,202,105 |
| Contributions: Member |  | 39,796,196 |
| Gross Benefit Payments |  | (1,226,213,382) |
| Net Change in Total OPEB Liability |  | (7,802,311,638) |
| Total OPEB Liability (Beginning) |  | 67,809,962,608 |
| Total OPEB Liability (Ending) | \$ | 60,007,650,970 |
| Total Covered Employee Payroll |  | 14,425,669,769 |
| Net OPEB Liability as a Percentage of Payroll |  | 415.98\% |

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## 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, 2022, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were $\$ 10,821,422, \$ 2,196,161, \$ 2,528,321$, and $\$ 3,163$, respectively.

## Note 11. Risk Management

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending unemployment claims fund balance and/or unemployment trust liability of the School District for the current year and previous two years.

|  |  |  | Ending Balance |  |  |
| :---: | ---: | ---: | ---: | ---: | ---: |
| Fiscal Year | Contributions |  | Amount <br> Reimbursed |  | Restricted Unemployment <br> Fund Balance | | Unemployment |
| :---: |
| Trust Liability |

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

Joint Insurance Pool - The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building \& Grounds
Boiler \& Machinery
School Board Legal Liability

General \& Automobile Liability
Workers' Compensation
Comprehensive Crime Coverage

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 12. Contingencies

State and Federal Grantor Agencies - The School 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 School 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, 2022 may be impaired. In the opinion of the School 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.

Litigation - The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts' attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency - The School 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 School District's programs and activities.

## Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Ameriprise Financial<br>Equitable Advisors

The Legend Group Lincoln Investment Planning

New York Life Insurance Company

## Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School 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 School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2022, the liability for compensated absences reported was $\$ 3,338,146$.

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 15. 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 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 16. 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 General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 was $\$ 1,402,680$.

## Note 17. Fund Balances

General Fund - Of the $\$ 14,293,951$ General Fund fund balance at June 30, 2022, $\$ 7,815,555$ has been restricted for the Capital Reserve Account; $\$ 1,151,773$ has been restricted for the Maintenance Reserve Account; $\$ 84,604$ has been restricted for the reserve for unemployment claims; $\$ 645,582$ is restricted for current year excess surplus; $\$ 757,099$ is restricted for excess surplus - designated for subsequent year's expenditures; $\$ 2,532,240$ is assigned for other purposes; $\$ 1,307,099$ is unassigned.

Special Revenue Fund - Of the $\$ 230,740$ Special Revenue Fund fund balance at June 30, 2022, $\$ 16,189$ is restricted for scholarships; $\$ 214,551$ is restricted for student activities.

## Note 18. Deficit in Net Position

Unrestricted Net Position - The School District governmental activities had a deficit in unrestricted net position in the amount of $(\$ 17,714,034)$ at June 30 , 2022. The primary causes of this deficit is 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 Employee's Retirement System (PERS) as of June 30, 2022. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

## Note 19. Commitments

The District has contractual commitments at June 30, 2022 to various vendors, which are recorded in the General Fund as Fund Balance Assisgned to Other Purposes in the amount of \$2,532,240.

## LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022 (Continued)

## Note 20. Right to Use Leased Assets

The School District has recorded right to use leased assets. The assets are right to use assets for leased equipment and vehicles. The related leases are discussed in the Note 7. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use leased asset activity for the year ended June 30, 2022 was as follows:

|  | Beginning Balance |  | Increases |  | Decreases |  | Ending <br> Balance |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Right to Use Leased Assets: <br> Equipment and Vehicles | \$ | 943,630 | \$ | - | \$ | - | \$ | 943,630 |
| Total Right to Use Leased Assets |  | 943,630 |  | - |  | - |  | 943,630 |
| Accumulated Amortization: |  |  |  |  |  |  |  |  |
| Equipment and Vehicles |  | - |  | $(302,489)$ |  | - |  | $(302,489)$ |
| Total Accumulated Amortization |  | - |  | $(302,489)$ |  | - |  | $(302,489)$ |
| Right to Use Leased Assets, Net | \$ | 943,630 | \$ | $(302,489)$ | \$ | - | \$ | 641,141 |

## Note 21. Prior Period Adjustment/Restatement of Net Position

Net Position as of July 1, 2021 has been restated as follows for the implementation of GASB Statement No. 87,Leases as follows:

Net Position as previously reported at June 30, 2021

Prior Period Adjustment Implementation of GASB 87

Net Position as restated, July 1, 2021
$\$ \quad 5,563,358$
(214,482)
\$ 5,348,876

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## C. Budgetary Comparison Schedules

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LACEY TOWNSHIP SCHOOL DISTRICT BUDGETARY COMPARISON SCHEDULE
 ACCOUNT


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evenues:


## Total Local Sources

TPAF Post Retirement Medical (on-behalf)
TPAF Long-Term Disability Insurance (on behalf) Total State Sources
Medicaid Reimbursement
Total Federal Sources
Total Revenues
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$\begin{array}{cc}\text { YEAR ENDED JUNE 30, } 2022 \\ & \\ \text { ACCOUNT } & \\ \text { NUMBERS ORIGINAL } \\ & \text { BUDGET }\end{array}$

##  <br>  <br> 




## LACEY TOWNSHIP SCHOOL DISTRICT <br> BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2022


Current Expense: Regular Programs - Instruction: Kindergarten - Salaries of Teachers Grades 1-5-Salaries of Teachers Grades 6-8-Salaries of Teachers Grades 9-12-Salaries of Teachers Regular Programs - Home Instruction:
Purchased Professional - Educational Services Regular Programs - Undistributed Instruction:
Other Salaries for Instruction Purchased Professional - Educational Services Purchased Technical Services Other Purchased Services General Supplies Other Objects
Total Regular Programs - Instruction Special Education - Instruction: Learning and/or Language Disabilities: Salaries of Teachers
Other Salaries for Ins
Other Salaries for Instruction
General Supplies General Supplies
Textbooks
Total Learning and/or Language Disabilities
Special Education - Instruction:
Behavioral Disabilities: Salaries of Teachers
Other Salaries for Instruction General Supplies
Other Object
Total Behavioral Disabilities
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[^0] \begin{tabular}{c}
D JUNE 30, 2022 <br>
<br>

\hline $\begin{array}{c}\text { ORIGINAL } \\
\text { BUDGET }\end{array}$ <br>
\hline
\end{tabular}

| JUNE 30, 2022 |  |  |  | $\begin{aligned} & \text { VARIANCE } \\ & \text { FINAL TO } \\ & \text { ACTUAL } \\ & \hline \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| $\begin{gathered} \text { ORIGINAL } \\ \text { BUDGET } \\ \hline \end{gathered}$ | $\begin{gathered} \hline \text { BUDGET } \\ \text { TRANSFERS } \\ \hline \end{gathered}$ | FINAL BUDGET | ACTUAL |  |
| 444,201 | $(6,422)$ | 437,779 | 437,779 | - |
| 360,693 | 75,385 | 436,078 | 390,154 | 45,924 |
| 7,018 | 3,000 | 10,018 | 9,105 | 913 |
| 1,000 | $(1,000)$ | - | - | - |
| 2,000 | (900) | 1,100 | 1,100 | - |
| 814,912 | 70,063 | 884,975 | 838,138 | 46,837 |
| 3,725,678 | $(121,143)$ | 3,604,535 | 3,544,856 | 59,679 |
| 378,722 | 183,492 | 562,214 | 552,204 | 10,010 |
| 1,000 | - | 1,000 | - | 1,000 |
| 9,000 | - | 9,000 | 7,867 | 1,133 |
| 500 | - | 500 | - | 500 |
| 750 | - | 750 | - | 750 |


| $\begin{gathered} \mathrm{N} \\ \mathrm{~N} \end{gathered}$ |  |
| :---: | :---: |
|  |  |
| $\begin{aligned} & \hat{2} \\ & \stackrel{\rightharpoonup}{7} \\ & \underset{7}{2} \end{aligned}$ |  |
| $\begin{gathered} \underset{\sim}{\underset{i}{2}} \\ \underset{i}{2} \end{gathered}$ |  |
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in Multiple Disabilities:
Special Education - Instruction: Multiple Disabilities:
Salaries of Teachers Other Salaries for Instruction
General Supplies
Textbooks
Other Objects
Total Multiple Disabilities
Special Education - Instruction:
Resource Room/Resource Center:
Salaries of Teachers
Other Salaries
Other Purchased Services
General Supplies
Textbooks
Other Objects Total Resource Room/Resource Center Special Education - Instruction:
Autism:
Salaries of Teachers
Other Salaries for Instruction
General Supplies
Textbooks
Other Objects
Total Autism
Special Education - Instruction:
Preschool Disabilities - Full-Time:
Salaries of Teachers
Other Salaries for Instruction
General Supplies
Other Objects
Total Preschool Disabilities - Full-Time
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LACEY TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30， 2022

| JUNE 30， 2022 |  |  |  | VARIANCE FINAL TO ACTUAL |
| :---: | :---: | :---: | :---: | :---: |
| ORIGINAL BUDGET | $\begin{gathered} \hline \text { BUDGET } \\ \text { TRANSFERS } \\ \hline \end{gathered}$ | FINAL <br> BUDGET | ACTUAL |  |
| $\begin{aligned} & 78,000 \\ & 22,880 \end{aligned}$ | $\begin{gathered} 4,759 \\ (4,758) \end{gathered}$ | $\begin{aligned} & 82,759 \\ & 18,122 \end{aligned}$ | $\begin{array}{r} 76,138 \\ 8,936 \end{array}$ | $\begin{aligned} & 6,622 \\ & 9,186 \end{aligned}$ |
| 100，880 | 1 | 100，881 | 85，074 | 15，807 |
| 9，275，732 | 728，981 | 10，004，713 | 9，686，603 | 318，109 |


| 199,632 | - | 199,632 | 157,393 | 42,239 |
| ---: | ---: | ---: | ---: | ---: |
| 199,632 | - | 199,632 | 157,393 | 42,239 |
|  |  |  |  |  |
| 432,363 | 16,221 | 448,584 | 444,711 |  |
| 24,650 | $(6,389$ | 18,261 | 12,046 | 3,873 |
| 16,650 | $(3,459)$ | 13,191 | 6,215 |  |
|  |  |  |  | 11,292 |


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## ACCOUNT NUMBERS

$11-219-100-101$
$11-219-100-320$

## 11－240－100－101 <br> $11-401-100-100$ $11-401-100-600$ $11-401-100-800$



$11-000-100-562$
$11-000-100-563$
$11-000-100-565$
$11-000-100-566$
$11-000-100-568$
$11-000-100-569$
Special Education－Instruction：
Home Instruction：
Salaries of Teachers
Purchased Professional－Educational Services
Special Education－Instruction：
Home Instruction：
Salaries of Teachers
Purchased Professional－Educational Services

