

LOWER ALLOWAYS CREEK SCHOOL DISTRICT

Salem, New Jersey
County of Salem

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

LOWER ALLOWAYS CREEK SCHOOL DISTRICT

SALEM, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by

**Lower Alloways Creek School District
Business Office**

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OUTLINE OF ACFR - GASB #34

PAGE

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	9
Consultants and Advisors	11

FINANCIAL SECTION

Independent Auditors' Report	15
------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion & Analysis	21
------------------------------------	----

BASIC FINANCIAL STATEMENTS

A. Government-Wide Financial Statements:

A-1 Statement of Net Position	33
A-2 Statement of Activities	34

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	41
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	42
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	43

Proprietary Funds:

B-4 Statement of Net Position	47
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	48
B-6 Statement of Cash Flows	49

Notes to Financial Statements	53
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule - General Fund	91
C-1a Combining Schedule of Revenue, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Education Jobs Fund Program - Budget & Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	97

Notes to the Required Supplementary Information - Part II

C-3 Budget-to-GAAP Reconciliation	99
-----------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	105
L-2 Schedule of District Contributions - PERS	106
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	107
L-4 Schedule of School District Contributions	108
M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75):	
M-1 Schedule of Change in the Net OPEB Liability and Related Ratios - OPEB	111
Notes to the Required Supplementary Information - Part III	112
D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	117
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	119
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	125
G-2 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	126
G-3 Combining Statement of Cash Flows	127
Internal Service Funds:	
G-4 Combining Statement of Net Position	131
G-5 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	132
G-6 Combining Statement of Cash Flows	133
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Loans Payable	137
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
I-4 Debt Service Fund Schedule of Compensated Absences	N/A

STATISTICAL SECTION (unaudited)

Financial Trends:	
J-1 Net Position by Component	141
J-2 Changes in Net Position	142
J-3 Fund Balances - Governmental Funds	145
J-4 Changes in Fund Balance - Governmental Funds	146
J-5 Other Local Revenue by Source - General Fund	148
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	149
J-7 Direct & Overlapping Property Tax Rates	150
J-8 Principal Property Taxpayers	151
J-9 Property Tax Levies & Collections	152
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	153
J-11 Ratios of General Bonded Debt Outstanding	154
J-12 Direct & Overlapping Governmental Activities Debt	155
J-13 Legal Debt Margin Information	156
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	157
J-15 Principal Employers	158
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	159
J-17 Operating Statistics	160
J-18 School Building Information	161
J-19 Schedule of Required Maintenance	162
J-20 Insurance Schedule	163

SINGLE AUDIT SECTION

K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	167
K-2 Independent Auditors' 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	169
K-3 Schedule of Expenditures of Federal Awards, Schedule A	173
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	174
K-5 Notes to Schedules of Awards and Financial Assistance	175
K-6 Schedule of Findings & Questioned Costs	177
K-7 Summary Schedule of Prior Audit Findings	181

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INTRODUCTORY SECTION

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The Lower Alloways Creek School District

967 Main Street, Salem, NJ 08079

856.935.2707



Colleen Cancila

Chief School Administrator

Melanie M. Allen

Business Administrator

March 17, 2023

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

Dear Board Members/Citizens:

The Annual Comprehensive Financial Report (ACFR) of the Lower Alloways Creek School District for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lower Alloways Creek School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

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

REPORTING ENTITY AND ITS SERVICES

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

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	178	12.66%
2020-2021	158	-3.66%
2019-2020	164	0.61%
2018-2019	163	3.16%
2017-2018	158	-2.47%
2016-2017	162	-15.18%
2015-2016	191	-4.98%
2014-2015	201	-0.50%
2013-2014	202	-6.05%
2012-2013	215	-3.59%

ECONOMIC CONDITION AND OUTLOOK

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

Year	Population
1970	1,400
1980	1,547
1990	1,858
2000	1,851
2010	1,770

MAJOR INITIATIVES

The Lower Alloways Creek Township School district is continuing to ensure that each child will experience his/her optimal academic, social, emotional, and physical growth by sustaining a challenging and progressive learner-active technology-infused, safe, and healthy learning environment. To maintain compliance with NJAchieve, the LAC students will continue their participation in the New Jersey Learning Assessment (NJSLA). This assessment is a direct reflection of the New Jersey Student Learning Standards which guides all instruction. Consequently, students' success on the NJSLA is a reflection of a strong, rigorous, and innovative curriculum.

Using a carefully developed and implemented multi-tiered system of supports (MTSS), the LAC staff provide all students with universal interventions (Tier 1) to support their learning and development. If needed, academic support and remediation is provided on an individual and small group basis to students based on the following criteria:

- Students identified as needing basic skills through MAP testing, reading inventories, the Start Strong Assessment, and the NJSLA.
- Individual student performance on report cards, benchmark goals, reading inventories, MAP Testing, the Start Strong Assessment, the NJSLA, and progress reports.
- Students with individual education plans (IEPs), a 504 Plans, and/or who have been referred to the IR&S Team.

Using the CASEL 5, a systemic social and emotional learning (SEL) framework that provides an integrated approach for how educators, families, and communities partner to support SEL in schools. The LAC School District continues to expose students to lessons and experiences that support the development of self-awareness, self-management, social awareness, responsible decision-making, and the development of relationship skills. In addition, students are recognized for outstanding citizenship as students of the month. Students of the month and their families are invited to the local board meeting to receive a certificate that acknowledges their kindness.

The Lower Alloways Creek School District focuses on the growth and development of the whole student. Consequently, students receive instruction in ELA, Math, Science, and Social Studies (the core content areas) and special areas that consist of Art, Music, Health, Physical Education, and Library. Additionally, the LAC students are provided time at the end of the day called Flexible Instruction Time (F.I.T). This time is allocated for teachers to provide additional remediation to struggling learners and/or to challenge those that are gifted and talented. .

The Lower Alloways Creek School District has a strong Parent Teacher Organization (PTO) that covers the cost of every grade level to have one curriculum-based field trip yearly. These external excursions provide students with the opportunity to learn in the “real world” thereby, enriching their overall ability to understand concepts.

INTERNAL ACCOUNTING CONTROLS

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

INTERNAL ACCOUNTING CONTROLS (continued)

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



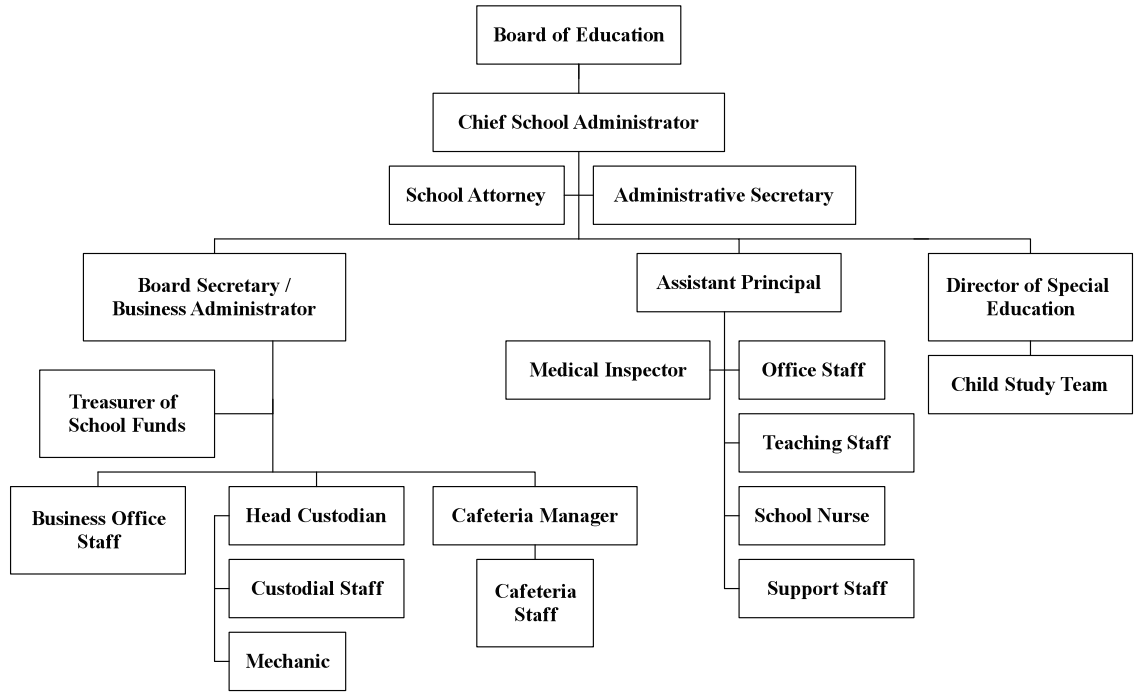
Colleen Cancila
Chief School Administrator



Melanie M. Allen
Business Administrator/Board Secretary

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



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

ROSTER OF OFFICIALS

June 30, 2022

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jamie Ecret, President	2023
Robert Hill, Vice President	2023
Jenni Eber	2025
Gail B. Donelson	2024
Crystal Jamison	2024
Tammy Murphy	2025
Vacant	2024

OTHER OFFICIALS

Colleen Cancila, Chief School Administrator

Melanie Allen, School Business Administrator

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

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

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FINANCIAL SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

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 Lower Alloways Creek School District, County of Salem, State of New Jersey, 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 Lower Alloways Creek School District, County of Salem, State of New Jersey, 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 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.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

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 current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 and *Government Auditing Standards* and in accordance with accounting principles and practices 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 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 the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 judgement, 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual fund statements and long-term debt schedules are presented for purposes of additional analysis, as required by the Office of School 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 also 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 combining and individual fund financial statements, long-term debt schedules and accompanying schedules of expenditures or federal award 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 financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with the 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 March 17, 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 the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

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

Medford, New Jersey
March 17, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

As management of the Lower Alloways Creek School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

The School District's enterprise funds (Food Service, Latchkey and Internal Service) are listed individually and are considered major funds.

Notes to the Basic Financial Statements

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

Financial Analysis of the School District as a Whole

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

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

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

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

Table 1 provides a summary of the School Districts net position for the fiscal years 2022 compared to fiscal year 2021.

TABLE I - NET POSITION

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
ASSETS				
Current Assets	\$ 2,681,272	\$ 1,915,967	\$ 85,646	\$ 34,783
Capital Assets, Net	<u>2,204,688</u>	<u>2,363,293</u>	<u>4,854</u>	<u>6,465</u>
Total Assets	<u>4,885,960</u>	<u>4,279,260</u>	<u>90,500</u>	<u>41,248</u>
Deferred Outflows of Resources	<u>53,000</u>	<u>86,932</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,938,960</u>	<u>\$ 4,366,192</u>	<u>\$ 90,500</u>	<u>\$ 41,248</u>
LIABILITIES				
Current Liabilities	\$ 252,644	\$ 82,932	\$ 921	\$ 2,031
Noncurrent Liabilities	<u>429,181</u>	<u>571,145</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>681,825</u>	<u>654,077</u>	<u>921</u>	<u>2,031</u>
Deferred Inflows of Resources	<u>237,177</u>	<u>205,270</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>919,002</u>	<u>859,347</u>	<u>921</u>	<u>2,031</u>
NET POSITION				
Net Investment in Capital Assets	2,165,964	2,312,775	4,854	6,465
Restricted	2,243,054	1,646,356	-	-
Unrestricted (Deficit)	<u>(389,060)</u>	<u>(452,286)</u>	<u>84,725</u>	<u>32,752</u>
Total Net Position	<u>\$ 4,019,958</u>	<u>\$ 3,506,845</u>	<u>\$ 89,579</u>	<u>\$ 39,217</u>

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2022 compared to fiscal year 2021.

	CHANGES IN NET POSITION			
	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
REVENUES				
Program Revenues:				
Charges for Services	\$ -	\$ 57,832	\$ 19,698	\$ 14,671
Operating Grants & Contributions	980,812	1,366,131	136,457	88,553
General Revenues				
Property Taxes	3,292,016	3,292,016	-	-
Grants & Entitlements	1,000,188	677,519	-	-
Tuition	221,670	132,650	-	-
Transportation	39,521	17,250	-	-
Miscellaneous	38,466	22,450	-	-
Donated Assets	-	120,170	-	-
Transfers	-	-	-	-
Total Revenues	5,572,673	5,686,018	156,155	103,224
Expenses:				
Instruction	1,622,104	1,594,573	-	-
Support Services	3,436,198	3,617,502	-	-
Interest and Other Charges	1,258	155,283	-	-
Food Service	-	15,704	97,721	81,694
Latchkey Program	-	-	8,072	5,425
Total Expenses	5,059,560	5,383,062	105,793	87,119
Increase in Net Position before Transfers	513,113	302,956	50,362	16,105
Changes in Net Position	513,113	302,956	50,362	16,105
Net Position- July 1	3,506,845	3,203,889	39,217	23,112
Net Position- June 30	\$ 4,019,958	\$ 3,506,845	\$ 89,579	\$ 39,217

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2022, the net position of governmental activities increased by \$513,113.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$4,019,958, with an unrestricted deficit balance of \$389,060. The deficit in unrestricted net position is primarily due to accounting treatment for financed purchases, compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 4% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(389,060)
Add back: PERS Pension Liability		303,194
Less: Deferred Outflows related to pensions		(53,000)
Add back: Deferred Inflows related to pensions		<u>237,177</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>98,311</u>

Business-type Activities

During the fiscal year 2022, the net position of business-type activities increased by \$50,362.