Total Undistributed Expenditures－Instruction（Tuition）
I-O LIGIHXA

| JUNE 30, 2022 |  |  |  | VARIANCE <br> FINAL TO <br> ACTUAL |
| :---: | :---: | :---: | :---: | :---: |
| ORIGINAL BUDGET | $\begin{gathered} \text { BUDGET } \\ \text { TRANSFERS } \end{gathered}$ | $\begin{gathered} \text { FINAL } \\ \text { BUDGET } \end{gathered}$ | ACTUAL |  |
| 228,371 | 1,560 | 229,931 | 228,365 | 1,566 |
| 228,371 | 1,560 | 229,931 | 228,365 | 1,566 |
| $\begin{array}{r} 566,994 \\ 270,867 \\ 14,411 \\ \hline \end{array}$ | $\begin{gathered} 47,715 \\ (29,879) \\ 485 \\ \hline \end{gathered}$ | $\begin{array}{r} 614,709 \\ 240,988 \\ 14,896 \\ \hline \end{array}$ | $\begin{array}{r} 611,466 \\ 230,366 \\ 9,937 \\ \hline \end{array}$ | $\begin{array}{r} 3,243 \\ 10,622 \\ 4,959 \\ \hline \end{array}$ |
| 852,271 | 18,321 | 870,593 | 851,769 | 18,824 |
| $\begin{array}{r} 470,075 \\ 391,166 \\ 1,350 \\ \hline \end{array}$ | $\begin{array}{r} 16,275 \\ 34,975 \\ (789) \\ \hline \end{array}$ | $\begin{array}{r} 486,350 \\ 426,141 \\ \quad 561 \\ \hline \end{array}$ | $\begin{array}{r} 486,349 \\ 419,065 \\ \quad 560 \\ \hline \end{array}$ | $\begin{array}{r}1 \\ 7,077 \\ 1 \\ \hline\end{array}$ |
| 862,591 | 50,461 | 913,052 | 905,974 | 7,078 |



|  | $\begin{aligned} & \infty \\ & \underset{\sim}{\infty}-\underset{\sim}{7} \\ & \underset{\sim}{7} \end{aligned}$ |
| :---: | :---: |
| $\begin{aligned} & \text { t } \\ & \stackrel{1}{\sim} \\ & \underset{\sim}{n} \end{aligned}$ |  |
| $\begin{aligned} & \underset{~ t}{4} \\ & \underset{\sim}{n} \end{aligned}$ |  |
| $\begin{aligned} & \ddagger \\ & \underset{y}{n} \end{aligned}$ |  |
| $\begin{aligned} & 8 \\ & \text { ind } \\ & \text { ה̈ } \end{aligned}$ |  |

> ACCOUNT NUMBERS $11-000-211-100$  $11-000-213-100$ $11-000-213-300$ $11-000-213-600$
$11-000-216-100$
$11-000-216-320$
$11-000-216-600$
11-000-217-100

> LACEY TOWNSHIP SCHOOL DISTRICT GENERAL FUND BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2022
Undistributed Expenditures Attendance and Social Work: Salaries
Total Undistributed Expenditures Attendance and Social Work Undistributed Expenditures - Health Services:
Purchased Professional \& Technical Services Supplies and Materials
Total Undistributed Expenditures - Health Services Undistributed Expenditures - $\quad-\quad$
Speech, OT, PT and Related
Purchased Professional - Educational Services Supplies and Materials
Total Undistributed Expenditures -
Speech, OT, PT and Related Services
Undistributed Expenditures -
Other Support Services - Extra Services:
Salaries
Total Undistributed Expenditures -
Other Support Services - Extra Services
Undistributed Expenditures - Guidance:
Salaries of Secretaries \& Clerical Assistants Purchased Professional - Educational Services Supplies and Materials
I－O LIGIHXG
LACEY TOWNSHIP SCHOOL DISTRICT BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30， 2022

| JUNE 30，2022 |  |  |  |  |
| :---: | ---: | ---: | ---: | ---: |
| ORIGINAL <br> BUDGET | BUDGET <br> TRANSFERS | FINAL <br> BUDGET | VARIANCE <br> FINAL TO <br> ACTUAL | ACTUAL |
| 950,735 | 98,906 | $1,049,641$ | $1,046,265$ |  |
| 121,213 | 4,285 | 125,498 | 125,497 | 3,376 |
| 142,500 | 133,842 | 276,342 | 274,159 | 1 |
| $1,214,448$ |  |  |  | 2,182 |
|  | 237,033 | $1,451,481$ | $1,445,921$ | 5,560 |
|  |  |  |  |  |
|  |  |  |  |  |
| 816,740 | $(65,971)$ | 750,769 | 736,706 | 14,063 |
| 231,995 | - | 231,995 | 231,813 | 182 |
| 78,515 | 10,167 | 88,682 | 88,681 | 1 |
| 299,964 | $(16,826)$ | 283,138 | 214,094 | 69,043 |
| 37,995 | 1,300 | 39,295 | 37,549 | 1,747 |

## 

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| :---: | :---: | :---: | :---: | :---: |
| £¢1＇8て | $\angle \downarrow 6^{6} 6 \varepsilon$ |  |  |  | $\begin{gathered}\text { ACCOUNT } \\ \text { NUMBERS }\end{gathered}$

$11-000-219-104$
$11-000-219-105$
$11-000-219-320$


11－000－223－500

Undistributed Expenditures－Child Study Teams：
Salaries of Other Professional Staff
Salaries of Secretaries \＆Clerical Assistants
Purchased Professional－Educational Services
Total Undistributed Expenditures－Child Study Teams
Undistributed Expenditures - Improvement of Instruction Services：

Salaries of Supervisors of Instruction
Salaries of Other Professional Staff
Salaries of Sec．and Clerical Assist．
Purchased Professional－Educational Services Supplies and Materials

Total Undistributed Expenditures－Improvement of Instruction Services

Undistributed Expenditures－
Educational Media Services／Library：
Salaries
Purchased Professional and Technical Services
Supplies and Materials
Total Undistributed Expenditures－ Educational Media Services／Library

Undistributed Expenditures－
Instructional Staff Training Services：
Other Purchased Services
Total Undistributed Expenditures－ Instructional Staff Training Services
LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022 LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022 | D JUNE 30, 2022 |
| :---: |
|  |
| $\begin{array}{c}\text { ORIGINAL } \\ \text { BUDGET }\end{array}$ |








## ACCOUNT NUMBERS


$11-000-240-103$
$11-000-240-105$
$11-000-240-600$

 $11-000-252-100$
$11-000-252-340$

(c8s) $\quad 876$ 88s

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I-O LIGIHXA
673,110 (585)
Undistributed Expenditures -
Support Services - General Administration:
Salaries
Legal Services
Audit Fees
Other Purchased Professional Services
Communications/Telephone
BOE Other Purchased Professional Services
Other Purchased Services
General Supplies
Miscellaneous Expenditures
BOE Membership Dues and Fees
Total Undistributed Expenditures -
Total Undistributed Expenditures -
Support Services - General Administration
Undistributed Expenditures -
Undistributed Expenditures -
Support Services - School Administration: Salaries of Principals/Assistant Principals
Salaries of Secretaries \& Salaries of Secretaries \& Clerical Assistants
Supplies and Materials

[^1]Total Undistributed Expenditures -
I-D LIGIHXG




|  |  | $\begin{aligned} & \text { İ } \\ & \text { di } \\ & \text { In } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: |
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| $\stackrel{n}{i}$ |  |
| $\begin{aligned} & \widehat{C}_{3} \\ & \underset{\mathrm{j}}{1} \end{aligned}$ |  |
| $\begin{gathered} n_{0}^{\infty} \\ \infty \\ m \\ \hline \end{gathered}$ |  |
| $\begin{aligned} & \text { din } \\ & \text { N} \\ & \text { din } \end{aligned}$ |  |









Undistributed Expenditures -
Required Maintenance for School Facilities:
Salaries
Cleaning, Repair \& Maintenance Services
General Supplies
Other Objects
Total Undistributed Expenditures Required Maintenance for School Facilities

Undistributed Expenditures - Custodial Services: Salaries
Salaries of Non-Instructional Aides Cleaning, Repair \& Maintenance Services Other Purchased Property Services Insurance

General Supplies
Energy (Natural Gas)
Energy (Electricity)
Total Undistributed Expenditures - Custodial Services

[^2]Total Undistributed Expenditures -
Care and Upkeep of Grounds
Security:
Purchased Professional and Technical Services Cleaning, Repair, and Maintenance Services General Supplies
I-つ LIGIHXG
LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022




|  |  |
| :---: | :---: |
|  |  |


| $38,252,016$ | 328,407 | $38,580,423$ | $51,984,686$ | $(13,404,263)$ |
| :--- | :--- | :--- | :--- | :--- |


ACCOUNT
NUMBERS $11-000-270-107$
$11-000-270-160$
$11-000-270-162$
$11-000-270-390$
$11-000-270-420$
$11-000-270-443$
$11-000-270-503$
$11-000-270-518$
$11-000-270-593$
$11-000-270-610$
$11-000-270-615$
$11-000-270-800$

Total Expenditures - Current Expense

Undistributed Expenditures -
Student Transportation Services:
Salaries of Pupil Transportation (Between Home \& School) - Regular Sal for Pupil Trans (Other than Bet. Home \& Sch) Other Purchased Prof. and Technical Serv. Cleaning, Repair and Maintenance Services

Lease Purchase Payments - School Buses
Contract Services - Aid in Lieu Payments - Non Public Schools Contract Services (Special Education) - ESCs \& CTSAs Miscellaneous P Transportation Supplies Total Undistributed Expenditures Student Transportation Services

## Unallocated Benefits:

Unallocated Benefis.
Social Security Contributions
Other Retirement Contributions - PERS
Pension Contributions
Unemployment Compensatio
Workmen's Compensation
Health Benefits
Tuition Reimbursement
Other Employee Benefits
Unused Sick Payment to Staff-
Total Unallocated Benefits
TPAF Pension (on-behalf)
TPAF Pension (on-behalf)
TPAF Social Security (reimbursed)
TPAF Post Retirement Medical (on-behalf)
TPAF Long-Term Disability Insurance (on behalf)
Total Undistributed Expenditures
I－O LIGIHXG
LACEY TOWNSHIP SCHOOL DISTRICT BUDGETARY COMPARISON SCHEDULE


| $\begin{aligned} & \stackrel{0}{\infty} \\ & \infty \\ & 0 \\ & 0 \end{aligned}$ |  |
| :---: | :---: |
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## ACCOUNT NUMBERS

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$12-130-100-730$
$12-140-100-730$
$12-400-100-730$
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$\vdots$
$\vdots$
$\vdots$
$\vdots$
$\vdots$
$\vdots$
 $0 \varepsilon L-19 z-000-$－I
$0 \varepsilon L-$ zsて－000－てI
 $12-000-263-730$
$12-000-266-730$


$12-000-300-730$
$12-000-400-334$
$12-000-400-50$
$12-000-400-896$

## $\stackrel{\stackrel{\rightharpoonup}{2}}{\stackrel{\infty}{\infty}}$


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-1


（
EXHIBIT C-1

ACCOUNT
NUMBERS
RECAPITULATION OF FUND BALANCE
LACEY TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

|  | JUNE 30, 2022 |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| ACCOUNT | ORIGINAL | BUDGET | FINAL |  | VARIANCE |  |
| NUMBERS | BUDGET | TRANSFERS | BUDGET | ACTUAL | FINAL TO |  |
|  |  |  |  |  |  |  |
| ACTUAL |  |  |  |  |  |  |

$$
\begin{array}{lr}
\$ & 7,815,555 \\
& 1,151,773 \\
& 645,582 \\
& 757,099 \\
& 84,604 \\
& \\
& 2,532,240 \\
& 2,951,899 \\
\hline & 15,938,751 \\
& \\
& (1,734,223) \\
& 89,423 \\
\hline & \\
\hline
\end{array}
$$

Excess/(Deficiency) of Revenues Over/(Under) Expenditures
After Other Financing Sources/(Uses)
Fund Balances, July 1
Fund Balances, June 30
Restricted Fund Balance: Capital Reserve

Maintenance Reserve
Excess Surplus
Excess Surplus Designated for Subsequent Year's Expenditures Reserve for Unemployment Claims

Assigned Fund Balance:
Year-End Encumbrances
Unassigned Fund Balance
Subtotal
Reconciliation to Governmental Funds Statements (GAAP):
Last State Aid Payments Not Recognized on GAAP Basis
Solar Renewable Energy Credit Revenue Realized on GAAP Basis
Fund Balance per Governmental Funds (GAAP)

## LACEY TOWNSHIP SCHOOL DISTRICT <br> SPECIAL REVENUE FUND <br> BUDGETARY COMPARISON SCHEDULE YEAR ENDED JUNE 30, 2022

|  |  |  |  |
| :--- | :--- | :--- | :--- |
|  |  |  |  |

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## LACEY TOWNSHIP SCHOOL DISTRICT NOTE TO REQUIRED SUPPLEMENTARY INFORMATION <br> BUDGET TO GAAP RECONCILIATION YEAR ENDED JUNE 30, 2022

## 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) | \$ | 88,367,444 | \$ | 5,364,834 |
| Difference - Budget to GAAP: |  |  |  |  |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. |  |  |  |  |
| Current Year |  | - |  | $(1,343,335)$ |
| Prior Year |  | - |  | 50,894 |

The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP
which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).

## Current Year <br> Prior Year

Adjustment to record the value of Solar Renewable Energy Credits (SREC) income on the modified accural basis

## Current Year

Prior Year

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 outflows" from the budgetary comparison schedule. (C-1, C-2)
Differences - budget to GAAP
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)
$(1,734,223)$
1,868,375

| 89,423 | - |
| :---: | :---: |
| $(185,460)$ | - |

\$ 88,405,559 \$ 4,072,393
$(1,292,441)$
\$ 85,534,203 \$ 4,073,881

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EXHIBIT L-2
LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST NINE FISCAL YEARS
LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST NINE FISCAL YEARS
LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST NINE FISCAL YEARS -

| 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  | 2017 |  | 2016 |  | 2015 |  | 2014 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 1,104,797 | \$ | 1,022,303 | \$ | 944,327 | \$ | 986,697 | \$ | 933,535 | \$ | 907,245 | \$ | 874,772 | \$ | 889,866 | \$ | 766,692 |
|  | $(1,104,797)$ |  | $(1,022,303)$ |  | $(944,327)$ |  | $(986,697)$ |  | $(933,535)$ |  | $(907,245)$ |  | $(874,772)$ |  | $(889,866)$ |  | $(766,692)$ |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| \$ | 6,692,863 | \$ | 6,805,617 | \$ | 6,867,930 | \$ | 6,605,274 | \$ | 6,820,621 | \$ | 7,215,297 | \$ | 7,070,140 | \$ | 6,984,405 |  | N/A |
|  | 16.51\% |  | 15.02\% |  | 13.75\% |  | 14.94\% |  | 13.69\% |  | 12.57\% |  | 12.37\% |  | 12.74\% |  | N/A |

School District's contractually required contribution
Contributions in relation to the
contractually required contribution
Contribution deficiency (excess)
School District's covered payroll
Contributions as a percentage of covered payroll
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 informatior
for those years for which information is available.
EXHIBIT L-3
LOIULSIG TOOHOS JIHSNMOL KGOVT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST NINE FISCAL YEARS*

|  |  | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  | 2017 |  | 2016 |  | 2015 |  | 2014 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| School District's proportion of the net pension liability |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |  | 0.000\% |
| School District's proportionate share of the net pension liability | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| State's proportionate share of the net pension liability associated with the School District |  | 122,426,871 |  | 170,049,132 |  | 158,810,865 |  | 175,123,023 |  | 186,690,110 |  | 218,036,596 |  | 218,036,596 |  | 147,602,513 |  | 136,686,359 |
|  | \$ | 122,426,871 | \$ | 170,049,132 | \$ | 158,810,865 | \$ | 175,123,023 | \$ | 186,690,110 | \$ | 218,036,596 | \$ | 218,036,596 | \$ | 147,602,513 | \$ | 136,686,359 |
| School District's covered payroll | \$ | 30,075,340 | \$ | 29,278,447 | \$ | 29,149,017 | \$ | 27,363,660 | \$ | 27,621,846 | \$ | 27,558,762 | \$ | 28,541,864 | \$ | 28,523,671 |  | N/A |
| 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\% |  | 0.00\% |
| Plan fiduciary net position as a percentage of the total pension liability |  | 35.52\% |  | 24.60\% |  | 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.

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB) LAST FIVE FISCAL YEARS*

|  | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Total OPEB Liability |  |  |  |  |  |  |  |  |  |  |
| Service Cost | \$ | 9,200,411 | \$ | 5,232,662 | \$ | 5,371,266 | \$ | 6,369,288 | \$ | 7,662,668 |
| Interest Cost |  | 5,374,442 |  | 5,200,151 |  | 6,496,706 |  | 7,100,070 |  | 6,145,147 |
| Changes of Benefit Terms |  | $(220,517)$ |  | - |  | - |  | - |  | - |
| Difference Between Expected and Actual Experiences |  | $(38,143,435)$ |  | 40,182,618 |  | $(29,043,675)$ |  | (19,742,341) |  | - |
| Changes of Assumptions |  | 204,398 |  | 42,900,832 |  | 2,166,560 |  | $(18,893,938)$ |  | $(25,521,227)$ |
| Contributions: Member |  | 137,398 |  | 123,929 |  | 132,223 |  | 152,160 |  | 165,514 |
| Gross Benefit Payments |  | $(4,233,555)$ |  | $(4,088,717)$ |  | $(4,460,535)$ |  | $(4,402,572)$ |  | (4,494,916) |
| Net Change in Total OPEB Liability |  | $(27,680,858)$ |  | 89,551,475 |  | $(19,337,455)$ |  | $(29,417,333)$ |  | $(16,042,814)$ |
| Total OPEB Liability (Beginning) |  | 234,859,896 |  | 145,308,421 |  | 164,645,876 |  | 194,063,209 |  | 210,106,023 |
| Total OPEB Liability (Ending) | \$ | 207,179,038 | \$ | 234,859,896 | \$ | 145,308,421 | \$ | 164,645,876 | \$ | 194,063,209 |
| State's Covered Employee Payroll | \$ | 36,880,957 | \$ | 36,146,377 | \$ | 36,146,377 | \$ | 33,968,934 | \$ | 38,895,333 |
| Net OPEB Liability as a Percentage of Payroll |  | 561.75\% |  | 649.75\% |  | 402.00\% |  | 484.70\% |  | 498.94\% |

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.

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# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III <br> YEAR ENDED JUNE 30, 2022 

## Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms
None.

## Changes in Assumptions

The discount rate used as of June 30, measurement date is as follows:

| $\frac{\text { Year }}{2021}$ | $\underline{\text { Rate }}$ | $\frac{\text { Year }}{}$ | $\underline{\text { Rate }}$ | Year | $\underline{\text { Rate }}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2020 | $5.00 \%$ | 2018 | $4.86 \%$ | 2015 | $4.13 \%$ |
| 2019 | $5.60 \%$ | 2017 | $4.25 \%$ | 2014 | $4.68 \%$ |
|  | 5016 | $3.22 \%$ |  |  |  |

The long-term expected rate of return used as of June 30, measurement data is as follows:

| $\frac{\text { Year }}{2021}$ | $\underline{\text { Rate }}$ | $\frac{\text { Year }}{2.00 \%}$ | $\underline{\text { Rate }}$ | $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2020 | $7.30 \%$ | 2017 | $7.00 \%$ | 2015 | $7.90 \%$ |
| 2019 | $7.00 \%$ | 2016 | $7.65 \%$ | 2014 | $7.90 \%$ |

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

## Public Employees' Retirement System (PERS)

## Changes in Benefit Terms

The June 30, 2021 measurement date includes one change in plan provisions as Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

## Changes in Assumptions

The discount rate used as of June 30, measurement date is as follows:

| $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ | $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ | $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2021 | $7.00 \%$ | 2018 | $5.66 \%$ | 2015 | $4.90 \%$ |
| 2020 | $7.00 \%$ | 2017 | $5.00 \%$ | 2014 | $5.39 \%$ |
| 2019 | $6.28 \%$ | 2016 | $3.98 \%$ |  |  |

The long-term expected rate of return used as of June 30, measurement data is as follows:

| $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ | $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ | $\underline{\text { Year }}$ | $\underline{\text { Rate }}$ |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 2021 | $7.00 \%$ | 2018 | $7.00 \%$ | 2015 | $7.90 \%$ |
| 2020 | $7.00 \%$ | 2017 | $7.00 \%$ | 2014 | $7.90 \%$ |
| 2019 | $7.00 \%$ | 2016 | $7.65 \%$ |  |  |

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

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

## Changes in Benefit Terms

None.