The liabilities and deferred inflows of the business-type activities exceeded assets and deferred outflows by \$89,579.

General Fund Budgeting Highlights

Final budgeted revenues was \$4,330,877, which was an increase of \$452,207 from the original budget. Excluding nonbudgeted revenues, the School District’s actual revenues exceeded budgeted revenues by \$258,102.

Final budgeted appropriations was \$4,892,918, which was an increase of \$457,174 from the original budget. Excluding nonbudgeted expenditures, the School District’s budgeted appropriations exceeded actual expenditures by \$919,449.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$2,504,394 at June 30, 2022, an increase of \$615,510 from the prior year.

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$2,425,154, an increase of \$577,246 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$609,839 or 33.25% to \$2,443,858 at June 30, 2022, compared to an increase of \$200,870 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The District received new state aid funding in the amount of \$452,207.

Special Revenue fund - During the current fiscal year, the fund balance of the School District’s special revenue fund decreased by \$32,593 to (\$18,704) at June 30, 2022, compared to an increase of \$3,399 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the special revenue fund is as follows:

- Last state aid payment for preschool expansion aid is not recognized until the subsequent year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund increased by \$47,044 or 167.32% to \$75,160 at June 30, 2022, compared to an increase of \$13,262 in fund balance in the prior fiscal year.

Latchkey Program - During the current fiscal year, the net position of the School District’s Latchkey Program increased by \$3,318 or 29.89% to \$14,419 at June 30, 2022, compared to an increase of \$2,843 in fund balance in the prior fiscal year.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$2,209,542 (net of accumulated depreciation). Capital assets includes construction in progress, land, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$160,216. Table 4 shows fiscal 2022 balances compared to 2021.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 31,918	\$ 31,918	\$ -	0.0%
Building and Improvements	5,050,771	5,050,771	-	0.0%
Equipment	1,863,705	1,863,705	-	0.0%
Accumulated Depreciation	(4,736,852)	(4,576,636)	(160,216)	3.5%
	<u>\$ 2,209,542</u>	<u>\$ 2,369,758</u>	<u>\$ (160,216)</u>	<u>-6.8%</u>

Depreciation expense for the year was \$160,216. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total debt outstanding of \$38,724, which represents a decrease of \$11,794 from the prior year.

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

Factors on the School District's Future

The Lower Alloways Creek School District anticipates that the approved 2022-2023 budget will be adequate to satisfy all 2022-2023 financial needs barring any significant unexpected situations or conditions unforeseen at this time.

Contacting the School Districts Financial Management

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

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	GOVERNMENTAL BUSINESS-TYPE		TOTAL
	ACTIVITIES	ACTIVITIES	
Cash & Cash Equivalents	\$ 2,153,074	\$ 66,467	\$ 2,219,541
Receivables, Net (Note 4)	78,119	6,745	84,864
Internal Balances	(11,500)	11,500	-
Inventory	-	934	934
Restricted Cash & Cash Equivalents	461,579	-	461,579
Capital Assets, Net (Note 5)			
Non-Depreciable	31,918	-	31,918
Depreciable	2,172,770	4,854	2,177,624
Total Assets	4,885,960	90,500	4,976,460
DEFERED OUTFLOW OF RESOURCES			
Related to Pensions (Note 8)	53,000	-	53,000
Total Deferred Outflow of Resources	53,000	-	53,000
Total Assets and Deferred Outflow of Resources	4,938,960	90,500	5,029,460
LIABILITIES			
Payroll Payable	1,363	-	1,363
Due to Other Governments	46,380	-	46,380
Unearned Revenue	204,901	921	205,822
Noncurrent Liabilities (Note 7):			
Due Within One Year	12,334	-	12,334
Due Beyond One Year	416,847	-	416,847
Total Liabilities	681,825	921	682,746
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	237,177	-	237,177
Total Deferred Inflow of Resources	237,177	-	237,177
Total Liabilities and Deferred Inflow of Resources	919,002	921	919,923
NET POSITION			
Net Investment in Capital Assets	2,165,964	4,854	2,170,818
Restricted For:			
Capital Projects	230,538	-	230,538
Excess Surplus	1,722,252	-	1,722,252
Maintenance Reserve	49,530	-	49,530
Tuition Reserve	44,790	-	44,790
Unemployment Compensation	181,511	-	181,511
Scholarships	1,129	-	1,129
Student Activities	13,304	-	13,304
Unrestricted	(389,060)	84,725	(304,335)
Total Net Position	\$ 4,019,958	\$ 89,579	\$ 4,109,537

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 968,701	\$ -	\$ -	\$ (968,701)	\$ -	\$ (968,701)
Special Education	594,694	-	211,962	(382,732)	-	(382,732)
Other Instruction	58,709	-	-	(58,709)	-	(58,709)
Support Services:						
Tuition	847,087	-	-	(847,087)	-	(847,087)
Student & Instruction Related Services	274,865	-	115,300	(159,565)	-	(159,565)
Health Services	58,080	-	-	(58,080)	-	(58,080)
Educational Media Services/School Library	22,463	-	-	(22,463)	-	(22,463)
School Administrative Services	53,060	-	-	(53,060)	-	(53,060)
General Administration	131,190	-	-	(131,190)	-	(131,190)
Central Services	79,591	-	-	(79,591)	-	(79,591)
Plant Operations & Maintenance	370,178	-	-	(370,178)	-	(370,178)
Pupil Transportation	384,031	-	-	(384,031)	-	(384,031)
Unallocated Benefits	1,057,048	-	653,550	(403,498)	-	(403,498)
Interest and Charges on Long-Term Debt	1,258	-	-	(1,258)	-	(1,258)
Unallocated Depreciation	158,605	-	-	(158,605)	-	(158,605)
Total Governmental Activities	5,059,560	-	980,812	(4,078,748)	-	(4,078,748)

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
Food Service	97,721	8,308	136,457	-	47,044
Latchkey Program	8,072	11,390	-	-	3,318
Total Business-Type Activities	105,793	19,698	136,457	-	50,362
Total Primary Government	\$ 5,165,353	\$ 19,698	\$ 1,117,269	(4,078,748)	\$ 50,362
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				3,292,016	3,292,016
Federal & State Aid Not Restricted				1,000,188	1,000,188
Tuition Charges				221,670	221,670
Transportation Fees				39,521	39,521
Interest Earnings				250	250
Miscellaneous Income				38,216	38,216
Total General Revenues, Special Items, Extraordinary Items & Transfers				4,591,861	4,591,861
Change In Net Position				513,113	563,475
Net Position - Beginning				3,506,845	3,546,062
Net Position - Ending				\$ 4,019,958	\$ 89,579
					\$ 4,109,537

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

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B. Fund Financial Statements

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Governmental Funds

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL
Cash & Cash Equivalents	\$ 1,944,363	\$ 171,958	\$ 2,116,321
Receivables from Other Governments	39,749	38,370	78,119
Interfund Accounts Receivable	11,030	-	11,030
Restricted Cash & Cash Equivalents	461,579	-	461,579
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,456,721	\$ 210,328	\$ 2,667,049
LIABILITIES & FUND BALANCES			
Liabilities:			
Intergovernmental Payable:			
State	\$ -	\$ 13,101	\$ 13,101
Interfund Accounts Payable	11,500	11,030	22,530
Payroll Deductions and Withholdings Payable	1,363	-	1,363
Unearned Revenue	-	204,901	204,901
	<hr/>	<hr/>	<hr/>
Total Liabilities	12,863	229,032	241,895
Fund Balances:			
Restricted for:			
Maintenance Reserve	49,530	-	49,530
Capital Reserve	230,538	-	230,538
Tuition Reserve	44,790	-	44,790
Excess Surplus - Designated for Subsequent Year's Expenditures	763,952	-	763,952
Excess Surplus	958,300	-	958,300
Unemployment Compensation	181,511	-	181,511
Scholarships	-	1,129	1,129
Student Activities	-	13,304	13,304
Assigned to:			
Other Purposes	575	-	575
Designated for Subsequent Year	1,450	-	1,450
Unassigned:			
General Fund	213,212	-	213,212
Special Revenue Fund	-	(33,137)	(33,137)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	2,443,858	(18,704)	2,425,154
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 2,456,721	\$ 210,328	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,866,540 and the accumulated depreciation is \$4,661,852.

\$ 2,204,688

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

53,000

Deferred Inflows related to pensions

(237,177)

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

36,753

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.

(33,279)

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

(429,181)

Net position of Governmental Activities

\$ 4,019,958

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

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:			
Local Sources:			
Local Tax Levy	\$ 3,292,016	\$ -	\$ 3,292,016
Tuition	221,670	-	221,670
Transportation	39,521	-	39,521
Interest Earned on Capital Reserve Funds	50	-	50
Interest Earned on Maintenance Reserve Funds	200	-	200
Miscellaneous	29,663	8,553	38,216
Total Local Sources	<u>3,583,120</u>	<u>8,553</u>	<u>3,591,673</u>
State Sources	1,816,348	62,442	1,878,790
Federal Sources	-	227,562	227,562
Total Revenues	<u>5,399,468</u>	<u>298,557</u>	<u>5,698,025</u>
Expenditures:			
Current Expense:			
Regular Instruction	980,495	-	980,495
Special Education Instruction	382,732	211,962	594,694
Other Instruction	58,709	-	58,709
Support Services:			
Tuition	847,087	-	847,087
Student & Instruction Related Services	159,565	115,300	274,865
Health Services	58,080	-	58,080
Educational Media Services/			
School Library	22,463	-	22,463
Instructional Staff Training	2,660	-	2,660
General Administrative	128,530	-	128,530
School Administrative Services	53,060	-	53,060
Central Services	79,591	-	79,591
Plant Operations & Maintenance	365,065	-	365,065
Pupil Transportation	384,031	-	384,031
Employee Benefits	450,143	-	450,143
On Behalf TPAF Pension and Social Security Contributions	816,160	-	816,160
Debt Service:			
Interest & Other Charges	1,258	-	1,258
Capital Outlay	-	3,888	3,888
Total Expenditures	<u>4,789,629</u>	<u>331,150</u>	<u>5,120,779</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>609,839</u>	<u>(32,593)</u>	<u>577,246</u>
Net Change in Fund Balances	<u>609,839</u>	<u>(32,593)</u>	<u>577,246</u>
Fund Balances, July 1,	<u>1,834,019</u>	<u>13,889</u>	<u>1,847,908</u>
Fund Balances June 30,	<u>\$ 2,443,858</u>	<u>\$ (18,704)</u>	<u>\$ 2,425,154</u>

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 577,246

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense (158,605)

Repayment of obligation of loans payable 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. 11,794

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. 82,276

The Internal Service Fund is used by the District to charge the cost of programs to other Districts. The activity of this fund is included in the Statement of Activities. 21,653

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 (+). (21,251)

Change in Net Position of Governmental Activities \$ 513,113

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

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Proprietary Funds

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2022**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	FOOD	LATCHKEY			
	SERVICE FUND	PROGRAM			
Current Assets:					
Cash & Cash Equivalents	\$ 52,318	\$ 14,149	\$ 66,467	\$ 36,753	
Receivables from Other					
Governments	6,327	-	6,327	-	
Other Receivable	118	300	418	-	
Interfund Receivable	11,500	-	11,500	-	
Inventories	934	-	934	-	
Total Current Assets	71,197	14,449	85,646	36,753	
Fixed Assets:					
Equipment	79,854	-	79,854	-	
Accumulated Depreciation	(75,000)	-	(75,000)	-	
Total Fixed Assets	4,854	-	4,854	-	
Total Assets	76,051	14,449	90,500	36,753	
LIABILITIES					
Current Liabilities:					
Unearned Revenue	891	30	921	-	
Total Current Liabilities	891	30	921	-	
NET POSITION					
Investment in Capital Assets	4,854	-	4,854	-	
Unrestricted	70,306	14,419	84,725	36,753	
Total Net Position	\$ 75,160	\$ 14,419	\$ 89,579	\$ 36,753	

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2022**

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	ENTERPRISE FUND			
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL	
Operating Revenue:				
Daily Sales - Reimbursable Programs	\$ 8,308	\$ -	\$ 8,308	\$ -
Delivery	-	-	-	2,805
Lunch	-	-	-	47,185
Maintenance	-	-	-	54,000
Music	-	-	-	20,000
Tuition Fees	-	11,390	11,390	-
Total Operating Revenues	8,308	11,390	19,698	123,990
Operating Expenses:				
Salaries	39,259	7,498	46,757	-
Other Salaries	-	-	-	68,634
Employee Benefits	3,131	574	3,705	14,380
Supplies and Materials	3,802	-	3,802	-
Other Purchased Services	1,580	-	1,580	-
Depreciation	1,611	-	1,611	-
Cost of Sales - Reimbursable Programs	43,744	-	43,744	19,323
Cost of Sales - Non-Reimbursable Programs	4,594	-	4,594	-
Total Operating Expenses	97,721	8,072	105,793	102,337
Operating (Loss)/Gain	(89,413)	3,318	(86,095)	21,653
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	1,974	-	1,974	-
Federal Sources:				
National School Lunch Program	84,063	-	84,063	-
Food Distribution Program	4,372	-	4,372	-
National Breakfast Program	30,537	-	30,537	-
Pandemic EBT Food Benefit Program	1,242	-	1,242	-
Emergency Operating Costs	1,775	-	1,775	-
NSLP Equipment Assistance	12,494	-	12,494	-
Total Nonoperating Revenues	136,457	-	136,457	-
Change in Net Position	47,044	3,318	50,362	21,653
Net Position - Beginning of Year	28,116	11,101	39,217	15,100
Total Net Position - End of Year	\$ 75,160	\$ 14,419	\$ 89,579	\$ 36,753