## Changes in Assumptions

The discount rate used as of June 30, measurement date is as follows:

| Year | Rate | Year | Rate |
| :---: | :---: | :---: | :---: |
| 2021 | 2.16\% | 2018 | 3.87\% |
| 2020 | 2.21\% | 2017 | 3.58\% |
| 2019 | 3.50\% | 2016 | 2.85\% |

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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## LACEY TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND

## COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

 YEAR ENDED JUNE 30, 2022|  | Title I |  | Title II Part A |  | Title III Immigrant |  | Title IV |  | IDEA Part B- Basic |  | IDEA Part B Preschool |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |  |
| Local Sources | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
| State Sources |  | - |  | - |  | - |  | - |  | - |  | - |
| Federal Sources |  | 679,486 |  | 105,933 |  | 208 |  | 16,781 |  | 1,166,168 |  | 34,143 |
| Total Revenues | \$ | 679,486 | \$ | 105,933 | \$ | 208 | \$ | 16,781 | \$ | 1,166,168 | \$ | 34,143 |
| Expenditures: |  |  |  |  |  |  |  |  |  |  |  |  |
| Instruction: |  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries | \$ | 388,792 | \$ | 50,000 | \$ | - | \$ | - | \$ | - | \$ | - |
| Other Salaries for Instruction |  | - |  | - |  | - |  | - |  | - |  | - |
| Purchased Services |  | - |  | - |  | - |  | - |  | 145,668 |  | - |
| Other Purchased Services (400-500 Series) |  | - |  | - |  | - |  | - |  | - |  | - |
| General Supplies |  | 31,727 |  | - |  | - |  | 2,567 |  | 35,311 |  | - |
| Tuition |  | - |  | - |  | - |  | - |  | 601,588 |  | - |
| Other Objects |  | - |  | - |  | - |  | - |  | - |  | - |
| Total Instruction |  | 420,519 |  | 50,000 |  | - |  | 2,567 |  | 782,567 |  | - |
| Support Services: |  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries |  | 953 |  | 22,940 |  | 208 |  | - |  | - |  | - |
| Personal Services - Employee Benefits |  | 174,074 |  | 26,560 |  | - |  | - |  | - |  | - |
| Purchased Services |  | 66,590 |  | 6,000 |  | - |  | 9,733 |  | 370,155 |  | 34,143 |
| Travel |  | 4,054 |  | 433 |  | - |  | 4,481 |  | 5,683 |  | - |
| Supplies and Materials |  | 13,296 |  | - |  | - |  | - |  | 3,563 |  | - |
| Scholarships Awarded |  | - |  | - |  | - |  | - |  | - |  | - |
| Student Activities |  | - |  | - |  | - |  | - |  | - |  | - |
| Other Objects |  | - |  | - |  | - |  | - |  | - |  | - |
| Total Support Services |  | 258,967 |  | 55,933 |  | 208 |  | 14,214 |  | 379,401 |  | 34,143 |
| Facilities Acquisition \& Construction Services: |  |  |  |  |  |  |  |  |  |  |  |  |
| Buildings |  | - |  | - |  | - |  | - |  | - |  | - |
| Instructional Equipment |  | - |  | - |  | - |  | - |  | 4,200 |  | - |
| Noninstructional Equipment |  | - |  | - |  | - |  | - |  | - |  | - |
| Total Facilities Acquisition \& Construction |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Expenditures | \$ | 679,486 | \$ | 105,933 | \$ | 208 | \$ | 16,781 | \$ | 1,166,168 | \$ | 34,143 |
| Excess (Deficiency) of Revenues |  |  |  |  |  |  |  |  |  |  |  |  |
| Over (Under) Expenditures |  | - |  | - |  | - |  | - |  | - |  | - |
| Fund Balance, July 1 |  | - |  | - |  | - |  | - |  | - |  | - |
| Fund Balance, June 30 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |

## LACEY TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

|  |  |
| :---: | :---: |
| Revenues: <br> Local Sources |  |
|  | State Sources |
|  | Federal Sources |
|  | Total Revenues |
|  | Expenditures: <br> Instruction: <br> Salaries <br> Other Salaries for Instruction <br> Purchased Services <br> Other Purchased Services (400-500 Series) <br> General Supplies <br> Tuition <br> Other Objects |
|  | Total Instruction |
|  | Support Services: <br> Salaries <br> Personal Services - Employee Benefits <br> Prof. and Tech. Services <br> Travel <br> Supplies and Materials <br> Scholarships Awarded <br> Student Activities <br> Other Objects |
|  | Total Support Services |
|  | Facilities Acquisition \& Construction Services: <br> Buildings <br> Instructional Equipment <br> Noninstructional Equipment |
|  | Total Facilities Acquisition \& Construction Services |
|  | Total Expenditures |
|  | Excess (Deficiency) of Revenues Over (Under) Expenditures |



| \$ | 34,446 | \$ | - | \$ | - | \$ | - | \$ | 6,242 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | - |  | - |  | - |  | - |  | 49,258 |
|  | - |  | 15,558 |  | 1,198 |  | - |  | - |
|  | - |  | - |  | - |  | - |  | - |
|  | 2,500 |  | - |  | - |  | 313 |  | - |
|  | - |  | - |  | - |  | - |  | 94,406 |
|  | - |  | - |  | - |  | - |  | - |
|  | 36,946 |  | 15,558 |  | 1,198 |  | 313 |  | 149,906 |


| - | - | - | - | - |
| :---: | :---: | :---: | :---: | :---: |
| - | - | - | - | - |
| - | - | - | - | - |
| 2,022 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |


| - | - | - | - | - |
| :---: | :---: | :---: | :---: | :---: |
| - | - | - | - | - |
| - | - | - | - | - |


|  | - | - | - | - |  | - |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |
| $\$$ | 38,968 | $\$$ | 15,558 | $\$$ | 1,198 | $\$$ | 313 | $\$$ |

$\qquad$
Fund Balance, July 1
Fund Balance, June 30

|  | - |  | - |  |  |  | - |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |  |  |  |

## LACEY TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022
Revenues:
Local Sources
State Sources
Federal Source
Total Revenues

Expenditures:
Instruction: Salaries
Other Salaries for Instruction
Purchased Services
Other Purchased Services (400-500 Series)
General Supplies
Tuition
Other Objects
Total Instruction

Support Services:
Salaries
Personal Services - Employee Benefits
Prof. and Tech. Services
Travel
Supplies and Materials
Scholarships Awarded
Student Activities
Other Objects

Total Support Services
Facilities Acquisition \& Construction Services:

Buildings
Instructional Equipment
Noninstructional Equipment
Total Facilities Acquisition \& Construction Services

Total Expenditures

Excess (Deficiency) of Revenues Over (Under) Expenditures

Fund Balance, July 1

Fund Balance, June 30

|  |  | CRRSA - Learning <br> Acceleration | CRRSA - Mental <br> Health | ARP - ESSER III | ARP - Summer <br> Learning |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\$$ | - | $\$$ | - | $\$$ | - | $\$$ | - |
|  |  |  |  |  |  |  |  |
|  | - | - | - | - | - |  |  |
|  |  | 93,279 |  | 6,075 | $1,030,492$ | - |  |
|  |  |  |  |  |  |  |  |


| $\$ 155,416$ | $\$$ | 61,323 | $\$$ | - | $\$$ | - |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | - | - | - | - |  |  |
| 31,633 | - | - | 15,000 | - |  |  |
| 560 | - | - | - | - |  |  |
| 33,982 | - | - | - | - | 1,257 |  |
| - | - | - | - | - |  |  |
| - | - | - | 246,779 | - |  |  |
| 221,591 | 61,323 |  |  | 1,257 |  |  |


| 26,327 | 31,956 | 6,075 | 30,749 | - |
| :---: | :---: | :---: | :---: | :---: |
| 302,366 | - | - | - | - |
| 5,880 | - | - | - | - |
| 46,546 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |


| 381,119 | 31,956 | 6,075 | 30,749 |
| :--- | :--- | :--- | :--- |


| 578,173 | - | - | 752,964 | - |
| ---: | :---: | :---: | :---: | :---: |
| 330,985 | - | - | - | - |
| 39,000 | - | - | - | - |


|  | 948,158 | - | - |  | 752,964 | - |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |


|  | - | - | - | - | - |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | - | - | - | - | - |  |

## LACEY TOWNSHIP SCHOOL DISTRICT

## SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS YEAR ENDED JUNE 30, 2022

## Revenues:

## Local Sources

State Sources
Federal Sources

Total Revenues

Expenditures:
Instruction:
Salaries
Other Salaries for Instruction
Purchased Services
Other Purchased Services (400-500 Series)
General Supplies
Tuition
Other Objects
Total Instruction
Support Services:
Salaries
Personal Services - Employee Benefits
Prof. and Tech. Services
Travel
Supplies and Materials
Scholarships Awarded
Student Activities
Other Objects
Total Support Services
Facilities Acquisition \& Construction Services: Buildings
Instructional Equipment
Noninstructional Equipment

Total Facilities Acquisition \& Construction Services

Total Expenditures

Excess (Deficiency) of Revenues
Over (Under) Expenditures
Fund Balance, July 1
Fund Balance, June 30

| ARP - Beyond <br> the School Day | Nonpublic Textbooks | Nonpublic Nursing | Nonpublic <br> Technology | Nonpublic Security |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\$$ | - | $\$$ | - | $\$$ | - | $\$$ | - |


| $\$ 24,898$ | $\$$ | - | $\$$ | - | $\$$ | - |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |


| - | - | - | - | - |
| :--- | :--- | :--- | :--- | :--- |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - |  |
| - | - | - | - |  |
| - | - | - | - | - |
| - | - | - | - | - |


| - | - | - | - |
| :---: | :---: | :---: | :---: | :---: |


| - | - | - | - | - |
| :---: | :---: | :---: | :---: | :---: |
| - | - | - | - | - |
| - | - | - | - | - |


|  | - | - |  |  |  | - | - |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\$$ | 24,898 | $\$$ | 572 | $\$$ | 1,102 | $\$$ | 318 | $\$$ |

$\qquad$

|  | - |  | - |  |  |  |  | - |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |

## LACEY TOWNSHIP SCHOOL DISTRICT

 SPECIAL REVENUE FUNDCOMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS YEAR ENDED JUNE 30, 2022

Revenues:
Local Sources
State Sources
Federal Sources

Total Revenues
Expenditures:
Instruction:
Salaries
Other Salaries for Instruction
Purchased Services
Other Purchased Services (400-500 Series)
General Supplies
Tuition
Other Objects
Total Instruction
Support Services:
Salaries
Personal Services - Employee Benefits
Prof. and Tech. Services
Travel
Supplies and Materials
Scholarships Awarded
Student Activities
Other Objects
Total Support Services
Facilities Acquisition \& Construction Services: Building
Instructional Equipment
Noninstructional Equipment
Total Facilities Acquisition \& Construction Services

Total Expenditures

Excess (Deficiency) of Revenues
Over (Under) Expenditures
Fund Balance, July 1
Fund Balance, June 30

| SDA Emergent <br> Needs and Capital <br> Maintenance | Other Local Grants | Student Activities | Scholarships | Totals |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\$$ | - | $\$$ | 92,358 |  | 242,224 | $\$$ | 16,766 |


| \$ | - | \$ | 13,478 | \$ | - | \$ | - | \$ | 734,595 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | - |  | - |  | - |  | - |  | 49,258 |
|  | - |  | - |  | - |  | - |  | 209,057 |
|  | - |  | - |  | - |  | - |  | 560 |
|  | - |  | 27,623 |  | - |  | - |  | 369,351 |
|  | - |  | - |  | - |  | - |  | 695,994 |
|  | - |  | 6,253 |  | - |  | - |  | 6,253 |
|  | - |  | 47,354 |  | - |  | - |  | 2,065,068 |
|  | - |  | - |  | - |  | - |  | 119,208 |
|  | - |  | - |  | - |  | - |  | 503,000 |
|  | - |  | - |  | - |  | - |  | 492,501 |
|  | - |  | - |  | - |  | - |  | 16,673 |
|  | - |  | 41,687 |  | - |  | - |  | 105,092 |
|  | - |  | - |  | - |  | 19,300 |  | 19,300 |
|  | - |  | - |  | 241,178 |  | - |  | 241,178 |
|  | - |  | 938 |  | - |  | - |  | 938 |
|  | - |  | 42,625 |  | 241,178 |  | 19,300 |  | 1,497,890 |
|  | 95,663 |  | - |  | - |  | - |  | 1,426,800 |
|  | - |  | 2,379 |  | - |  | - |  | 337,564 |
|  | - |  | - |  | - |  | - |  | 39,000 |


| 95,663 | 2,379 | - | - | $1,803,364$ |
| ---: | ---: | ---: | ---: | ---: |
| 95,663 | 92,358 | 241,178 | 19,300 | $5,366,322$ |


|  | - |  | - |  | 1,046 |  | $(2,534)$ |  | $(1,488)$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | - |  | - |  | 213,505 |  | 18,723 |  | - |
| \$ | - | \$ | - | \$ | 214,551 | \$ | 16,189 | \$ | $(1,488)$ |

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## F. Capital Projects Fund

Not Applicable

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H. Fiduciary Fund

Not Applicable

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## I. Long-Term Debt

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LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE

| ISSUE | $\begin{gathered} \text { DATE OF } \\ \text { ISSUE } \\ \hline \end{gathered}$ | $\begin{gathered} \text { AMOUNT } \\ \text { OF } \\ \text { ISSUE } \\ \hline \end{gathered}$ |  | ANNUAL MATURITIES |  | $\begin{gathered} \text { INTEREST } \\ \text { RATE } \\ \hline \end{gathered}$ | $\begin{gathered} \text { BALANCE } \\ \text { JUNE 30, } \\ 2021 \\ \hline \end{gathered}$ |  | RETIRED |  | $\begin{gathered} \text { BALANCE } \\ \text { JUNE 30, } \\ 2022 \\ \hline \end{gathered}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | DATE | AMOUNT |  |  |  |  |  |  |  |
| Refunding School Bonds Series 2016A | 9/8/2016 | \$ | 11,595,000 | 1/15/2023 | 1,325,000 | 4.000\% | \$ | 9,205,000 | \$ | 1,265,000 | \$ | 7,940,000 |
|  |  |  |  | 1/15/2024 | 1,385,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2025 | 1,440,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2026 | 660,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2027 | 660,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2028 | 760,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2029 | 855,000 | 4.000\% |  |  |  |  |  |  |
|  |  |  |  | 1/15/2030 | 855,000 | 4.000\% |  |  |  |  |  |  |
| Refunding School Bonds Series 2016 | 1/13/16 |  | 16,090,000 | 4/1/2023 | 1,625,000 | 5.000\% |  | 7,740,000 |  | 1,630,000 |  | 6,110,000 |
|  |  |  |  | 4/1/2024 | 1,515,000 | 5.000\% |  |  |  |  |  |  |
|  |  |  |  | 4/1/2025 | 1,505,000 | 5.000\% |  |  |  |  |  |  |
|  |  |  |  | 4/1/2026 | 1,465,000 | 5.000\% |  |  |  |  |  |  |
|  |  |  |  |  |  | Total | \$ | 16,945,000 | \$ | 2,895,000 | \$ | 14,050,000 |

EXHIBIT I-2

| MOUNT <br> OF <br> IGINAL <br> UANCE | INTEREST RATE | AMOUNTOUTSTANDINGJUNE 30,2021 |  | RETIRED |  | AMOUNTOUTSTANDINGJUNE 30,2022 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 242,300 | 2.300\% | \$ | 49,717 | \$ | 49,717 | \$ | - |
| 430,000 | 3.125\% |  | 181,480 |  | 92,136 |  | 89,344 |
| 350,000 | 3.500\% |  | 219,354 |  | 75,647 |  | 143,707 |
| 376,000 | 2.017\% |  | 225,540 |  | 73,684 |  | 151,856 |
| 316,000 | 1.337\% |  | 317,256 |  | 65,148 |  | 252,108 |
|  |  | \$ | 993,347 | \$ | 356,332 | \$ | 637,015 |

$$
\begin{aligned}
& \text { Revenues: } \\
& \text { Local Sources: } \\
& \text { Local Tax Levy } \\
& \text { State Sources: } \\
& \text { Debt Service Aid Type II } \\
& \text { Total Revenues } \\
& \text { Expenditures: } \\
& \text { Regular Debt Service: } \\
& \text { Interest } \\
& \text { Redemption of Principal } \\
& \text { Total Regular Debt Service } \\
& \text { Total Expenditures } \\
& \text { Fund Balance, July 1, } \\
& \text { Fund Balance, June 30, }
\end{aligned}
$$

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## STATISTICAL SECTION (Unaudited)

Third Section

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## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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EXHIBIT J-1


| $\$ 13,695,961$ | $\$$ | $5,563,358$ | $\$$ | $(2,393,010)$ | $\$$ | $(6,482,739)$ | $\$(7,932,606)$ | $\$$ | $(10,087,344)$ | $\$(12,078,948)$ | $\$(14,447,775)$ | $\$$ | $7,287,317$ | $\$$ | $9,880,674$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |





[^3] LAST TEN FISCAL YEARS

| FISCAL YEAR ENDING JUNE 30, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2022 |  | 2021 |  | 2020 |  | 2019 |  | 2018 |  | 2017 |  | 2016 |  | 2015 |  | 2014 |  | 2013 |
| \$ | 36,166,982 | \$ | 38,194,017 | \$ | 38,302,623 | \$ | 43,687,406 | \$ | 22,743,587 | \$ | 21,889,525 | \$ | 23,524,652 | \$ | 24,485,567 | \$ | 21,656,072 | \$ | 22,199,001 |
|  | 16,317,965 |  | 15,717,544 |  | 14,816,127 |  | 15,089,264 |  | 7,214,208 |  | 7,145,866 |  | 7,131,374 |  | 6,650,473 |  | 6,378,308 |  | 6,320,828 |
|  | - |  | - |  | - |  | - |  | 1,624,222 |  | 1,562,297 |  | 1,510,517 |  | 1,480,905 |  | 1,490,344 |  | 1,420,127 |
|  | 2,808,869 |  | 2,813,921 |  | 3,042,502 |  | 3,360,743 |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 2,032,926 |  | 1,929,939 |  | 1,898,178 |  | 1,942,863 |  | - |  | - |  | - |  | - |  | 1,954,601 |  | 1,899,808 |
|  | - |  | - |  | - |  | - |  | 205,333 |  | 197,948 |  | 222,909 |  | 251,700 |  | - |  |  |
|  | - |  | - |  | - |  | - |  | 612,928 |  | 538,336 |  | 602,206 |  | 600,624 |  | - |  | - |
|  | 10,129,816 |  | 9,610,108 |  | 8,744,770 |  | 9,125,741 |  | 4,261,875 |  | 4,305,449 |  | 4,506,846 |  | 4,382,602 |  | 6,648,193 |  | 6,360,879 |
|  | 349,474 |  | 354,916 |  | 408,439 |  | 410,340 |  | 372,546 |  | 420,637 |  | 433,462 |  | 424,491 |  | - |  | - |
|  | 28,153 |  | 22,773 |  | 31,510 |  | 43,835 |  | 59,886 |  | 37,607 |  | 61,567 |  | 56,423 |  | - |  | - |
|  | 1,511,104 |  | 1,509,283 |  | 1,702,200 |  | 1,510,437 |  | 4,513,258 |  | 4,294,958 |  | 4,269,359 |  | 4,326,188 |  | 1,012,210 |  | 998,769 |
|  | 732,570 |  | 743,476 |  | 759,991 |  | 764,421 |  | 512,716 |  | 487,873 |  | 597,772 |  | 554,588 |  | 568,372 |  | 528,064 |
|  | 830,489 |  | 882,730 |  | 949,837 |  | 939,162 |  | 602,340 |  | 633,422 |  | - |  | - |  | - |  | - |
|  | 1,920,796 |  | 2,029,092 |  | 2,015,366 |  | 2,025,583 |  | 1,282,793 |  | 1,624,392 |  | 1,546,351 |  | 1,240,863 |  | 1,478,501 |  | 1,451,965 |
|  | 8,072,880 |  | 6,468,079 |  | 6,980,282 |  | 7,190,352 |  | 5,192,745 |  | 4,626,130 |  | 6,108,858 |  | 6,218,740 |  | 6,113,044 |  | 5,669,269 |
|  | 4,278,445 |  | 4,389,000 |  | 4,573,339 |  | 4,943,452 |  | 3,325,947 |  | 3,209,224 |  | 2,877,930 |  | 2,998,784 |  | 2,938,907 |  | 2,825,083 |
|  | 4,28,46 |  | ,38, |  | , 513,33 |  |  |  | 18,404,189 |  | 17,954,591 |  | 15,747,519 |  | 15,237,999 |  | 20,745,138 |  | 20,664,217 |
|  | 884,036 |  | 572,224 |  | 724,842 |  | 1,489,975 |  | 5,291,381 |  | 6,611,657 |  | 6,689,878 |  | 4,524,173 |  | 1,634,313 |  | 1,638,517 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | 3,644,911 |  | 2,041,518 |


| 86,064,505 | 85,237,102 | 84,950,006 | 92,523,574 | 76,219,954 | 75,539,912 | 75,831,200 | 73,434,120 | 76,262,914 | 74,018,045 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $1,303,806$ | 873,603 | $1,029,530$ | $1,193,160$ | $1,415,767$ | $1,260,465$ | $1,363,573$ | $1,442,100$ | $1,477,126$ | $1,471,681$ |
| 1,303,806 | 873,603 | 1,033,173 | 1,443,240 | 1,633,538 | 1,514,520 | 1,651,121 | 1,776,706 | 1,696,632 | 1,651,622 |

 Expenses:
Governmental Activities
Instruction:
Regular
Special Education
Other Special Education
Other Instruction
Support Services:
Tuition
Attendance \& Social Work Services
Health Services
Student \& Instruction Related Services
Educational Media Services/School
Library
Instructional Staff Training
Other Administrative Services
Central Services
Administration Information Technology
Services
School Administrative Services
Plant Operations \& Maintenance
Pupil Transportation
Unallocated Benefits
Interest \& Other Charges
Unallocated Depreciation
Total Governmental Activities
Expenses
Business-Type Activities:
Food Service Total Business-Type Activities
Expense Total District Expenses Program Revenues:
Operating Grants \& Contributions Total Governmental Activities Total Governmental Activities
Program Revenues Business-Type Activities: Business-Type
Charges for Services: Operating Grants \& Contributions Total Business Type Activities