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2022**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	FOOD		TOTAL	
	SERVICE FUND	LATCHKEY PROGRAM		
Cash Flows From Operating Activities:				
Receipts from Customers	\$ (4,186)	\$ 11,120	\$ 6,934	\$ 123,990
Payments to Employees	(39,259)	(7,498)	(46,757)	(68,634)
Payments for Employee Benefits	(3,131)	(574)	(3,705)	(14,380)
Payments to Suppliers	(53,720)	-	(53,720)	(19,323)
Net Cash Provided/(Used) by Operating Activities	(100,296)	3,048	(97,248)	21,653
Cash Flows From Noncapital Financing Activities:				
Cash Received From State & Federal Reimbursements	136,120	-	136,120	-
Net Cash Provided by Noncapital Financing Activities	136,120	-	136,120	-
Net Increase/(Decrease) in Cash & Cash Equivalents	35,824	3,048	38,872	21,653
Cash & Cash Equivalents, July 1	16,494	11,101	27,595	15,100
Cash & Cash Equivalents, June 30	\$ 52,318	\$ 14,149	\$ 66,467	\$ 36,753

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

Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (89,413)	\$ 3,318	(86,095)	\$ 21,653
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	1,611	-	1,611	-
Change in Assets & Liabilities:				
(Increase)/Decrease in Accounts Receivable	(11,354)	(300)	(11,654)	-
Increase/(Decrease) in Unearned Revenue	(1,140)	30	(1,110)	-
Total Adjustments	(10,883)	(270)	(11,153)	-
Net Cash Provided/(Used) by Operating Activities	\$ (100,296)	\$ 3,048	\$ (97,248)	\$ 21,653

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

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

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LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Lower Alloways Creek Township School District (hereafter referred to as the “District”) is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades kindergarten through eighth grade. The District has an approximate enrollment at June 30, 2022 of 148 students.

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

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

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

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component units – and Amendment of GASB Statement No. 14* and GASB Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of or for the year ended June 30, 2022.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

measurable and available when cash is received.

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

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

The District reports the following major governmental funds:

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

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

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

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

The District reports the following major proprietary funds:

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

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

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

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

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

Budgets/Budgetary Control

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

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

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

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

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

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

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2022 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

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

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

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

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

Compensated Absences

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Deferred Loss of Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2022.

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

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

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

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2022:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The District has evaluated the effects of GASB Statement No. 87 and has determined the provisions of this Statement do not need to be applied due to the immaterial effect on the government-wide financial statements.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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

Recently Issued Accounting Pronouncements

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

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the District’s financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District’s financial statements.

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2022, the District’s bank balance of \$2,533,215 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	2,516,809
Uninsured and Uncollateralized		16,406
	\$	2,533,215

Investments

The District had no investments at June 30, 2022.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 3. Reserve Accounts

Capital Reserve

A Capital Reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance, July 1, 2021	\$	115,488
Increased by:		
Interest Earnings		50
Deposits approved by Board		115,000
		115,000
Ending Balance, June 30, 2022	\$	230,538

Maintenance Reserve

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

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District’s approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

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

Beginning Balance, July 1, 2021	\$	18,597
Increased by:		
Interest Earnings		200
Deposits approved by Board		30,733
		30,733
Ending Balance, June 30, 2022	\$	49,530

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 3. Reserve Accounts (continued):

Tuition Reserve

A tuition reserve account was established on June 14, 2022 for the accumulation of funds for use as tuition expenditures in subsequent fiscal years. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$44,790 at June 30, 2022.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2022 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Latchkey Program</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 23,936	\$ 23,936	\$ 6,231	\$ -	\$ 6,231
State Awards	39,749	13,304	53,053	96	-	96
Other	-	1,130	1,130	118	300	418
Total	\$ 39,749	\$ 38,370	\$ 78,119	\$ 6,445	\$ 300	\$ 6,745

Note 5. Capital Assets

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

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Adjustments</u>	<u>Balance June 30, 2022</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 31,918	\$ -	\$ -	\$ 31,918
Total Capital Assets not being depreciated	31,918	-	-	31,918
Capital Assets being depreciated:				
Land Improvements	94,935	-	-	94,935
Buildings and Improvements	4,955,836	-	-	4,955,836
Equipment	1,783,851	-	-	1,783,851
Total Capital Assets being depreciated	6,834,622	-	-	6,834,622
Less: Accumulated Depreciation:				
Land Improvements	(83,808)	(5,004)	-	(88,812)
Buildings and Improvements	(3,074,748)	(123,271)	-	(3,198,019)
Equipment	(1,344,691)	(30,330)	-	(1,375,021)
Total Accumulated Depreciation	(4,503,247)	(158,605)	-	(4,661,852)
Total Capital Assets being depreciated, net	2,331,375	(158,605)	-	2,172,770
Total Governmental Activities Capital Assets, net	\$ 2,363,293	\$ (158,605)	\$ -	\$ 2,204,688

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 5. Capital Assets (continued):

	Balance July 1, <u>2021</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2022</u>
Business-Type Activities:				
Equipment	\$ 79,854	\$ -	\$ -	\$ 79,854
	<u>79,854</u>	<u>-</u>	<u>-</u>	<u>79,854</u>
Less: Accumulated Depreciation:				
Equipment	(73,389)	(1,611)	-	(75,000)
	<u>(73,389)</u>	<u>(1,611)</u>	<u>-</u>	<u>(75,000)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 6,465</u>	<u>\$ (1,611)</u>	<u>\$ -</u>	<u>\$ 4,854</u>

Note 6. Interfund Receivables, Payables and Transfers

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 11,030	\$ 11,500
Special Revenue Fund	-	11,030
Food Service Fund	<u>11,500</u>	<u>-</u>
	<u>\$ 22,530</u>	<u>\$ 22,530</u>

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.

No interfund transfers were made for the year ended June 30, 2022.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2022 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
Loans Payable	\$ 50,518	\$ -	\$ 11,794	\$ 38,724	\$ 12,334
Compensated Absences	66,012	21,251	-	87,263	-
Net Pension Liability	<u>454,615</u>	<u>-</u>	<u>151,421</u>	<u>303,194</u>	<u>-</u>
	<u>\$ 571,145</u>	<u>\$ 21,251</u>	<u>\$ 163,215</u>	<u>\$ 429,181</u>	<u>\$ 12,334</u>

Compensated absences, loans payable and net pension liability are liquidated by the general fund.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 7. Long-Term Obligations (continued)

Loans Payable

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

Fiscal Year Ending <u>June 30,</u>		
2023	\$	14,109
2024		14,109
2025		<u>14,109</u>
Total Minimum Payments		42,327
Less: Amount Representing Interest		<u>(3,603)</u>
Present Value of Minimum Payments		<u>\$ 38,724</u>

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 8. Pension Plans (continued)

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

member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2022, The District reported a liability of \$303,194 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 District's proportion of the net pension liability was based on The District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was 0.0025593%, which was a decrease of (0.00023%) from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, The District recognized full accrual pension expense of (\$52,303) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022 The District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 4,782	\$ 2,171
Changes of Assumptions	1,579	107,939
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	79,869
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	13,360	47,198
School District Contributions Subsequent to Measurement Date	<u>33,279</u>	<u>-</u>
	<u>\$ 53,000</u>	<u>\$ 237,177</u>

\$33,279 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 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 <u>Dec 31,</u>	<u>Amount</u>
2022	\$ (84,724)
2023	(60,493)
2024	(41,246)
2025	(31,005)
2026	<u>12</u>
	<u>\$ (217,456)</u>

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 8. Pension Plans (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
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 Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (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	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

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 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 projected benefit payments in determining the total pension liability.

Sensitivity of The District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents The District's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate of 7.00% as well as what The District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 417,290	\$ 303,194	\$ 212,342

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

Balances at June 30, 2022 and June 30, 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 1,164,738,169	\$ 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
District's portion of the Plan's total Net Pension Liability	0.002559%	0.002788%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for TPAF:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 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 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 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 District as of June 30, 2021 was \$6,267,874. The 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 District was 0.013037%, which was a decrease of (0.00007%) from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, The District recognized \$147,486 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

pension contributions. This pension expense and revenue was based on the pension plans June 30, 2021 measurement date.

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	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. 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 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 District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to The 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 District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 8. Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	7,415,942	6,267,874	5,303,569
	<u>\$ 7,415,942</u>	<u>\$ 6,267,874</u>	<u>\$ 5,303,569</u>

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

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

Balances at June 30, 2022 and June 30, 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 6,373,530,834	\$ 9,626,458,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
District's portion of the Plan's total Net Pension Liability	0.01304%	0.01310%

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 is the responsibility of the individual local education employers.

Basis of Presentation

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 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.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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

Total Nonemployer OPEB Liability: \$ 60,007,650,970

Inflation Rate: 2.50%

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	2.75 - 5.65% based on years of service	3.00 - 7.00% based on years of service	Not Applicable

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabilities. Future disabled retirees was based on the 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, 2022 was \$13,737,498. 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 0.022892%, which was a decrease of 0.0006747% 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 \$393,207 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.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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 initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 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		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 16,455,366.02	\$ 13,737,498	\$ 11,597,340.08
State of New Jersey's Total Non- employer 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, 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:

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 11,120,549	\$ 13,737,498	\$ 17,251,867
State of New Jersey's Total Nonemployer OPEB Liability	\$ 48,576,388,417	\$ 60,007,650,970	\$ 75,358,991,782

Additional Information

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ -	\$ -
Change in Assumptions	9,045,886,863	18,009,362,976
Contributions Made in Fiscal Year Year Ending 2022 After June 30, 2021 Measurement Date **	TBD	-
	\$ 19,225,423,829	\$ 24,447,624,783

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

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

Fiscal Year 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)

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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

Plan Membership

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

	June 30, 2020
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	150,427
	364,328

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
Difference Between Expected & Actual Experience	(11,385,071,658)
Changes of Benefit Terms	(63,870,842)
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%

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 post-retirement medical costs, pension contribution, long-term disability and reimbursed social security were \$133,199, \$570,104, \$246 and \$112,611, respectively.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 11. Risk Management

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

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

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

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

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ -	\$ 4,260	\$ 105	\$ 181,511
2020-2021	-	3,822	2,474	177,356
2019-2020	-	3,799	6,234	176,008

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

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

Lincoln Investment Planning
MetLife
Voya

Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, the liability for compensated absences reported on the government-wide Statement of Net Position was \$87,263.

Note 16. Tax Abatements

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

LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve the General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 was \$958,300.

Note 18. Fund Balance

General Fund – Of the \$2,443,858 General Fund balance at June 30, 2022 \$958,300 is restricted for current year excess surplus, \$763,952 is restricted for prior year excess surplus – designated for subsequent year's expenditures, \$230,538 is restricted for capital reserve, \$49,530 is restricted for maintenance reserve, \$44,790 is restricted for tuition reserve, \$575 is assigned for other purposes, \$1,450 is assigned for subsequent year, \$181,511 is restricted for unemployment compensation and \$213,212 is unassigned.