Source: ACFR Schedule A-2

EXHIBIT J-3

| 2022 |  | 2021 |  | 2020 |  | 2019 |  | FISCAL YEAR ENDING JUNE 30, |  |  |  |  |  | 2015 |  | 2014 |  | 2013 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | 2018 |  |  |  | 2017 |  |  |  |  |  |  |  |  |
| \$ | 10,454,612 |  |  | \$ | 9,411,113 |  |  | \$ | 7,566,293 | \$ | 5,982,354 | \$ | 4,532,324 | \$ | 2,825,791 | \$ | - | \$ | - | \$ | - | \$ | - |
|  | - |  | , |  | - |  | - |  | - |  | - |  | 130,985 |  | 39,228 |  | 248,305 |  | 945,747 |
|  | 2,532,240 |  | 731,465 |  | - |  | 862,564 |  | 693,620 |  | 153,397 |  | 939,915 |  | 1,750,000 |  | 833,910 |  | 478,117 |
|  | 1,307,099 |  | 1,280,018 |  | $(263,956)$ |  | - |  | $(128,795)$ |  | 135,502 |  | - |  | - |  | - |  | - |
|  | - |  | - |  |  |  | - |  | - |  | - |  | 500,000 |  | - |  | - |  | 327,493 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | $(873,395)$ |  | $(1,145,262)$ |  | - |  | - |
| \$ | 14,293,951 | \$ | 11,422,596 | \$ | 7,302,337 | \$ | 6,844,918 | \$ | 5,097,149 | \$ | 3,114,690 | \$ | 697,505 | \$ | 643,966 | \$ | 1,082,215 | \$ | 1,751,357 |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ | 56,148 | \$ | 246,187 | \$ | 190,039 | \$ | 2 | \$ | 2 | \$ | 2 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | 1,577 |  | 946,577 |
|  | 16,189 |  | 18,723 |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 214,551 |  | 213,504 |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
|  | . |  |  |  | - |  | - |  | - |  | - |  | 5,179,555 |  | 5,179,555 |  | - |  | - |
| \$ | 230,740 | \$ | 232,227 | \$ | - | \$ | - | \$ | 56,148 | \$ | 246,187 | \$ | 5,369,594 | \$ | 5,179,557 | \$ | 1,579 | \$ | 946,579 |

LACEY TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)
General Fund:
$\quad$ Restricted
Committed
Assigned
Unassigned
Reserved
Unreserved
Total General Fund
All Other Governmental Funds:
Restricted
Debt Service Fund
Capital Projects Fund
Scholarships
Student Activities
Reserved
Total All Other Governmental
Funds
Source: ACFR Schedule B-1
*For the year ended June 30, 2022,

| \$ | $\underline{2022}$ | \$ | 2021 | 2020 |  | 2019 |  | $\underline{2018}$ |  | 2017 |  | 2016 |  | 2015 |  | 2014 |  | 2013 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 54,060,948 |  | 52,853,951 | \$ | 51,555,279 | \$ | 50,589,823 | \$ | 48,815,343 | \$ | 48,130,596 | \$ | 46,110,638 | \$ | 45,169,947 | \$ | 44,129,698 | \$ | 41,194,109 |
|  | 142,934 |  | 145,503 |  | 77,164 |  | 99,414 |  | 112,175 |  | 31,372 |  | 60,875 |  | 167,414 |  | 94,567 |  | 97,251 |
|  | 25,419 |  | 25,419 |  | 25,419 |  | 24,449 |  | 12,189 |  | 4,949 |  | 3,842 |  | 3,091 |  | 5,081 |  | 11,875 |
|  | 89,423 |  | 185,461 |  | 322,585 |  | 364,257 |  | 658,812 |  | 251,302 |  | 449,764 |  | 605,033 |  | 341,547 |  | 689,549 |
|  | 750,610 |  | 1,679,275 |  | 357,821 |  | 255,694 |  | $(163,344)$ |  | 477,408 |  | 451,336 |  | 282,420 |  | 394,519 |  | 235,787 |
|  | 37,273,166 |  | 32,584,109 |  | 31,484,949 |  | 31,606,933 |  | 27,020,733 |  | 26,853,695 |  | 27,071,687 |  | 25,357,006 |  | 27,277,246 |  | 28,235,179 |
|  | 3,785,653 |  | 2,923,643 |  | 1,844,945 |  | 1,868,626 |  | 1,918,784 |  | 1,782,194 |  | 1,927,296 |  | 1,782,744 |  | 1,716,986 |  | 1,760,803 |
|  | 96,128,152 |  | 90,397,361 |  | 85,668,162 |  | 84,809,196 |  | 78,374,692 |  | 77,531,516 |  | 76,075,438 |  | 73,367,655 |  | 73,959,644 |  | 72,224,553 |
|  | 21,469,296 |  | 21,072,605 |  | 20,984,327 |  | 21,068,779 |  | 20,576,854 |  | 19,613,799 |  | 21,350,848 |  | 21,892,026 |  | 21,656,072 |  | 22,199,001 |
|  | 8,543,466 |  | 7,572,344 |  | 7,159,468 |  | 6,328,372 |  | 7,137,735 |  | 7,065,546 |  | 7,054,651 |  | 6,558,936 |  | 6,378,308 |  | 6,320,828 |
|  | 1,143,137 |  | 1,099,423 |  | 957,639 |  | 948,608 |  | 1,611,477 |  | 1,548,910 |  | 1,497,730 |  | 1,465,649 |  | 1,490,344 |  | 1,420,127 |
|  | 1,667,389 |  | 1,552,511 |  | 1,666,853 |  | 1,620,759 |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 1,609,387 |  | 1,929,939 |  | 1,898,178 |  | 1,942,863 |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 228,365 |  | 227,782 |  | 231,872 |  | 218,505 |  | 205,333 |  | 197,948 |  | 222,909 |  | 251,700 |  | 247,081 |  | 246,381 |
|  | 851,769 |  | 629,062 |  | 573,408 |  | 597,270 |  | 612,928 |  | 538,336 |  | 602,206 |  | 600,624 |  | 634,049 |  | 642,853 |
|  | 6,848,774 |  | 6,177,145 |  | 5,353,952 |  | 5,336,994 |  | 4,045,203 |  | 4,077,877 |  | 4,289,466 |  | 4,123,248 |  | 1,954,601 |  | 1,899,808 |
|  | 349,474 |  | 354,916 |  | 408,439 |  | 410,340 |  | 372,546 |  | 420,637 |  | 433,462 |  | 424,491 |  | 420,773 |  | 467,127 |
|  | 39,947 |  | 25,345 |  | 31,510 |  | 43,835 |  | 59,886 |  | 37,607 |  | 61,567 |  | 56,423 |  | 77,897 |  | 73,666 |
|  | 1,196,282 |  | 1,135,224 |  | 1,289,197 |  | 1,124,467 |  | 3,380,011 |  | 3,200,719 |  | 3,408,729 |  | 3,377,656 |  | 5,268,393 |  | 4,930,852 |
|  | 579,947 |  | 551,905 |  | 546,050 |  | 527,195 |  | 512,716 |  | 487,873 |  | 597,772 |  | 554,588 |  | 568,372 |  | 528,064 |
|  | 657,465 |  | 655,278 |  | 682,454 |  | 647,708 |  | 602,340 |  | 633,422 |  | - |  | - |  | - |  | - |
|  | 1,520,618 |  | 1,506,258 |  | 1,448,032 |  | 1,396,976 |  | 2,549,888 |  | 2,482,873 |  | 2,328,493 |  | 2,406,114 |  | 2,490,711 |  | 2,450,734 |
|  | 5,803,062 |  | 5,054,170 |  | 5,273,429 |  | 5,158,892 |  | 4,979,787 |  | 5,125,685 |  | 5,964,246 |  | 5,936,417 |  | 6,113,044 |  | 5,669,269 |
|  | 3,387,076 |  | 3,258,090 |  | 3,285,925 |  | 3,409,332 |  | 3,325,947 |  | 3,209,224 |  | 2,877,930 |  | 2,998,784 |  | 2,938,907 |  | 2,825,083 |
|  | 25,682,764 |  | 24,039,174 |  | 22,866,644 |  | 23,010,263 |  | 17,754,656 |  | 17,840,688 |  | 16,115,424 |  | 15,253,093 |  | 15,993,934 |  | 16,351,729 |
|  | 4,727,645 |  | 4,445,580 |  | 4,200,720 |  | 4,326,458 |  | 4,650,233 |  | 4,581,484 |  | 4,671,054 |  | 2,966,345 |  | 3,976,693 |  | 4,043,444 |
|  | 3,140,868 |  | 1,774,879 |  | 2,777,145 |  | 1,438,031 |  | 298,994 |  | 177,544 |  | 377,053 |  | 668,787 |  | 810,774 |  | 1,352,167 |
|  | 2,895,000 |  | 2,860,000 |  | 2,790,000 |  | 2,755,000 |  | 2,745,000 |  | 2,670,000 |  | 2,810,000 |  | 2,755,000 |  | 2,795,000 |  | 3,330,000 |
|  | 916,552 |  | 1,035,152 |  | 1,135,502 |  | 1,236,927 |  | 1,160,738 |  | 1,148,011 |  | 1,168,322 |  | 1,517,600 |  | 1,619,550 |  | 1,698,137 |
|  | 93,258,284 |  | 86,956,782 |  | 85,560,744 |  | 83,547,574 |  | 76,582,272 |  | 75,058,183 |  | 75,831,862 |  | 73,807,481 |  | 75,434,503 |  | 76,449,270 |


|  | - |  | 692,000 |  | 350,000 |  | 430,000 |  | - |  | - |  | - |  | - |  | - |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | - |  | - |  | - |  | - |  |  |  | (11,595,000) |  | $(16,090,000)$ |  | - |  | - |  | - |
|  | - |  | - |  | - |  | - |  |  |  | 11,595,000 |  | 16,090,000 |  | - |  | - |  | - |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | $(139,283)$ |  | - |
|  | - |  | - |  | - |  | - |  |  |  | 3 |  | - |  | 1,577 |  | 945,000 |  | 2,750,000 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | $(1,577)$ |  | $(945,000)$ |  | $(2,750,000)$ |
|  | - |  | 692,000 |  | 350,000 |  | 430,000 |  | - |  | 3 |  | - |  | - |  | $(139,283)$ |  | - |
| \$ | 2,869,868 | \$ | 4,132,579 | \$ | 457,419 | \$ | 1,691,622 | \$ | 1,792,420 | \$ | 2,473,336 | \$ | 243,576 | \$ | $(439,826)$ | \$ | $(1,614,142)$ | \$ | $(4,224,717)$ |
|  | 4.26\% |  | 4.69\% |  | 4.81\% |  | 5.02\% |  | 5.37\% |  | 5.36\% |  | 5.54\% |  | 6.14\% |  | 6.22\% |  | 7.04\% |

Revenues
Tax Levy
Tuition Charges
Interest Earnings
Solar Renewable Energy Credits
Miscellaneous
State Sources
Federal Sources
Total Revenues
Expenditures
Instruction:
Regular Instruction
Special Education Instruction
Other Special Instruction
Other Instruction
Support Services:
Tuition
Attendance \& Social Work Services
Health Services
Student \& Instruction Related Services
Educational Media Services/
School Library
Instructional Staff Training
Other Administrative Services
Central Services
Administration Information
Technology Services
School Administrative Services
Plant Operations \& Maintenance
Pupil Transportation
Unallocated Benefits
Business and Other Support Services:
Other
Capital Outlay
Debt Service:
Principal
Interest \& Other Charges
Total Expenditures
Other Financing Sources/(Uses):
Capital Leases (Non-budgeted)
Proceeds of Refunding Bonds
Proceeds from Bond Issuance
Cancellation of Payable
Transfers in
Transfers Out
Total Other Financing Sources/(Uses)
Net Change in Fund Balances
Debt Service as a Percentage of
Noncapital Expenditures
Source: ACFR Schedule B-2
In
LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)


## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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LACEY TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY，
LAST TEN FISCAL YEARS ST TEN FISCAL YEARS
UNAUDITED

|  |  <br>  <br>  <br>  |
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|  | $\infty$ |
|  |  <br>  <br>  | $\leadsto$



Real property is required to be assessed at some percentage of true value（fair or market value）established by each county board of taxation
Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment a．Taxable Value of Machinery，Implements and Equipment of Telephone，Telegraph and Messenger System Companies
b．Tax rates are per $\$ 100$
EXHIBIT J-7




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

|  | 2022 |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | TAXABLE ASSESSED |  | RANK | $\begin{gathered} \hline \text { \% OF TOTAL } \\ \text { DISTRICT NET } \\ \text { ASSESSED } \\ \text { VALUE } \end{gathered}$ |
|  |  |  |  |  |
|  |  |  |  |  |
| Taxpayer |  | VALUE |  |  |
| Oyster Creek Environmental Protection, LLC | \$ | 111,486,700 | 1 | 2.850\% |
| First Energy Service Co. |  | 33,133,100 | 2 | 0.847\% |
| Agree Forked River |  | 29,553,000 | 3 | 0.756\% |
| Piedmont Associates |  | 20,656,100 | 4 | 0.528\% |
| Wal-Mart R. E. Business Trust |  | 16,500,000 | 5 | 0.422\% |
| Forked River Residences LLC |  | 8,521,500 | 6 | 0.218\% |
| Giombetti, David M \& Dawn M |  | 7,029,600 | 7 | 0.180\% |
| US Bank Trust |  | 5,789,700 | 8 | 0.148\% |
| WaWa, Inc. |  | 5,071,500 | 9 | 0.130\% |
| Cav-Burt LLC |  | 4,954,000 | 10 | 0.127\% |
| Total | \$ | 242,695,200 |  | 6.206\% |
|  | 2013 |  |  |  |
|  |  |  |  | \% OF TOTAL |
|  |  | TAXABLE |  | DISTRICT NET |
|  |  | ASSESSED |  | ASSESSED |
| Taxpayer |  | VALUE | RANK | VALUE |
| Exelon Generation Co., LLC | \$ | 145,444,700 | 1 | 3.400\% |
| JCP\&L |  | 49,433,800 | 2 | 1.157\% |
| PR Lacey LLC |  | 35,890,600 | 3 | 0.840\% |
| Wal-Mart R.E. Business Trust |  | 21,926,300 | 4 | 0.513\% |
| Piedmont Associates |  | 21,200,000 | 5 | 0.496\% |
| Toll Land XI, LP |  | 18,889,000 | 6 | 0.442\% |
| Forked River Residences, LLC |  | 9,571,800 | 7 | 0.224\% |
| NJ Bell/Verizon |  | 8,114,151 | 8 | 0.190\% |
| Forked River Power, LLC |  | 7,554,000 | 9 | 0.177\% |
| Taxpayer \#1 |  | 5,525,800 | 10 | 0.129\% |
| Total | \$ | 323,550,151 |  | 7.568\% |

[^4]
## LACEY TOWNSHIP SCHOOL DISTRICT PROPERTY TAX LEVIES AND COLLECTIONS <br> LAST TEN FISCAL YEARS <br> UNAUDITED

| FISCAL | TAXES | COLLECTED WITHIN THE FISCAL COLLECTIONS <br> YEAR |  | LEVIED FOR |
| :---: | :---: | :---: | :---: | :---: |
| ENDED | THE FISCAL | YEAR OF THE LEVY | IN |  |

[^5]
## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and it's debt capacity.

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# LACEY TOWNSHIP SCHOOL DISTRICT RATIOS OF OUTSTANDING DEBT BY TYPE <br> LAST TEN FISCAL YEARS 



Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a: See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
b:Includes Early Retirement Incentive Plan (ERIP) refunding
*For the years ended June 30, 2022 \& 2021, Lease Obligations were reclassified due to GASB 87.

LACEY TOWNSHIP SCHOOL DISTRICT RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
UNAUDITED


Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
a. Use Estimated County equalized value from J-6
b. Population data can be found in Exhibit NJ J-14.

## LACEY TOWNSHIP SCHOOL DISTRICT RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT <br> YEAR ENDED JUNE 30, 2022 <br> UNAUDITED



Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation. Debt outstanding data provided by each governmental unit.
a= Ocean County 2021 Budget
EXHIBIT J-13

Source:
a. Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation
c. from Ocean County Abstract of ratables net valuation for county tax apportionment column 11
NOILVLYOANI NIDYVN LGAG TVOGT
LOLYLSIG TOOHOS dIHSNMOL AOOVT AST TEN FISCAL YEARS
UNADITED
(Dollars in Thousands)

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts.

Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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## LACEY TOWNSHIP SCHOOL DISTRICT DEMOGRAPHIC AND ECONOMIC STATISTICS <br> LAST TEN FISCAL YEARS <br> UNAUDITED

\(\left.$$
\begin{array}{lcccc} & & & \text { PER CAPITA } \\
\text { PERSONAL } \\
\text { PERSONAL }\end{array}
$$ ~ \begin{array}{c}UNEMPLOYMENT <br>

INCOME (c)\end{array}\right]\)| RATE (d) |
| :---: |

[^6]
# LACEY TOWNSHIP SCHOOL DISTRICT <br> PRINCIPAL EMPLOYERS <br> CURRENT YEAR AND NINE YEARS AGO <br> UNAUDITED 

|  | 2022 |  |
| :---: | :---: | :---: |
|  |  | PERCENTAGE |
|  |  | OF TOTAL |
| EMPLOYEES | RANK | EMPLOYMENT |

## DATA NOT AVAILABLE

Total
$\qquad$
$\qquad$
$\qquad$
Total Employment - (Estimated)


Source: Municipal Tax Collector
Municipality didn't have the information available a time to publication of this report.

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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LACEY TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

| $\mathbf{2 0 2 2}$ | $\mathbf{2 0 2 1}$ | $\mathbf{2 0 2 0}$ | $\mathbf{2 0 1 9}$ | $\mathbf{2 0 1 8}$ | $\mathbf{2 0 1 7}$ | $\mathbf{2 0 1 6}$ | $\mathbf{2 0 1 5}$ | $\mathbf{2 0 1 4}$ |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

## Function/Program


ज्ञा
Source: District Personnel Records
EXHIBIT J-17

LACEY TOWNSHIP SCHOOL DISTRICT


| $\stackrel{\oplus}{\\|}$ | $800$ | $\frac{0}{2} 00$ | $\begin{aligned} & 8 \\ & \infty \\ & \infty \\ & i \\ & i \end{aligned}$ | $\begin{aligned} & \text { on } \\ & \text { in } \\ & \text { in } \end{aligned}$ | $\begin{aligned} & \text { 긍 } \\ & \text { ホ̛ㅇ } \end{aligned}$ |  |  | $$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $\underset{\sim}{\underset{\sim}{\|l\|}}$ | osoo | $\frac{8}{\infty} \circ 0$ |  | $\begin{aligned} & \text { on } \\ & \text { in } \\ & \text { in } \end{aligned}$ |  |  |  |  |
| $\stackrel{10}{1}$ | $800$ | $\frac{8}{\circ} \circ 0$ |  | $\begin{aligned} & 0 \\ & \underset{o}{0} \text { in } \\ & \text { in } \end{aligned}$ |  | $\begin{aligned} & \text { onn } \\ & \text { 응 n } \end{aligned}$ |  |  |
| $\stackrel{\sim}{\sim}$ | $8$ | $\stackrel{o}{\circ}_{\infty}^{\infty} \circ 0$ |  | $\begin{aligned} & 0 \\ & 0 \\ & \text { on } \\ & \text { in } \end{aligned}$ | $\begin{aligned} & \stackrel{\rightharpoonup}{\mathrm{y}} \stackrel{0}{2} \\ & \text { ホ̛ㄷ } \end{aligned}$ |  | No n | $\begin{aligned} & n \\ & \frac{n}{2} \\ & \stackrel{y}{c} \\ & \stackrel{y}{n} \\ & \end{aligned}$ |
| $\stackrel{\sim}{\sim}$ | $8 \circ 0$ | $\frac{8}{\circ} 00$ | $\begin{aligned} & 8 \\ & \infty \\ & \underset{\sim}{\circ} \hat{b} \hat{子} \end{aligned}$ |  |  | $\begin{aligned} & \text { n } \\ & \text { N } \\ & \text { on } \end{aligned}$ |  |  |
| $\stackrel{\infty}{\stackrel{\sim}{N}}$ | $800$ | $\frac{0}{\infty} \circ 0$ | $$ | $\begin{aligned} & 0 \\ & \text { o} \\ & \text { in } \end{aligned}$ |  | $\begin{aligned} & \text { N} \\ & \text { N } \\ & \text { on } \\ & \text { N } \end{aligned}$ |  |  |
| 셋 | $800$ | $\stackrel{0}{\circ} \circ 0$ | 8 <br> $\infty$ <br> $\infty$ <br> $\%$ | $\begin{gathered} 0 \\ \text { ô } \\ \text { in } \end{gathered}$ |  |  | $\begin{array}{ll} \text { ñ o } \\ \text { Nু } \\ \text { ふু } \end{array}$ |  |
| 칫 | $800$ | $\frac{8}{\infty} 00$ | $\begin{aligned} & 8 \\ & \infty \\ & \underset{\sim}{\infty} \\ & \stackrel{n}{\sigma} \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { or } \\ & \text { on } \\ & \text { in } \end{aligned}$ |  | $\begin{aligned} & \text { onn } \\ & \text { n } \\ & \text { on } \end{aligned}$ | $$ |  |
| त्N\| | $\frac{8}{8} \circ 0$ | $\frac{0}{\infty} 00$ | $\begin{aligned} & 8 \\ & \infty \\ & i n \\ & \underset{\sim}{\circ} \stackrel{\infty}{7} \end{aligned}$ | $\begin{aligned} & \text { o} \\ & \text { on } \\ & \text { in } \end{aligned}$ |  | $\begin{aligned} & \text { onn } \\ & \text { ñ n } \\ & \text { on } \end{aligned}$ | $\begin{aligned} & \text { n} \\ & \underset{\sim}{n} \\ & \underset{0}{2} \text { N } \end{aligned}$ | $\begin{aligned} & \infty \\ & B_{0} \\ & \infty \\ & \infty \\ & \infty \\ & \infty \\ & i \end{aligned}$ |
| Ñ\| | $800$ | $\frac{8}{\infty} 0$ | $\begin{aligned} & 8 \\ & \infty \\ & \cdots \\ & i \end{aligned}$ | $\begin{gathered} \text { or } \\ \text { in } \\ \text { in } \end{gathered}$ |  | $\begin{aligned} & \text { onn } \\ & \text { on } \\ & \text { ond } \end{aligned}$ | $\begin{aligned} & \text { m} \\ & \text { ñ } \\ & \text { ñ } \\ & \text { on } \end{aligned}$ |  |