Special Revenue Fund – Of the (\$18,704) Special Revenue fund balance at June 30, 2022 \$1,129 is restricted for scholarships, \$13,304 is restricted for student activities and (\$33,137) is unassigned.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District's governmental activities had a deficit in unrestricted net position in the amount of (\$389,060). The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees' Retirement System (PERS) as of June 30, 2022. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 17, 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.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Tax Levy	10-1210	\$ 3,292,016	\$ -	\$ 3,292,016	\$ 3,292,016	\$ -
Tuition from Individuals	10-1310	9,000	-	9,000	57,970	48,970
Tuition from Other LEAs	10-1320	45,000	-	45,000	163,700	118,700
Transportation	10-1410	-	-	-	39,521	39,521
Interest on Capital Reserve Funds	10-1511	50	-	50	50	-
Interest on Maintenance Reserve Funds	10-1512	200	-	200	200	-
Miscellaneous Revenues	10-1990	2,500	-	2,500	29,663	27,163
Total Local Sources		3,348,766	-	3,348,766	3,583,120	234,354
State Sources:						
Equalization Aid	10-3176	230,653	-	230,653	230,653	-
Categorical Security Aid	10-3177	23,353	-	23,353	23,353	-
Categorical Transportation Aid	10-3121	135,665	-	135,665	135,665	-
Categorical Special Education Aid	10-3132	140,233	-	140,233	140,233	-
Education Rescue Grant	10-3XXX	-	153,802	153,802	153,802	-
Stablization Aid	10-3XXX	-	298,405	298,405	298,405	-
Extraordinary Aid	10-3131	-	-	-	22,298	22,298
Non-Public Transportation Aid	10-3190	-	-	-	1,450	1,450
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	570,104	570,104
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	133,199	133,199
On-Behalf TPAF Long Term Disability Insurance Contributions		-	-	-	246	246
Reimbursed TPAF Social Security Contribution		-	-	-	112,611	112,611
Total State Sources		529,904	452,207	982,111	1,822,019	839,908
Total Revenues		3,878,670	452,207	4,330,877	5,405,139	1,074,262
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	93,687	8,386	102,073	55,765	46,308
Kindergarten	11-110-100-101	77,802	4,739	82,541	74,155	8,386
Grades 1 - 5	11-120-100-101	527,513	14,181	541,694	507,751	33,943
Grades 6 - 8	11-130-100-101	283,660	(15,759)	267,901	228,281	39,620
Salaries of Teachers	11-150-100-101	1,000	-	1,000	-	1,000
Purchased Professional Services	11-150-100-320	1,000	-	1,000	-	1,000
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	19,165	-	19,165	14,941	4,224
Purchased Professional Services	11-190-100-320	1,000	-	1,000	-	1,000
Purchased Technical Services	11-190-100-340	45,900	-	45,900	38,600	7,300
Other Purchased Services	11-190-100-500	68,468	(9,254)	59,214	43,605	15,609
General Supplies	11-190-100-610	23,027	9,254	32,281	15,142	17,139
Textbooks	11-190-100-640	-	244	244	244	-
Other Objects	11-190-100-800	4,650	(244)	4,406	2,011	2,395
Total Regular Programs		1,146,872	11,547	1,158,419	980,495	177,924
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	66,219	(66,103)	116	-	116
Other Salaries for Instruction	11-209-100-106	29,669	(5,019)	24,650	12,178	12,472
General Supplies	11-209-100-400	-	3,968	3,968	3,968	-
General Supplies	11-209-100-610	500	92	592	592	-
Total Behavioral Disabilities		96,388	(67,062)	29,326	16,738	12,588
Resource Room:						
Salaries of Teachers	11-213-100-101	188,573	173,658	362,231	267,258	94,973
Other Salaries for Instruction	11-213-100-106	-	27,822	27,822	14,152	13,670
Other Purchased Services	11-213-100-500	750	(750)	-	-	-
General Supplies	11-213-100-610	1,475	(154)	1,321	1,092	229
Total Resource Room		190,798	200,576	391,374	282,502	108,872
Resource Room:						
Salaries of Teachers	11-216-100-101	55,536	2,664	58,200	57,704	496
Other Salaries for Instruction	11-216-100-106	16,269	10,011	26,280	25,651	629
General Supplies	11-216-100-610	225	-	225	137	88
Total Resource Room		72,030	12,675	84,705	83,492	1,213
Total Special Education		359,216	146,189	505,405	382,732	122,673

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Basic Skills/Remedial- Instruction:						
Salaries	11-230-100-100	56,988	818	57,806	57,659	147
General Supplies	11-230-100-600	200	(192)	8	-	8
Total Basic Skills/Remedial-Instruction		57,188	626	57,814	57,659	155
School Sponsored Co-Curricular Activities:						
Salaries	11-401-100-100	2,000	-	2,000	1,050	950
Total School Sponsored Co-Curricular Activities		2,000	-	2,000	1,050	950
Total Other Instructional Programs		59,188	626	59,814	58,709	1,105
Total Instruction		1,565,276	158,362	1,723,638	1,421,936	301,702
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	447,907	-	447,907	447,907	-
Tuition to Other LEAs Within the State - Special	11-000-100-562	48,627	2,173	50,800	50,800	-
Tuition to County Vocational District/Regular Day Schools	11-000-100-563	124,792	-	124,792	124,792	-
Tuition to County Special Services District/Regional Day Schools	11-000-100-565	158,011	32,949	190,960	190,959	1
Tuition to Private School for the Disabled	11-000-100-566	70,052	(29,469)	40,583	32,629	7,954
Total Undistributed Expenditures - Instruction		849,389	5,653	855,042	847,087	7,955
Attendance & Social Work Services:						
Salaries	11-000-211-100	21,388	41	21,429	21,429	-
Purchased Professional Services	11-000-211-320	5,800	-	5,800	5,800	-
Total Attendance & Social Work Services		27,188	41	27,229	27,229	-
Health Services:						
Salaries	11-000-213-100	55,480	1,320	56,800	56,764	36
Purchased Professional & Technical Services	11-000-213-300	4,500	(1,379)	3,121	78	3,043
Other Purchased Services	11-000-213-500	200	-	200	-	200
Supplies and Materials	11-000-213-600	1,300	-	1,300	1,238	62
Other Objects	11-000-213-800	100	-	100	-	100
Total Health Services		61,580	(59)	61,521	58,080	3,441
Other Support Services - Students - Related Services:						
Purchased Professional/Education Services	11-000-216-320	80,000	(32,925)	47,075	28,174	18,901
Supplies and Materials	11-000-216-600	150	3,561	3,711	1,484	2,227
Total Other Support Services - Students - Related Services		80,150	(29,364)	50,786	29,658	21,128
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	15,791	-	15,791	15,215	576
Purchased Professional/Education Services	11-000-217-320	31,722	21,447	53,169	53,169	-
Supplies and Materials	11-000-217-600	50	-	50	-	50
Total Other Support Services - Students - Extra Services		47,563	21,447	69,010	68,384	626
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	-	48,816	48,816	11,824	36,992
Purchased Professional Services	11-000-218-320	25,500	(14,055)	11,445	-	11,445
Supplies and Materials	11-000-218-600	100	318	418	400	18
Total Other Support Services - Students - Regular		25,600	35,079	60,679	12,224	48,455
Other Support Services - Students - Special Services:						
Salaries	11-000-219-105	-	3,000	3,000	3,000	-
Purchased Professional/Education Services	11-000-219-320	21,381	(4,053)	17,328	12,724	4,604
Other Purchased Professional Services	11-000-219-390	2,500	3,785	6,285	5,635	650
Supplies and Materials	11-000-219-600	300	411	711	711	-
Total Other Support Services - Students - Special Services		24,181	3,143	27,324	22,070	5,254

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Educational Media Services/School Library:						
Salaries	11-000-222-100	-	19,413	19,413	19,413	-
Purchased Professional/Education Services	11-000-222-300	1,000	-	1,000	-	1,000
Supplies and Materials	11-000-222-600	6,165	(1,941)	4,224	3,050	1,174
Total Educational Media Services/School Library		7,165	17,472	24,637	22,463	2,174
Support Services Instructional Staff Training Service:						
Salaries of Other Professional Staff	11-000-223-104	250	(250)	-	-	-
Purchased Professional Education Services	11-000-223-320	681	6	687	161	526
Other Purchased Professional Services	11-000-223-390	500	(500)	-	-	-
Other Purchased Services	11-000-223-500	600	5,499	6,099	2,499	3,600
Supplies and Materials	11-000-223-600	100	(100)	-	-	-
Total Support Services Instructional Staff Training Services		2,131	4,655	6,786	2,660	4,126
Support Services General Administration:						
Salaries	11-000-230-100	74,948	-	74,948	74,850	98
Legal Services	11-000-230-331	4,000	-	4,000	3,893	107
Audit Services	11-000-230-332	13,250	11,750	25,000	25,000	-
Other Purchased Professional Services	11-000-230-339	3,900	600	4,500	4,500	-
Purchased Technical Services	11-000-230-340	400	(400)	-	-	-
Communications/Telephone	11-000-230-530	8,950	633	9,583	8,430	1,153
BOE Other Purchased Professional Services	11-000-230-585	100	-	100	-	100
Other Purchased Services	11-000-230-590	8,850	(542)	8,308	5,618	2,690
Supplies & Materials	11-000-230-610	700	-	700	642	58
BOE In-House Training	11-000-230-630	100	(28)	72	-	72
Miscellaneous Expenditures	11-000-230-890	2,700	28	2,728	2,586	142
BOE Membership Dues & Fees	11-000-230-895	3,500	(291)	3,209	3,011	198
Total Support Services General Administration		121,398	11,750	133,148	128,530	4,618
Support Services School Administration:						
Salaries of Principals	11-000-240-103	53,060	-	53,060	53,060	-
Total Support Services School Administration		53,060	-	53,060	53,060	-
Central Services:						
Purchased Professional Services	11-000-251-330	68,000	-	68,000	68,000	-
Purchased Technical Services	11-000-251-340	10,450	-	10,450	9,275	1,175
Other Purchased Services	11-000-251-592	1,800	-	1,800	1,604	196
Supplies & Materials	11-000-251-600	700	-	700	612	88
Other Objects	11-000-251-890	500	-	500	100	400
Total Central Services		81,450	-	81,450	79,591	1,859
Allowance Maintenance for School Facilities:						
Salaries	11-000-261-100	37,711	-	37,711	37,410	301
Cleaning, Repair & Maintenance Services	11-000-261-420	24,170	5,617	29,787	22,388	7,399
General Supplies	11-000-261-610	1,500	(252)	1,248	1,248	-
Other Objects	11-000-261-800	200	4,253	4,453	4,453	-
Total Allowance Maintenance for School Facilities		63,581	9,618	73,199	65,499	7,700
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	63,705	10,985	74,690	74,690	-
Purchased Professional & Technical Services	11-000-262-300	46,800	(7,208)	39,592	38,845	747
Cleaning, Repair & Maintenance Services	11-000-262-420	7,300	(1,199)	6,101	6,101	-
Insurance	11-000-262-520	43,750	448	44,198	44,198	-
Other Purchased Services	11-000-262-590	1,800	(1,248)	552	500	52
General Supplies	11-000-262-610	20,500	(7,901)	12,599	6,341	6,258
Energy (Electricity)	11-000-262-622	75,000	-	75,000	62,788	12,212
Energy (Oil)	11-000-262-624	60,000	-	60,000	56,977	3,023
Energy (Gasoline)	11-000-262-626	300	-	300	-	300
Other Objects	11-000-262-800	1,600	-	1,600	1,304	296
Total Other Operation & Maintenance of Plant Services		320,755	(6,123)	314,632	291,744	22,888
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	15,000	-	15,000	7,822	7,178
General Supplies	11-000-266-610	1,000	-	1,000	-	1,000
Total Security		16,000	-	16,000	7,822	8,178
Total Operation & Maintenance of Plant Services		400,336	3,495	403,831	365,065	38,766

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ACCOUNT NUMBERS	JUNE 30, 2022			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	80,000	-	80,000	76,933	3,067
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	24,500	(53)	24,447	7,242	17,205
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	39,711	-	39,711	38,315	1,396
Other Purchased Professional and Technical Services	11-000-270-390	36,800	-	36,800	36,280	520
Cleaning, Repair & Maintenance Services	11-000-270-420	2,000	-	2,000	1,709	291
Rental Payments - School Payments	11-000-270-442	200	-	200	-	200
Aid in Lieu of Payments - Nonpublic	11-000-270-503	9,000	-	9,000	6,024	2,976
Aid in Lieu of Payments - Choice School	11-000-270-505	3,000	-	3,000	2,008	992
Contracted Services Other Than Between Home & School	11-000-270-512	-	53	53	53	-
Contracted Services (Regular Students) ESC and CTASAs	11-000-270-517	57,000	11,049	68,049	68,049	-
Contracted Services (Special Education Students) - ESC/CTSA	11-000-270-518	107,808	5,000	112,808	88,656	24,152
Miscellaneous Purchased Services - Transportation	11-000-270-593	5,000	-	5,000	4,997	3
Transportation Supplies	11-000-270-615	62,500	3,951	66,451	52,418	14,033
Other Objects	11-000-270-800	2,750	-	2,750	1,347	1,403
Total Student Transportation Services		430,269	20,000	450,269	384,031	66,238
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	40,000	12,523	52,523	36,224	16,299
Other Retirement Benefits - PERS	11-000-291-241	38,000	854	38,854	38,818	36
Unemployment Compensation	11-000-291-250	3,000	(854)	2,146	-	2,146
Worker's Compensation	11-000-291-260	36,000	-	36,000	24,670	11,330
Health Benefits	11-000-291-270	511,000	151,515	662,515	337,262	325,253
Tuition Reimbursement	11-000-291-280	10,000	1,272	11,272	6,504	4,768
Other Employee Benefits	11-000-291-290	12,500	-	12,500	477	12,023
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	7,000	-	7,000	6,188	812
Total Unallocated Benefits - Employee Benefits		657,500	165,310	822,810	450,143	372,667
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	570,104	(570,104)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	133,199	(133,199)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	246	(246)
Reimbursed TPAF Social Security Contribution		-	-	-	112,611	(112,611)
Total Nonbudgeted		-	-	-	816,160	(816,160)
Total Undistributed Expenditures		2,868,960	258,622	3,127,582	3,366,435	(238,853)
Total Expenditures - Current Expense		4,434,236	416,984	4,851,220	4,788,371	62,849
Capital Outlay:						
Increase in Capital Reserve	10-604	50	-	50	-	50
Increase in Maintenance Reserve	10-606	200	-	200	-	200
Undistributed Expenditures- Required Maintenance	12-261-100-730	-	25,000	25,000	-	25,000
Undistributed Expenditures- Student Transportation	12-270-100-732	-	15,190	15,190	-	15,190
Total Equipment		250	40,190	40,440	-	40,440
Facilities Acquisition & Construction Services:						
Assessment for Debt Service	12-000-400-896	1,258	-	1,258	1,258	-
Total Facilities Acquisition & Construction Services		1,258	-	1,258	1,258	-
Total Capital Outlay		1,508	40,190	41,698	1,258	40,440
Total Expenditures		4,435,744	457,174	4,892,918	4,789,629	103,289
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(557,074)	(4,967)	(562,041)	615,510	1,177,551