## LACEY TOWNSHIP SCHOOL DISTRICT INSURANCE SCHEDULE <br> JUNE 30, 2022 <br> UNAUDITED

| SCHOOL PACKAGE POLICY (1): | COVERAGE |  | DEDUCTIBLE |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |
| Building and Contents (All Locations) | \$ | 182,262,259 | \$ | 5,000 |
| Equipment Breakdown |  | 100,000,000 |  | 5,000 |
| Computers - EDP Blanket |  | 2,000,000 |  | 1,000 |
| General Liability |  | 31,000,000 |  | - |
| General Automobile Liability |  |  |  |  |
| Auto Physical Liability |  | 31,000,000 |  | - |
| Employee Benefit Liability |  | 31,000,000 |  | - |
| Crime - Employee Dishonesty |  | 100,000 |  | 500 |
| School Leaders Errors \& Omissions |  | 31,000,000 |  | 10,000 |
| Workers's Compensation: |  |  |  |  |
| Employers Liability |  | 3,000,000 |  | - |
| Excess Coverage |  | 25,000,000 |  | - |
| Terrorism |  | 1,000,000 |  | - |
| SURETY BONDS: |  |  |  |  |
| School Business Administrator |  | 360,000 |  | - |
| ENVIRONMENTAL LIABILITY (3): |  |  |  |  |
| Limit of Liability |  | 1,000,000 |  | 25,000 |
| STUDENT ACCIDENT INSURANCE (2): |  |  |  |  |
| Accident Medical Benefit |  | 5,000,000 |  | 25,000 |
| Catastrophic Cash Benefit |  | 1,000,000 |  | 25,000 |
| Cyber Liability |  | 2,000,000 |  |  |
| (1) New Jersey School Boards Association Insurance Group <br> (2) Axis Global \& Health <br> (3) Beazley Environmental |  |  |  |  |

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## SINGLE AUDIT SECTION

Fourth Section

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

Honorable President and Members<br>of the Board of Education<br>Lacey Township School District<br>County of Ocean<br>Lanoka Harbor, New Jersey 08734

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 Lacey Township School District as of and for the year ended June 30, 2022, 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 February 13, 2023.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lacey Township 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 Lacey Township 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 or significant deficiencies may exist that have not been identified.

## 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 determination of 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,
HOLMAN FRENIA ALLISON, P.C.


Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Lakewood, New Jersey
February 13, 2023

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

Honorable President and Members<br>of the Board of Education<br>Lacey Township School District<br>County of Ocean<br>Lanoka Harbor, New Jersey 08734

## Report on Compliance for Each Major Federal and State Program

## Opinion on Each Major Federal and State Program

We have audited the Lacey Township School District's compliance with types of compliance requirements identified as subject to audit 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 federal and state programs for the fiscal year ended June 30, 2022. The Lacey Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lacey Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

## Basis for Opinion on Each Major Federal and State Program

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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) ; 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. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Lacey Township School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts of grant agreements applicable to the Lacey Township School District's federal and state programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lacey Township School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, New Jersey OMB's Circular 15-08 and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.
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,
HOLMAN FRENIA ALLISON, P.C.


Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Lakewood, New Jersey
February 13, 2023

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| BUDGETARY |
| :---: |
| EXPENDITURES |












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| :---: |
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Child Nutrition Cluster：
School Breakas Progam
School Breakfast Program
National School Lunch Program
National School Lunch Program
 Food Distribution Program（Noncash Assistance）
Total Child Nutrition Cluster
Total Child Nutrition Cluster
P－EBT Administrative Costs Gr


Total Special Education Cluster Total U．S．Department of Education $\frac{\text { U．S．Department of Treasury }}{\text { Passed Through Neev Jersey yepartment of Treasury：}}$
Bridging the Digital Divide COVID ARP State and Local Fiscal Recovery Fund
DOE Special Education Services

[^7]LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDTURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30,2022

## $\frac{\text { Memo }}{\text { Cumulative }}$

 0009 Eモ! | $9 I^{\prime} \varepsilon$ |  |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

 |  | 555,287 | $(555,287)$ | $\ldots$ | $\ldots$ |  |
| :--- | :--- | :--- | :--- | :--- | :--- |



7/1/21-6/30/22



웅억 국웅
$\underset{\sim}{\infty}$

Total General Fund
$100-034-5120-064$
$100-034-5120-070$
$100-043-5120-373$
$100-034-5120-509$
$100-034-5120-519$
$\varsigma<0-0 z I S+\varepsilon 0-\varsigma 6 t$
$\begin{array}{lllll}\text { State Financial Assistance Programs not Subject to Calculation for Major Program Determination: } \\ \text { TPAF - Post Retirement } & & \\ \text { Medical (Noncash Assistance) } & 495-034-5094-001 & \$ & 2,528,321 & 7 / 1 / 21-6 / 30 / 22 \\ \text { TPAF - Pnsion } & 495-034-5094-002 & 10,821,422 & 7 / 1 / 21-6 / 30 / 22 \\ \text { Contributions (Noncash Assistance) } & 495-034-5094-004 & 3,163 & 7 / 1 / 21-6 / 30 / 22 \\ \text { TPAF- Long-Term Disability } \\ \text { Insurance (Noncash Assistance) } & & \end{array}$

# LACEY TOWNSHIP SCHOOL DISTRICT NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE <br> YEAR ENDED JUNE 30, 2022 

## 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 Lacey Township 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, 2022. 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, 2022.

# LACEY TOWNSHIP SCHOOL DISTRICT <br> NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE <br> FINANCIAL ASSISTANCE <br> YEAR ENDED JUNE 30, 2022 (Continued) 

## Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of 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 $\$ 134,152$ for the general fund and $(\$ 1,292,441)$ 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:

| Fund | Federal |  | State |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| General Fund | \$ | 47,102 | \$ | 36,715,587 | \$ | 36,762,689 |
| Special Revenue Fund |  | 3,738,550 |  | 2,292 |  | 3,740,842 |
| Debt Service Fund |  | - |  | 555,287 |  | 555,287 |
| Food Service Fund |  | 1,742,781 |  | 29,676 |  | 1,772,457 |
| Total Awards \& Financial Assistance | \$ | 5,528,433 | \$ | 37,302,842 | \$ | 42,831,275 |

## 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 Lacey Township School District had no loan balances outstanding at June 30, 2022.

# LACEY TOWNSHIP SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS <br> YEAR ENDED JUNE 30, 2022 

## Section I - Summary of Auditor's Results

## Financial Statements

Type of auditor's report issued
Internal control over financial reporting:

1) Material weakness(es) identified?
2) Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?
$\qquad$
Unmodified
$\qquad$ yes
$\qquad$
$X \quad$ none reported
$\qquad$ yes $\qquad$

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified?
2) Significant deficiency(ies) identified?
$\qquad$ yes $\qquad$ no
$\qquad$ yes $\qquad$ none reported

Type of auditor's report issued on compliance for major programs $\qquad$
Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .516(a) of Uniform Guidance? $\qquad$ yes X no

Identification of major programs:

| CFDA Number(s) |
| :---: |
| 10.553 |
| 10.555 |
| 10.555 |
| 84.425 D |
| 84.425 U |

## FAIN Number(s)

| 221NJ304N1099 |
| :---: |
| 221NJ304N1099 |
| 221NJ304N1099 |
| S425D210027 |
| S425U210027 |

Name of Federal Program or Cluster

Child Nutrition Cluster:

| School Breakfast Program |
| :---: |
| Emational School Lunch Program |
|  |
| Education Stabilization Fund |
| Education Stabilization Fund |

Dollar threshold used to determine Type A programs

$$
\$
$$

$$
750,000
$$

Auditee qualified as low-risk auditee? $\qquad$ yes $\qquad$

## LACEY TOWNSHIP SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

## Section I - Summary of Auditor's Results (Continued)

## State Financial Assistance

Dollar threshold used to determine Type A programs
Auditee qualified as low-risk auditee?

| \$ |
| :--- |

Internal control over major programs:

1) Material weakness(es) identified?
2) Significant deficiency(ies) identified?

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

yes $\qquad$
$\qquad$ yes $\qquad$

yes $\quad \mathrm{X}$ no none reported Unmodified

Any audit findings disclosed that are required to be reported in accordance with
New Jersey OMB's Circular 15-08? $\qquad$ yes $\qquad$

Identification of major programs:

State Grant/Project Number(s)
$\qquad$

Name of State Program
State Aid Public:
$\qquad$

# LACEY TOWNSHIP SCHOOL DISTRICT SCHEDULE OF FINDINGS \& QUESTIONED COSTS YEAR ENDED JUNE 30, 2022 

## Section II - Financial Statement Findings

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

None.

## LACEY TOWNSHIP SCHOOL DISTRICT SCHEDULE OF FINDINGS \& QUESTIONED COSTS YEAR ENDED JUNE 30, 2022

## 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

None.

## STATE FINANCIAL ASSISTANCE

None.

# LACEY TOWNSHIP SCHOOL DISTRICT SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT YEAR ENDED JUNE 30, 2022 

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 Principals, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB’s Circular 15-08.

Financial Statement Findings

Finding 2021-001
Condition:
The School District did not accrue and disclose updated information pertaining to other post-employment benefits for the year ended June 30, 2021.

Current Status:
This finding has been corrected.
Federal Awards

No Prior Year Findings.

State Financial Assistance
No Prior Year Findings.


[^0]:    LACEY TOWNSHIP SCHOOL DISTRICT
    BUDGETARY COMPARISON SCHEDULE

[^1]:    Total Undistributed Expenditures Support Services - School Administration

    Undistributed Expenditures - Central Services:
    Salaries
    Unused Sick Payment to Staff Purchased Professional Services Purchased Technical Services
    Supplies and Materials

    Miscellaneous Expenditures
    Total Undistributed Expenditures - Central Services
    Undistributed Expenditures -
    Administrative Information Technology:
    Salaries
    Salaries
    Purchased

[^2]:    Undistributed Expenditures -
    Care and Upkeep of Grounds:
    Salaries
    Purchased Professional and Technical Services Cleaning, Repair \& Maintenance Services General Supplies

[^3]:    Source: ACFR Schedule A-1
    *For the year ended June 30, 2022, Net Position was reclassified due to GASB 87

[^4]:    Source: Municipal Tax Assessor

[^5]:    Source: Municipal Chief Financial Officer

[^6]:    Source:
    a Population information provided by the NJ Dept of Labor and Workforce Development.
    b Personal income has been estimated based upon the municipal population and per capita personal income presented.
    ${ }^{c}$ Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
    ${ }^{\mathrm{d}}$ Unemployment data provided by the NJ Dept of Labor and Workforce Development.

[^7]:    Total U．S．Department of Treasury
    Total Expenditures of Federal Awards