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ACCOUNT NUMBERS	JUNE 30, 2022				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(557,074)	(4,967)	(562,041)	615,510	1,177,551
Fund Balances, July 1	1,888,884	-	1,888,884	1,888,884	-
Fund Balances, June 30	<u>\$ 1,331,810</u>	<u>\$ (4,967)</u>	<u>\$ 1,326,843</u>	<u>\$ 2,504,394</u>	<u>\$ 1,177,551</u>
Prior Year Encumbrances		<u>\$ 4,967</u>			
Total		<u>\$ 4,967</u>			

RECAPITULATION OF FUND BALANCE:

Restricted for:	
Capital Reserve	\$ 230,538
Maintenance Reserve	49,530
Tuition Reserve	44,790
Excess Surplus	958,300
Excess Surplus Designated for Subsequent Year's Expenditures	763,952
Unemployment Compensation	181,511
Assigned to:	
Year-End Encumbrances	575
Designated for Subsequent Year's Expenditures	1,450
Unassigned Fund Balance	<u>273,748</u>
Subtotal	2,504,394
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(60,536)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,443,858</u>

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 315,215	\$ 143,015	\$ 458,230	\$ 233,562	\$ (224,668)
State Sources	-	95,579	95,579	95,579	-
Local Sources	15,000	-	15,000	8,553	(6,447)
Total Revenues	330,215	238,594	568,809	337,694	(231,115)
Expenditures:					
Instruction:					
Salaries of Teachers	145,873	(7,167)	138,706	135,782	2,924
Other Salaries	25,000	72,575	97,575	14,495	83,080
Purchased Professional Technical Services	3,817	30,493	34,310	29,469	4,841
Other Professional Services	43,619	(6,196)	37,423	25,632	11,791
General Supplies	8,500	30,191	38,691	6,584	32,107
Total Instruction	226,809	119,896	346,705	211,962	134,743
Support Services:					
Personal Services - Employee Benefits	31,808	(18,628)	13,180	13,164	16
Purchased Professional Services	45,000	39,492	84,492	56,858	27,634
Other Purchased Services	11,598	13,402	25,000	11,583	13,417
Supplies and Materials	-	68,442	68,442	31,686	36,756
Student Activities	15,000	(200)	14,800	7,885	6,915
Scholarship	-	200	200	124	76
Total Support Services	103,406	102,708	206,114	121,300	84,814
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	15,990	15,990	3,888	12,102
Total Facilities Acquisition & Construction Services	-	15,990	15,990	3,888	12,102
Total Expenditures	330,215	238,594	568,809	337,150	231,659
Total Outflows	330,215	238,594	568,809	337,150	231,659
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)					
	-	-	-	544	544
Fund Balances, July 1	13,889	-	13,889	13,889	-
Fund Balances, June 30	\$ 13,889	\$ -	\$ 13,889	\$ 14,433	\$ 544

Recapitulation of Fund Balance:

Restricted for:	
Scholarships	\$ 1,129
Student Activities	<u>13,304</u>
Total Fund Balance	<u><u>\$ 14,433</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 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)	\$ 5,405,139	\$ 337,694
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal	-	(6,000)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	54,865	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(60,536)	(33,137)
	(60,536)	(33,137)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 5,399,468	\$ 298,557
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,789,629	\$ 337,150
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
General Supplies	-	(6,000)
	-	(6,000)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,789,629	\$ 331,150

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00256%	0.00279%	0.00271%	0.00269%	0.00279%	0.00287%	0.00287%	0.00319%	0.00305%
School District's proportionate share of the net pension liability	\$ 303,194	\$ 454,615	\$ 488,369	\$ 527,801	\$ 650,338	\$ 823,252	\$ 644,667	\$ 597,666	\$ 583,445
District's covered-employee payroll	\$ 217,134	\$ 192,821	\$ 212,351	\$ 207,087	\$ 202,668	\$ 201,632	\$ 201,865	\$ 212,498	\$ 228,970
School District's proportionate share of the net pension liability as a percentage of its covered payroll	139.63%	235.77%	229.98%	254.87%	320.89%	408.29%	319.36%	281.26%	254.81%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.32%	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 29,973	\$ 30,497	\$ 26,364	\$ 26,709	\$ 25,881	\$ 24,694	\$ 24,690	\$ 26,316	23,002
Contributions in relation to the contractually required contribution	(29,973)	(30,497)	(26,364)	(26,709)	(25,881)	(24,694)	(24,690)	(26,316)	(23,002)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 217,134	\$ 192,821	\$ 212,351	\$ 207,087	\$ 202,668	\$ 201,632	\$ 201,865	\$ 212,498	\$ 228,970
Contributions as a percentage of covered-employee payroll	13.80%	15.82%	12.42%	12.90%	12.77%	12.25%	12.23%	12.38%	11.32%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	6,267,874	8,628,741	8,777,733	9,161,549	9,594,815	11,708,518	8,878,395	7,820,066	7,991,828
District's covered-employee payroll	\$ 6,267,874	\$ 8,628,741	\$ 8,777,733	\$ 9,161,549	\$ 9,594,815	\$ 11,708,518	\$ 8,878,395	\$ 7,820,066	\$ 7,991,828
School District's proportionate share of the net pension liability as a percentage of its covered payroll	\$ 1,485,979	\$ 1,417,143	\$ 1,467,749	\$ 1,467,412	\$ 1,524,887	\$ 1,439,159	\$ 1,463,829	\$ 1,476,750	\$ 1,477,064
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	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.

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

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

M. Schedules Related to Accounting and Reporting for Other Postemployment Benefits (GASB 75)

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

	2022	2021	2020	2019	2018
Total OPEB Liability Associated with the District					
Service Cost	\$ 452,342	\$ 239,452	\$ 230,823	\$ 277,748	\$ 335,636
Interest Cost	356,365	353,059	452,300	473,261	410,657
Differences between Expected and Actual	(2,794,368)	2,757,593	(2,156,706)	(606,409)	-
Changes of Assumptions	13,553	2,919,218	148,828	(1,331,589)	(1,582,335)
Contributions: Member	9,111	8,433	9,083	10,724	11,165
Gross Benefit Payments	(280,716)	(278,220)	(306,408)	(310,280)	(303,199)
Net Change in Total OPEB Liability Associated with District	(2,243,713)	5,999,535	(1,622,080)	(1,486,545)	(1,128,076)
Total OPEB Liability Associated with District (Beginning)	15,981,211	9,981,676	11,603,756	13,090,301	14,218,377
Total OPEB Liability Associated with District (Ending)	<u>\$ 13,737,498</u>	<u>\$15,981,211</u>	<u>\$9,981,676</u>	<u>\$11,603,756</u>	<u>\$ 13,090,301</u>
District's Covered Employee Payroll	1,609,964	1,674,499	2,357,966	2,270,542	2,270,542
Net OPEB Liability Associated with District as a Percentage of Payroll	853.28%	954.39%	423.32%	511.06%	576.53%

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

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - None.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. - PART B PRE-K	PRE K EDUCATION	TITLE I	TITLE II	TITLE IV
Revenues:						
Federal Sources	\$ 58,617	\$ 1,506	\$ -	\$ 37,764	\$ 4,909	\$ 8,368
State Sources	-	-	95,579	-	-	-
Total Revenues	\$ 58,617	\$ 1,506	\$ 95,579	\$ 37,764	\$ 4,909	\$ 8,368
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -	\$ 629	\$ 63,406	\$ 24,663	\$ 400	\$ -
Other Salaries	-	-	14,495	-	-	-
Purchased Professional/ Educational Services	-	-	-	-	-	-
Other Purchased Services	7,954	-	17,678	-	-	-
Total Instruction	7,954	629	95,579	24,663	400	-
Support Services:						
Employee Benefits	-	48	-	13,101	15	-
Purchased Professional Services	50,663	829	-	-	-	-
Other Purchased Services	-	-	-	-	4,494	-
Supplies & Materials	-	-	-	-	-	8,368
Total Support Services	50,663	877	-	13,101	4,509	8,368
Total Expenditures	58,617	1,506	95,579	37,764	4,909	8,368
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	MENTAL HEALTH	CARES ACT EDUCATION STABILIZATION	ESSER II	CARES ACT LEARNING ACCELERATION	ARP MENTAL HEALTH	ARP EVIDENCE BASED	ARP LEARNING ACCELERATION	ARP ESSER	STUDENT ACTIVITIES	SCHOLARSHIPS	2022
Revenues:											
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,579
Federal Sources	28,856	3,249	75,995	7,639	100	555	3,842	2,162	-	-	233,562
Local Sources	-	-	-	-	-	-	-	-	8,553	-	8,553
Total Revenues	\$ 28,856	\$ 3,249	\$ 75,995	\$ 7,639	\$ 100	\$ 555	\$ 3,842	\$ 2,162	\$ 8,553	\$ -	\$ 337,694
Expenditures:											
Instruction:											
Salaries of Teachers	\$ 24,012	\$ -	\$ 22,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,782
Other Salaries	-	-	-	-	-	-	-	-	-	-	14,495
Purchased Professional / Technical Services	-	-	29,469	-	-	-	-	-	-	-	29,469
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	25,632
General Supplies	-	47	1,056	1,639	-	-	3,842	-	-	-	6,584
Total Instruction	24,012	47	53,197	1,639	-	-	3,842	-	-	-	211,962
Support Services:											
Employee Benefits	-	-	-	-	-	-	-	-	-	-	13,164
Purchased Professional Services	-	-	3,269	-	100	-	-	1,997	-	-	56,858
Other Purchased Services	1,089	-	-	6,000	-	-	-	-	-	-	11,583
Supplies & Materials	3,755	-	18,843	-	-	555	-	165	-	-	31,686
Student Activities	-	-	-	-	-	-	-	-	7,885	-	7,885
Scholarship	-	-	-	-	-	-	-	-	-	124	124
Total Support Services	4,844	-	22,112	6,000	100	555	-	2,162	7,885	124	121,300
Facilities Acquisition & Construction Services:											
Instructional Equipment	-	3,202	686	-	-	-	-	-	-	-	3,888
Total Facilities Acquisition & Construction Services	-	3,202	686	-	-	-	-	-	-	-	3,888
Total Expenditures	28,856	3,249	75,995	7,639	100	555	3,842	2,162	7,885	124	337,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	668	(124)	544
Fund Balance, July 1	-	-	-	-	-	-	-	-	12,636	1,253	13,889
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,304	\$ 1,129	\$ 14,433

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION EXPANSION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 139,410	\$ 63,406	\$ 76,004
Other Salaries	34,310	14,495	19,815
Other Purchased Services	2,500	17,678	(15,178)
General Supplies	18,396	-	18,396
	<hr/>	<hr/>	<hr/>
Total Instruction	194,616	95,579	99,037
	<hr/>	<hr/>	<hr/>
Support Services:			
Other Salaries	16,454	-	16,454
Salaries of Community Parent Involvement	2,000	-	2,000
Personal Services- Employee Benefits	57,244	-	57,244
Purchased Ed. Services	57,300	-	57,300
Supplies and Materials	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total Support Services	133,998	-	133,998
	<hr/>	<hr/>	<hr/>
Facilities Acquisition & Construction Services:			
Instructional Equipment	2,761	-	2,761
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services	2,761	-	2,761
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 331,375	\$ 95,579	\$ 235,796
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2021-2022 Preschool Education Aid Allocation	\$ 331,375
Add: Actual Preschool Education Aid Carryover (June 30,2021)	<hr/> -
Total Preschool Education Aid Funds Available for 2021-2022 Budget	331,375
Less: 2021- 2022 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	<hr/> (331,375)
Available & Unbudgeted Preschool Education Aid Funds June 30, 2022	-
Add: June 30, 2022 Unexpended Preschool Education Aid	<hr/> 235,796
Total Actual Preschool Education Aid Carryover	<hr/> <hr/> \$ 235,796
2021-2022 Preschool Education Aid Carryover Budgeted in 2022-2023	<hr/> <hr/> \$ -

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G. Proprietary Funds

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Enterprise Funds

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2022

ASSETS	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL
Current Assets:			
Cash & Cash Equivalents	\$ 52,318	\$ 14,149	\$ 66,467
Accounts Receivable:			
State	96	-	96
Federal	6,231	-	6,231
Other	118	300	418
Interfund Receivable	11,500	-	11,500
Inventory	934	-	934
Total Current Assets	<u>71,197</u>	<u>14,449</u>	<u>85,646</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	79,854	-	79,854
Less: Accumulated Depreciation	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Total Noncurrent Assets	<u>4,854</u>	<u>-</u>	<u>4,854</u>
Total Assets	<u>76,051</u>	<u>14,449</u>	<u>90,500</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	<u>891</u>	<u>30</u>	<u>921</u>
Total Current Liabilities	<u>891</u>	<u>30</u>	<u>921</u>
NET POSITION			
Investment in Capital Assets	4,854	-	4,854
Unrestricted	<u>70,306</u>	<u>14,419</u>	<u>84,725</u>
Total Net Position	<u>\$ 75,160</u>	<u>\$ 14,419</u>	<u>\$ 89,579</u>

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2022

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 8,308	\$ -	\$ 8,308
Tuition	-	11,390	11,390
Total Operating Revenue	8,308	11,390	19,698
Operating Expenses:			
Salaries	39,259	7,498	46,757
Employee Benefits	3,131	574	3,705
Purchased Services	1,580	-	1,580
Supplies and Materials	3,802	-	3,802
Depreciation	1,611	-	1,611
Cost of Sales - Reimbursable Programs	43,744	-	43,744
Cost of Sales - Non-Reimbursable Programs	4,594	-	4,594
Total Operating Expenses	97,721	8,072	105,793
Operating/(Loss)/Gain	(89,413)	3,318	(86,095)
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	1,974	-	1,974
Federal Sources:			
National School Lunch Program	84,063	-	84,063
Food Distribution Program	4,372	-	4,372
National School Breakfast Program	30,537	-	30,537
Pandemic EBT Food Benefit Program	1,242	-	1,242
Emergency Operating Costs	1,775	-	1,775
NSLP Equipment Assistance	12,494	-	12,494
Total Nonoperating Revenues/ (Expenses)	136,457	-	136,457
Net Income/(Loss)	47,044	3,318	50,362
Net Position - Beginning,	28,116	11,101	39,217
Total Net Position - Ending	\$ 75,160	\$ 14,419	\$ 89,579

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES		
	FOOD SERVICE FUND	LATCHKEY PROGRAM	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ (4,186)	\$ 11,120	\$ 6,934
Payments to Suppliers	(53,720)	-	(53,720)
Payments to Employees	(39,259)	(7,498)	(46,757)
Payments for Employee Benefits	(3,131)	(574)	(3,705)
Net Cash Provided/(Used) by Operating Activities	(100,296)	3,048	(97,248)
Cash Flows From Non-Capital Financing Activities:			
Cash Received from State & Federal Reimbursements	136,120	-	136,120
Net Cash Provided by Non-Capital Financing Activities	136,120	-	136,120
Net Increase/(Decrease) in Cash & Cash Equivalents	35,824	3,048	38,872
Cash & Cash Equivalents, July 1	16,494	11,101	27,595
Cash & Cash Equivalents, June 30	\$ 52,318	\$ 14,149	\$ 66,467
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:			
Operating Income/(Loss)	\$ (89,413)	\$ 3,318	\$ (86,095)
Adjustments to Reconcile Operating Income/(Loss) in Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	1,611	-	1,611
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	(11,354)	(300)	(11,654)
Increase/(Decrease) in Unearned Revenue	(1,140)	30	(1,110)
Total Adjustments	(10,883)	(270)	(11,153)
Net Cash Provided/(Used) by Operating Activities	\$ (100,296)	\$ 3,048	\$ (97,248)

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Internal Service Fund

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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	<u>GOVERNMENTAL ACTIVITIES</u> <u>INTERNAL SERVICE</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	<u>\$ 36,753</u>
Total Assets	<u>36,753</u>
 NET POSITION	
Unrestricted	<u>36,753</u>
Total Net Position	<u><u>\$ 36,753</u></u>

EXHIBIT G-5
LOWER ALLOWAYS CREEK SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE
OPERATING REVENUES:	
Local Sources:	
Delivery	\$ 2,805
Lunch	47,185
Music	54,000
Maintenance	20,000
Total Operating Revenue	123,990
OPERATING EXPENSES:	
Other Salaries	68,634
Benefits	14,380
Cost of Sales	19,323
Total Operating Expenses	102,337
Net Income/(Loss)	21,653
Total Net Position - July 1	15,100
Total Net Position - June 30	\$ 36,753

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2022**

	<u>GOVERNMENTAL ACTIVITIES</u> <u>INTERNAL SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 123,990
Payments to Suppliers	(19,323)
Payments to Employees	(68,634)
Payments for Employee Benefits	<u>(14,380)</u>
Net Cash Provided/(Used) by Operating Activities	<u>21,653</u>
Cash & Cash Equivalents, July 1	<u>15,100</u>
Cash & Cash Equivalents, June 30	<u><u>\$ 36,753</u></u>

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

Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 21,653</u></u>
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I. Long-Term Debt

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LOANS PAYABLE
JUNE 30, 2022

DESCRIPTION	DATE OF ISSUE	TERM	MATURITY DATE	INTEREST RATE	AMOUNT OF ISSUE	BALANCE JUNE 30, 2021	ISSUED	RETIRED	BALANCE JUNE 30, 2022
Technology Equipment	7/25/2020	5 Years	7/25/2024	1.967%	\$ 64,627	\$ 50,518	\$ -	\$ 11,794	\$ 38,724
Total						<u>\$ 50,518</u>	<u>\$ -</u>	<u>\$ 11,794</u>	<u>\$ 38,724</u>

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STATISTICAL SECTION (Unaudited)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in,										
Capital Assets	\$ 2,165,964	\$ 2,312,775	\$ 2,244,315	\$ 2,403,842	\$ 2,569,760	\$ 1,698,792	\$ 1,872,333	\$ 1,794,674	\$ 1,903,866	\$ 1,034,496
Restricted	2,243,054	1,646,356	1,274,956	1,191,717	1,004,517	1,745,986	1,949,793	1,706,965	1,412,851	1,955,939
Unrestricted	(389,060)	(452,286)	(512,401)	(510,104)	(541,501)	(509,666)	(449,727)	(418,542)	149,802	142,631
Total Governmental Activities	\$ 4,019,958	\$ 3,506,845	\$ 3,006,870	\$ 3,085,455	\$ 3,032,776	\$ 2,935,112	\$ 3,372,399	\$ 3,083,097	\$ 3,466,519	\$ 3,133,066
Business-Type Activities:										
Net Investment in,										
Capital Assets	\$ 4,854	\$ 6,465	\$ 7,680	\$ 8,498	\$ 9,319	\$ 10,138	\$ 9,708	\$ 10,578	\$ 6,551	\$ 5,401
Unrestricted	84,725	32,752	20,576	15,983	11,828	8,743	10,004	11,886	6,582	10,405
Total Business-Type Activities	\$ 89,579	\$ 39,217	\$ 28,256	\$ 24,481	\$ 21,147	\$ 18,881	\$ 19,712	\$ 22,464	\$ 13,133	\$ 15,806
District-Wide:										
Net Investment in,										
Capital Assets	\$ 2,170,818	\$ 2,319,240	\$ 2,251,995	\$ 2,412,340	\$ 2,579,079	\$ 1,708,930	\$ 1,882,041	\$ 1,805,252	\$ 1,910,417	\$ 1,039,897
Restricted	2,243,054	1,646,356	1,274,956	1,191,717	1,004,517	1,745,986	1,949,793	1,706,965	1,412,851	1,955,939
Unrestricted	(304,335)	(419,534)	(491,825)	(494,121)	(529,673)	(500,923)	(439,723)	(406,656)	156,384	153,036
Total District Net Position	\$ 4,109,537	\$ 3,546,062	\$ 3,035,126	\$ 3,109,936	\$ 3,053,923	\$ 2,953,993	\$ 3,392,111	\$ 3,105,561	\$ 3,479,652	\$ 3,148,872

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

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental Activities										
Instruction:										
Regular	968,701	1,147,269	1,176,469	1,250,860	1,264,634	1,418,544	1,466,324	1,396,118	1,382,904	1,336,507
Special Education	594,694	351,602	260,071	248,988	222,499	219,793	175,065	166,215	157,600	155,811
Other Special Instruction	-	48,266	41,853	39,193	34,671	-	-	-	-	51,000
Other Instruction	58,709	764	1,050	980	2,084	1,311	3,072	495	422	878
Support Services:										
Student & Instruction Related Services	1,202,495	1,361,279	1,310,659	1,077,397	1,387,441	925,638	900,955	894,075	730,956	1,073,741
General Administrative	131,190	115,485	124,802	142,052	130,048	115,076	133,373	136,260	127,322	118,218
School Administrative Services	53,060	51,000	62,368	61,222	59,650	48,341	57,820	58,715	59,422	60,808
Central Services	79,591	97,273	88,674	97,991	95,115	92,298	110,245	101,450	94,316	90,799
Administrative Information Technology	-	-	-	-	2,208	2,860	-	-	-	-
Plant Operations & Maintenance	370,178	312,254	322,177	297,525	355,162	308,008	332,329	317,915	416,061	311,990
Pupil Transportation	384,031	271,975	317,599	341,405	402,276	369,315	372,798	351,905	299,835	342,116
Employee Benefits	1,057,048	969,127	1,328,885	985,397	956,966	881,792	800,641	759,237	823,840	835,848
Interest on Long-Term Debt	1,258	1,258	1,258	11,419	99,287	10,760	6,508	1,258	61,391	2,315
Unallocated Depreciation	158,605	163,668	185,954	177,515	155,968	147,183	141,625	132,947	122,517	123,654
Total Governmental Activities Expenses	\$5,059,560	\$4,891,220	\$5,221,819	\$4,731,944	\$5,168,009	\$4,540,919	\$4,500,755	\$4,316,590	\$4,276,586	\$4,503,685
Business-Type Activities:										
Food Service	97,721	85,857	82,304	69,715	73,099	75,172	74,584	96,311	91,778	94,612
Litchkey	8,072	6,475	6,325	4,699	4,357	3,849	2,721	3,193	5,374	6,526
Total Business-Type Activities Expense	105,793	92,332	88,629	74,414	77,456	79,021	77,305	99,504	97,152	101,138
Total District Expenses	\$ 5,165,353	\$ 4,983,552	\$ 5,310,448	\$ 4,806,358	\$ 5,245,465	\$ 4,619,940	\$ 4,578,060	\$ 4,416,094	\$ 4,373,738	\$ 4,604,823

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

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program Revenues:										
Governmental Activities:										
Charges for Services & Operating Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,800	\$ 38,400	\$ 24,099	\$ 20,980	\$ 23,275
Shared Services	980,812	124,822	138,609	143,451	101,604	217,681	103,837	95,246	96,444	108,584
Operating grants and contributions										
Total Governmental Activities Program Revenues	980,812	124,822	138,609	143,451	101,604	245,481	142,237	119,345	117,424	131,859
Business-Type Activities:										
Charges for Services:										
Food Service	8,308	44,467	43,961	40,237	33,479	37,599	42,206	42,263	49,573	50,152
Latchkey	11,390	5,507	9,318	5,614	6,013	5,116	3,099	4,275	5,806	6,637
Operating Grants & Contributions	136,457	39,133	34,684	27,829	27,316	28,554	32,081	29,693	22,253	24,168
Total Business Type Activities Program Revenues	156,155	89,107	87,963	73,680	66,808	71,269	77,386	76,231	77,632	80,957
Total District Program Revenues	\$ 1,136,967	\$ 213,929	\$ 226,572	\$ 217,131	\$ 168,412	\$ 316,750	\$ 219,623	\$ 195,576	\$ 195,056	\$ 212,816
Net/(Expense)/Revenue:										
Governmental Activities	\$ (4,078,748)	\$ (4,766,398)	\$ (5,083,210)	\$ (4,588,493)	\$ (5,066,405)	\$ (4,295,438)	\$ (4,358,518)	\$ (4,197,245)	\$ (4,159,162)	\$ (4,371,826)
Business-Type Activities	50,362	(3,225)	(666)	(734)	(10,648)	(7,752)	81	(23,273)	(19,520)	(20,181)
Total District-Wide Net Expense	\$ (4,028,386)	\$ (4,769,623)	\$ (5,083,876)	\$ (4,589,227)	\$ (5,077,053)	\$ (4,303,190)	\$ (4,358,437)	\$ (4,220,518)	\$ (4,178,682)	\$ (4,392,007)

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

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,359,200
Taxes Levied for Debt Service	1,000,188	677,519	1,299,117	1,753,760	1,353,245	1,345,135	-	-	-	-
Unrestricted Grants & Contributions	221,670	132,650	84,238	41,650	15,000	21,000	9,000	1,230,631	1,213,118	1,232,736
Tuition Charges	39,521	17,250	11,060	4,318	5,260	2,202	617	-	3,483	6,890
Transportation Fees	-	250	7,733	8,576	4,652	9,320	11,472	19,338	23,511	37,283
Investment Earnings	-	120,170	-	-	-	(38,450)	(8,303)	(3,656)	(3,525)	-
Capital Asset Adjustments	-	-	(7,000)	(4,000)	(3,000)	(6,000)	(5,000)	(4,000)	(18,000)	(25,000)
Transfers	-	-	-	-	-	-	-	-	-	-
Other	38,216	21,874	649	39,569	18,984	3,872	11,513	1,210	19,495	637
Total Governmental Activities	4,591,861	4,262,055	4,687,813	5,135,889	4,686,157	4,629,095	4,584,740	4,535,539	4,530,698	4,611,808
Business-Type Activities:										
Transfers	-	-	7,000	4,000	3,000	6,000	5,000	4,000	18,000	25,000
Investment in capital assets	-	-	-	-	-	3,817	-	5,250	2,600	-
Total Business-Type Activities	-	-	7,000	4,000	3,000	9,817	5,000	9,250	20,600	25,000
Total District-Wide	\$ 4,591,861	\$ 4,262,055	\$ 4,694,813	\$ 5,139,889	\$ 4,689,157	\$ 4,638,912	\$ 4,589,740	\$ 4,544,789	\$ 4,551,298	\$ 4,636,808
Change in Net Position:										
Governmental Activities	\$ 513,113	\$ 302,956	\$ (78,585)	\$ 52,679	\$ 97,664	\$ (437,310)	\$ 289,302	\$ 177,021	\$ 333,453	\$ 452,646
Business-Type Activities	50,362	16,105	3,775	3,334	2,266	(831)	(2,752)	9,331	(2,673)	5,480
Total District	\$ 563,475	\$ 319,061	\$ (74,810)	\$ 56,013	\$ 99,930	\$ (438,141)	\$ 286,550	\$ 186,352	\$ 330,780	\$ 458,126

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

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Restricted	\$ 2,228,621	\$ 1,632,467	\$ 1,241,057	\$ 1,145,597	\$ 670,362	\$ 1,629,034	\$ 1,885,507	\$ 1,631,171	\$ 1,356,523	\$ 1,147,303
Assigned	2,025	4,967	33,899	22,474	281	30,297	57,278	68,786	49,320	68,614
Unrestricted	213,212	196,585	182,185	211,680	190,711	173,287	182,495	205,568	224,354	208,139
Total General Fund	\$ 2,443,858	\$ 1,834,019	\$ 1,457,141	\$ 1,379,751	\$ 861,354	\$ 1,832,618	\$ 2,125,280	\$ 1,905,525	\$ 1,630,197	\$ 1,424,056
All Other Governmental Funds:										
Restricted, Reported in:										
Special Revenue Fund	\$ (18,704)	\$ 13,889	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	23,646	33,874	86,655	7,008	7,008	7,008	740,002
Total All Other Governmental Funds	\$ (18,704)	\$ 13,889	\$ -	\$ 23,646	\$ 33,874	\$ 86,655	\$ 7,008	\$ 7,008	\$ 7,008	\$ 740,002

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Tax Levy	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016	\$ 3,292,016
Tuition	221,670	132,650	84,238	41,650	15,000	21,000	9,000	-	3,483	6,890
Transportation	39,521	17,250	11,060	4,318	5,260	2,225	617	-	600	62
Interest Earnings	250	576	7,733	8,576	4,652	9,320	11,472	19,338	23,511	37,283
Miscellaneous	38,216	24,377	2,649	35,143	21,357	6,076	13,664	5,028	19,495	3,938
State Sources	1,878,790	1,293,459	1,283,577	1,401,250	1,353,245	1,345,135	1,365,835	1,230,631	1,213,118	1,232,736
Federal Sources	227,562	180,619	122,822	136,035	141,078	99,400	123,120	100,019	95,246	93,143
Total Revenue	5,698,025	4,940,947	4,804,095	4,918,988	4,832,608	4,775,172	4,815,724	4,647,032	4,647,469	4,666,068
Expenditures:										
Instruction:										
Regular Instruction	980,495	1,133,042	1,142,094	1,175,919	1,252,315	1,266,391	1,398,986	1,446,096	1,371,383	1,368,160
Special Education Instruction	594,694	427,628	351,189	259,771	248,763	222,162	220,280	175,690	165,653	158,012
Other	-	-	47,553	41,853	39,868	33,996	-	-	-	-
Other Special Instruction	58,709	48,012	764	1,050	980	2,084	1,311	3,072	1,095	422
Undistributed:										
Student & instruction related services	1,205,155	1,245,125	1,359,892	1,310,659	1,079,770	1,387,441	925,638	900,955	894,075	730,956
General administration	128,530	113,043	115,485	124,802	142,052	130,048	115,076	133,373	136,260	127,322
School administration	53,060	52,020	51,000	62,368	61,222	59,650	48,341	57,820	58,715	59,422
Central Services	79,591	79,423	97,273	88,674	97,991	95,115	92,298	110,245	101,450	94,316
Administration information technology	-	-	-	-	-	2,208	2,860	-	-	-
Operations and maintenance of plant services	365,065	386,854	312,254	332,204	297,525	355,162	308,008	332,329	355,293	415,121

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenditures (continued):										
Student Transportation	384,031	239,179	271,700	320,774	338,755	402,056	368,515	376,048	347,725	299,835
Employee Benefits	1,266,303	1,000,571	988,748	992,196	936,883	905,710	865,751	790,479	758,763	822,150
Capital Outlay	3,888	80,294	5,399	11,267	1,057,529	120,164	243,905	41,597	969,722	125,108
Debt Service Expenditures:										
Interest	1,258	1,258	-	-	-	-	-	-	-	-
Total Expenditures	5,120,779	4,806,449	4,743,351	4,721,537	5,553,653	4,982,187	4,590,969	4,367,704	5,160,134	4,200,824
Excess (Deficiency) of Revenues Over/(Under) Expenditures	577,246	134,498	60,744	197,451	(721,045)	(207,015)	224,755	279,328	(512,665)	465,244
Other Financing Sources/(Uses):										
Prior year receivable cancelled	-	-	-	7,000	-	-	-	-	-	-
Transfers	-	5,144	(7,000)	3,718	(6,000)	(6,000)	(5,000)	(4,000)	(18,000)	(25,000)
Capital Leases	-	64,627	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	69,771	(7,000)	10,718	(6,000)	(6,000)	(5,000)	(4,000)	(18,000)	(25,000)
Net Change in Fund Balances	\$577,246	\$204,269	\$182,953	\$13,072	(\$81,479)	\$178,192	(\$262,256)	\$490,802	(\$606,758)	\$291,452
Debt Service as a Percentage of Noncapital Expenditures	0.02%	0.03%	-	-	-	-	-	-	-	-

Source: District Records

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

FISCAL YEAR ENDING JUNE 30,	PRIOR YEAR REFUNDS	MISCELLANEOUS	RENTALS	ANNUAL TOTAL
2022	\$ -	\$ 29,663	\$ -	\$ 29,663
2021	-	13,620	-	13,620
2020	113	536	-	649
2019	15,468	101	17,000	32,569
2018	1,718	266	17,000	18,984
2017	3,747	125	-	3,872
2016	8,157	3,356	-	11,513
2015	-	1,210	-	1,210
2014	15,280	4,215	-	19,495
2013	454	183	-	637
	<u>\$ 44,937</u>	<u>\$ 53,275</u>	<u>\$ 34,000</u>	<u>\$ 132,212</u>

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2022	\$ 2,829,500	71,810,300	\$ 21,949,800	\$ 3,792,400	\$ 1,463,900	\$ 125,098,600	\$ 226,944,500	\$ -	\$ 226,944,500	-	300,544,882
2021	2,829,500	71,365,600	21,342,700	3,792,400	1,485,000	113,498,600	214,313,800	-	214,313,800	-	283,444,267
2020	2,973,000	71,257,000	20,874,100	3,805,200	1,485,000	113,498,600	213,892,900	703,862	214,596,762	-	266,094,743
2019	2,906,600	70,694,800	20,674,000	3,826,000	1,633,600	113,498,600	213,233,600	453,058	213,686,658	-	277,201,503
2018	2,896,900	70,386,600	20,568,300	3,828,000	1,633,600	113,498,600	212,812,000	259,555	213,071,555	-	297,149,087
2017	2,976,300	71,209,500	19,574,300	3,732,600	1,633,600	113,498,600	212,624,900	258,243	212,883,143	-	293,931,047
2016	3,014,700	70,823,500	19,449,800	3,773,600	1,633,600	113,498,600	212,193,800	249,916	212,443,716	-	303,262,027
2015	3,023,500	70,949,400	19,112,000	3,749,800	1,633,600	113,498,600	211,966,900	247,473	212,214,373	-	301,889,459
2014	3,226,000	70,567,100	18,679,100	3,757,200	1,633,600	113,498,600	211,361,600	409,427	211,771,027	-	264,640,143
2013	3,229,600	69,945,000	18,928,500	3,772,300	1,633,600	113,498,600	211,007,600	436,054	211,443,654	-	276,948,769

b. Tax rates are per \$100

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				TOTAL DIRECT SCHOOL TAX RATE	OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICES	TOWNSHIP OF LAC	SALEM COUNTY				
2022	-	-	-	-	-	1.6220	1.622	
2021	-	-	-	-	-	1.5100	1.510	
2020	-	-	-	-	-	1.5670	1.567	
2019	-	-	-	-	-	1.6510	1.651	
2018	-	-	-	-	-	1.6040	1.604	
2017	-	-	-	-	-	1.5490	1.549	
2016	-	-	-	-	-	1.4410	1.441	
2015	-	-	-	-	-	1.3760	1.376	
2014	-	-	-	-	-	1.2070	1.207	
2013	-	-	-	-	-	1.2680	1.268	

Source: Salem County Board of Taxation- Abstract of Ratables

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

TAXPAYER	2022		2013	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION
PSEG	113,592,800	50.05%	113,498,600	53.79%
Taxpayer #1	856,300	0.38%	398,800	0.19%
Taxpayer #2	782,500	0.34%	362,500	0.17%
Verizon	679,069	0.30%	436,054	0.21%
Wave Maker 4 LLC	644,900	0.28%	664,900	0.32%
Taxpayment #3	398,800	0.18%	336,500	0.16%
Taxpayment #4	396,600	0.17%	228,900	0.11%
Taxpayment #5	366,400	0.16%	285,000	0.14%
Taxpayment #6	362,500	0.16%	284,200	0.13%
Taxpayment #7	336,500	0.15%	282,300	0.13%
Total	<u>\$ 118,416,369</u>	<u>52.18%</u>	<u>\$ 116,777,754</u>	<u>55.34%</u>

Source: Municipal Tax Assessor.

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

YEAR ENDED DECEMBER 31	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE FISCAL YEAR		COLLECTIONS IN SUBSEQUENT YEAR
		AMOUNT	PERCENT OF LEVY	
2022	3,292,016	3,292,016	100.00%	-
2021	3,292,016	3,292,016	100.00%	-
2020	3,292,016	3,292,016	100.00%	-
2019	3,292,016	3,292,016	100.00%	-
2018	3,292,016	3,292,016	100.00%	-
2017	3,292,016	3,292,016	100.00%	-
2016	3,292,016	3,292,016	100.00%	-
2015	3,292,016	3,292,016	100.00%	-
2014	3,292,016	3,292,016	100.00%	-
2013	3,292,016	3,292,016	100.00%	-

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

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

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>		BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME
	GENERAL OBLIGATION BONDS	LOANS PAYABLE	<u>FINANCED PURCHASES</u>		
2022	\$ -	\$ 38,724	\$ -	\$ 38,724	0.01%
2021	-	50,518	-	50,518	0.01%
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2022	\$ -	\$ -	\$ -	-	-	-
2021	-	-	-	-	-	-
2020	-	-	-	-	-	-
2019	-	-	-	-	-	-
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Lower Alloways Creek	-	100.00%	-
Salem County General Obligation Debt	88,245,428	5.52%	<u>4,871,148</u>
Subtotal, overlapping debt			4,871,148
Lower Alloways Creek Township School Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$4,871,148</u></u>

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

Debt outstanding data provided by each governmental unit.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$8,203,536	\$8,198,471	\$8,336,532	8,623,074	8,885,970	8,970,953	9,043,440	8,653,225	8,347,514	8,303,129
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$8,203,536</u>	<u>\$8,198,471</u>	<u>\$8,336,532</u>	<u>\$8,623,074</u>	<u>\$8,885,970</u>	<u>\$8,970,953</u>	<u>\$9,043,440</u>	<u>\$8,653,225</u>	<u>\$8,347,514</u>	<u>\$8,303,129</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis Total
2021	275,457,399
2020	281,547,294
2019	263,348,895
	<u>\$820,353,588</u>
Average Equalized Valuation of Taxable Property	<u>\$273,451,196</u>
Debt Limit (3% of Average Equalization Value)	<u>\$8,203,536</u>
Net Bonded School Debt	-
Legal Debt Margin	<u>\$8,203,536</u>

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

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

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2022	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A
2020	1,672	81,570,272	48,496	N/A
2019	1,682	78,660,890	46,435	4.4%
2018	1,694	77,855,760	45,690	4.9%
2017	1,704	77,343,070	45,098	6.8%
2016	1,715	74,540,510	43,087	7.2%
2015	1,730	73,321,038	42,066	6.2%
2014	1,743	73,137,870	41,674	7.8%
2013	1,755	74,118,750	41,875	8.2%

Source:

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

^b Personal income

^c Per Capita

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

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

EMPLOYER	2022		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK (OPTIONAL)	
PSEG	1,300		183.36%
LAC Township	52		7.33%
LAC Board of Education	47		6.33%
	<u>1,399</u>		<u>197.02%</u>

EMPLOYER	2013		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK (OPTIONAL)	
PSEG	1,500		118.20%
LAC Township	75		5.91%
LAC Board of Education	50		3.94%
	<u>1,625</u>		<u>128.05%</u>

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

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction:										
Regular	12.00	19.37	20.40	19.04	19.04	20.04	21.24	22.16	21.24	20.76
Special Education	10.10	6.71	5.89	4.64	4.64	4.64	4.14	3.37	3.37	3.45
Support Services:										
Student & Instruction Related Services	1.70	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10
General Administration	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
School Administration	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Administration Services										
Plants Operations and Maintenance	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Pupil Transportation	1.53	2.87	2.83	2.70	4.02	4.02	4.03	4.05	3.56	5.26
Custodial Services	1.50	2.39	2.26	2.26	2.26	2.52	2.52	2.52		
Food Service	0.29	1.68	1.68	1.54	1.53	1.53	1.53	1.58	2.29	2.30
Child Care	2.50	0.43	0.29	0.36	0.36	0.36	0.29	0.29	0.36	0.50
Total	32.62	36.95	36.85	34.04	35.35	36.61	37.25	37.47	34.32	35.87

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
					TEACHING STAFF	ELEMENTARY RATIO				
2022	178	\$ 4,788,371	26,901	-6.32%	22	1:8	154.8	146.1	-6.18%	94.38%
2021	158	4,536,920	28,715	-0.61%	21	1:7	167.2	162.3	3.85%	97.07%
2020	164	4,737,952	28,890	1.52%	23	1:7	165.0	159.7	2.48%	96.75%
2019	163	4,710,270	28,897	-3.72%	21	1:8	161.0	154.2	-2.81%	95.73%
2018	158	4,496,124	28,456	-5.18%	21	1:8	165.7	154.2	2.78%	93.10%
2017	162	4,862,023	30,012	31.87%	23	1:7	161.2	153.9	0.00%	95.44%
2016	191	4,347,064	22,759	5.75%	22	1:8	161.9	154.9	-8.72%	95.68%
2015	201	4,326,107	21,523	3.75%	22	1:9	177.4	167.8	-8.50%	94.61%
2014	202	4,190,412	20,745	9.43%	22	1:9	193.9	186.1	-3.17%	95.99%
2013	215	4,075,716	18,957	-4.08%	22	1:9	200.2	191.3	0.01%	95.55%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

DISTRICT BUILDINGS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Lower Alloways Creek Township School District:										
Square Feet	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110	54,110
Capacity (Students)	425	425	425	425	425	425	425	425	425	425
Enrollment	178	158	163	162	161	162	162	173	194	201

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

Source: District Facilities Office

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GROSS SQUARE FOOTAGE										
* Lower Alloways Creek Elementary School	\$ 65,499	\$ 141,355	\$ 56,086	\$ 79,014	\$ 40,450	\$ 101,625	\$ 75,698	\$ 84,498	\$ 73,806	\$ 159,012
Total School Facilities	\$ 65,499	\$ 141,355	\$ 56,086	\$ 79,014	\$ 40,450	\$ 101,625	\$ 75,698	\$ 84,498	\$ 73,806	\$ 159,012

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

Source: District records

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022**

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

Source: District Records.

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SINGLE AUDIT SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Alloways Creek School District (the “School District”) as of and for the year ended June 30, 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 March 17, 2023.

Internal Control Over Financial Reporting

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

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

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

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

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

Medford, New Jersey
March 17, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lower Alloways Creek School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2022. The School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major 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* (CFR) 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 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 School District and to meet our 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 state program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

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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 or grant agreements applicable to the School District's 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 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the compliance requirements referred to above is considered material if there is a substantial likelihood that, individual or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, but not for the purpose of expressing an opinion on the effectiveness of 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC
Certified Public Accountants & Advisors

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

Medford, New Jersey
March 17, 2023

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LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	ASSISTANCE LISTING NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2022 DUE TO GRANTOR	UNEARNED REVENUE
U.S. DEPARTMENT OF AGRICULTURE												
Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
COVID-19 School Breakfast Program	10.553	221NJ304N1099	100-010-3350-028	\$ 30,537	7/1/21-6/30/22	\$ -	28,476	\$ (30,537)	-	\$ (2,061)	\$ -	\$ -
COVID-19 School Breakfast Program	10.553	211NJ304N1099	100-010-3350-100	22,293	7/1/20-6/30/21	(1,289)	1,289	-	-	-	-	-
COVID-19 National School Lunch Program	10.555	211NJ304N1099	100-010-3350-098	84,063	7/1/21-6/30/22	(4,099)	79,893	(84,063)	-	(4,170)	-	-
COVID-19 National School Lunch Program	10.555	211NJ304N1099	100-010-3350-026	58,991	7/1/20-6/30/21	(4,099)	4,099	-	-	-	-	-
COVID-19 Emergency Operating Costs	10.555	211NJ304N1099	100-010-3350-112	1,775	7/1/20-6/30/21	-	1,775	(1,775)	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	221NJ304N1099	Unavailable	3,017	7/1/21-6/30/22	-	4,372	(4,372)	-	-	-	-
Total Child Nutrition Cluster												
COVID-19 Pandemic EBT Food Benefit Program	10.649	202121S900941	100-010-3350-115	1,242	7/1/21-6/30/22	-	1,242	(1,242)	-	-	-	-
Child Nutrition Discretionary Grants- School Equipment	10.579	211NJ354N8103	100-010-3350-007	12,494	7/1/21-6/30/22	-	12,494	(12,494)	-	-	-	-
Total Enterprise Fund												
Total U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Revenue Fund:												
Title I - Part A	84.010	S010A210030	100-034-5064-194	37,764	7/1/21-9/30/22	-	22,797	(37,764)	-	(14,967)	-	-
Title I - Part A	84.010	S010A200030	100-034-5064-194	45,174	7/1/20-9/30/21	(26,089)	26,089	-	-	-	-	-
Total Title I - Part A												
Title II - Part A	84.367A	S367A210029	100-034-5063-290	5,488	7/1/21-9/30/22	-	894	(4,909)	-	(4,015)	-	-
Title II - Part A	84.367A	S367A200029	100-034-5063-290	4,491	7/1/20-9/30/21	(837)	837	-	-	-	-	-
Total Title II - Part A												
Title IV - Part A	84.424A	S424A210031	100-034-5069-031	10,000	7/1/21-9/30/22	-	8,368	(8,368)	-	-	-	-
Title IV - Part A	84.424A	S424A200031	100-034-5069-031	10,000	7/1/20-9/30/21	(2,125)	2,125	-	-	-	-	-
Total Title IV - Part A												
Rural Education Achievement Program (REAP)	84.358	S358A203933	Unavailable	13,644	7/1/20-9/30/21	(1,923)	1,923	-	-	-	-	-
Total ESSEER:												
COVID-19 CRBSA- ESSER II	84.425D	S425D210027	100-034-5120-513	145,873	3/1/20-9/30/23	(15,806)	75,044	(75,995)	-	(16,757)	-	-
COVID-19 Learning Acceleration	84.425D	S425D210027	100-034-5120-513	25,000	3/1/20-9/30/23	(6,000)	13,639	(7,639)	-	-	-	-
COVID-19 Mental Health	84.425D	S425D210027	100-034-5120-513	45,000	3/1/20-9/30/23	-	28,856	(28,856)	-	-	-	-
ARR- CRBSA- ESSER III	84.425U	S425U210027	100-034-5120-513	327,840	3/1/20-9/30/24	-	2,162	(2,162)	-	-	-	-
ARR Learning Acceleration	84.425U	S425U210027	100-034-5120-513	50,000	3/1/20-9/30/24	-	3,842	(3,842)	-	-	-	-
ARR Mental Health	84.425U	S425U210027	100-034-5120-513	45,000	3/1/20-9/30/24	-	100	(100)	-	-	-	-
ARR Evidence Based Summer	84.425U	S425U210027	100-034-5120-513	40,000	3/1/20-9/30/24	-	555	(555)	-	-	-	-
CARES Stabilization	84.425D	S425D200027	100-034-5120-513	35,202	3/1/20-9/30/22	-	3,249	(3,249)	-	-	-	-
Total ESSEER:												
Total U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:												
Special Education Cluster:						(21,806)	127,447	(122,398)	-	(16,757)	-	-
L.D.E.A. Part B, Basic Regular	84.027A	H027A210100	100-034-5065-016	50,663	7/1/21-9/30/22	-	50,663	(50,663)	-	-	-	-
L.D.E.A. Part B, Basic Regular	84.027A	H027A200100	100-034-5065-016	50,524	7/1/20-9/30/21	(13,743)	13,743	-	-	-	-	-
ARP I.D.E.A. Part B, Basic Regular	84.027X	H027X210100	100-034-5065-094	7,954	7/1/21-9/30/22	-	-	(7,954)	-	(7,954)	-	-
Total Special Education Cluster												
L.D.E.A. Part B, Preschool	84.173	H173A210114	100-034-5065-016	829	7/1/21-9/30/22	-	829	(829)	-	-	-	-
ARP I.D.E.A. Part B, Preschool	84.173X	H173X210114	100-034-5065-095	677	7/1/21-9/30/22	-	-	(677)	-	(677)	-	-
Total Special Education Fund												
Total Special Revenue Fund						(66,523)	255,715	(233,562)	-	(44,370)	-	-
Total Federal Financial Assistance						(71,911)	389,355	(368,045)	\$ -	(50,601)	\$ -	\$ -

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

LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS BALANCES	PRIOR YEAR (RECEIVABLES) PAYABLES CANCELED	BALANCE, JUNE 30, 2022		MEMO	
										ACCOUNTS RECEIVABLE	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLES
State Department of Education:													
General Fund:													
Equalization Aid	495-034-5120-078	\$ 230,653	7/1/21-6/30/22	\$ -	230,653	\$ (230,653)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,350	\$ 230,653
Special Education Categorical Aid	495-034-5120-089	140,233	7/1/21-6/30/22	-	140,233	(140,233)	-	-	-	-	-	16,020	140,233
Security Aid	495-034-5120-084	23,353	7/1/21-6/30/22	-	23,353	(23,353)	-	-	-	-	-	2,668	23,353
Total State Aid Public					394,239	(394,239)						45,038	394,239
Transportation Aid	495-034-5120-014	135,665	7/1/21-6/30/22	-	135,665	(135,665)	-	-	-	-	-	15,498	135,665
Education Rescue Grant Program	100-034-5120-521	153,802	7/1/21-6/30/22	-	153,802	(153,802)	-	-	-	-	-	-	153,802
Stabilization Aid	495-034-5120-114	298,405	7/1/21-6/30/22	-	298,405	(298,405)	-	-	-	-	-	-	298,405
Extraordinary Aid	100-034-5120-044	22,298	7/1/21-6/30/22	-	22,298	(22,298)	-	-	-	(22,298)	-	-	22,298
Additional Nonpublic Transportation Aid	495-034-5120-014	1,450	7/1/21-6/30/22	-	-	(1,450)	-	-	-	(1,450)	-	-	1,450
Additional Nonpublic Transportation Aid	495-034-5120-014	1,450	7/1/20-6/30/21	(1,450)	1,450	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security	100-034-5094-003	112,611	7/1/21-6/30/22	-	106,600	(112,611)	-	-	-	(6,011)	-	-	112,611
Reimbursed TPAF Social Security	100-034-5094-003	147,627	7/1/20-6/30/21	(8,479)	8,479	-	-	-	-	-	-	-	-
Noncash Assistance:													
TPAF - Post Retirement Medical	495-034-5094-001	133,199	7/1/21-6/30/22	-	133,199	(133,199)	-	-	-	-	-	-	133,199
TPAF - Pension Contributions	495-034-5094-002	570,104	7/1/21-6/30/22	-	570,104	(570,104)	-	-	-	-	-	-	570,104
TPAF - Long-Term Disability Insurance	495-034-5094-004	246	7/1/21-6/30/22	-	246	(246)	-	-	-	-	-	-	246
Total General Fund Assistance				(9,929)	1,802,189	(1,822,019)				(29,759)		60,536	1,822,019
Special Revenue Fund:													
Preschool Education Aid	495-034-5120-086	331,375	7/1/21-6/30/22	-	331,375	(95,579)	-	-	-	235,796	-	33,137	95,579
Subtotal State Financial Assistance					331,375	(95,579)				235,796		33,137	95,579
State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Program	100-010-3360-067	2,842	7/1/20-6/30/21	(602)	602	-	-	-	-	-	-	-	-
National School Lunch Program	100-010-3360-067	1,974	7/1/21-6/30/22	-	1,878	(1,974)	-	-	-	(96)	-	-	1,974
Total Enterprise Fund Assistance				(602)	2,480	(1,974)				(96)			1,974
Grand Total State Financial Assistance				\$ (10,531)	\$ 2,136,044	\$ (1,919,572)	\$ -	\$ -	\$ -	\$ (29,855)	\$ 235,796	\$ -	\$ 93,673
State Financial Assistance Programs Not Subject to Calculation for Major Program Determination:													
TPAF - Post Retirement Medical (Noncash Assistance)		133,199	7/1/21-6/30/22										
TPAF - Pension Contributions (Noncash Assistance)		570,104	7/1/21-6/30/22										
TPAF - Long-Term Disability Insurance (Noncash Assistance)		246	7/1/21-6/30/22										
Total State Financial Assistance subject to Major Program Determination													\$ (1,216,023)

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

**LOWER ALLOWAYS CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Lower Alloways Creek School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 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.

Note 3. Relationship to Basic Financial Statements

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,671) for the general fund and (\$39,137) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,816,348	\$ 1,816,348
Special Revenue Fund	227,562	62,442	290,004
Food Service Fund	134,483	1,974	136,457
	<u> </u>	<u> </u>	<u> </u>
Total Awards & Financial Assistance	<u>\$ 362,045</u>	<u>\$ 1,880,764</u>	<u>\$ 2,242,809</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Lower Alloways Creek School District had no loan balances outstanding at June 30, 2022.

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? _____ yes _____ no

2) Significant deficiency(ies) identified? _____ yes _____ none reported

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Not Applicable

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

State Financial Assistance

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

State Grant/Project Number(s)

Name of State Program

495-034-5120-078 495-034-5120-084 495-034-5120-089	State Aid-Public: Equalization Aid Categorical Security Aid Special Education Categorical Aid
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**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings – N/A

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

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS- N/A

STATE FINANCIAL ASSISTANCE- N/A

**LOWER ALLOWAYS CREEK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.