

**LAFAYETTE TOWNSHIP
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

Annual Comprehensive Financial Report

of the

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

Lafayette, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Lafayette Township Board of Education
Finance Department**

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



Lafayette Township School District

178 BEAVER RUN ROAD • LAFAYETTE, NJ 07848
973-875-3344 • FAX: 973-875-3066

MICHAEL GALL
Superintendent
973-383-3344 ext. 315

GERARD FAZZIO
Principal
973-383-3344 ext. 314

ERIN SIIPOLA
Business Administrator/Board Secretary
973-383-3344 ext. 316
Fax: 973-875-2663

January 12, 2024

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

Dear Honorable President and Board Members:

The annual comprehensive financial report of the Lafayette Township School District (the “District”) for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 208 students, which is an increase of 7 students from the previous year’s ending enrollment.

2) **ECONOMIC CONDITION AND OUTLOOK:**

The Lafayette area is experiencing minimal development and expansion. The ratable base underwent a reassessment in 2012 which was effective for 2013. The ratable base for 2022 totaled \$329,486,000. For 2023, the base increased by \$4,365,600 to \$333,851,600.

3) **MAJOR INITIATIVES:**

Develop the Social and Emotional Awareness of staff and students to promote resiliency and student success. The Lafayette Township School District will empower all students and staff to reach their potential by creating an environment that fosters social and emotional growth and development.

Utilize benchmark assessments to monitor student growth and increase rigor. Progress monitoring and effective intervention is driven by data and assessment of student achievement on a regular basis.

Analyze grading practices, progress reports, and report cards to determine how they are supporting student achievement and development at various grade levels. Effective communication between the school and home supports increased student achievement outcomes.

4) **INTERNAL ACCOUNTING CONTROLS:**

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

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

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

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

5) **BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2023.

Maximize Efficiency Through the Integration of a Shared Superintendent

The District sought to maximize its effectiveness and efficiency through entering into a shared service agreement with a neighboring school district. In order to achieve a smooth transition a full time principal was hired. The District also assimilated a streamlined division of labor between the superintendent and the principal.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

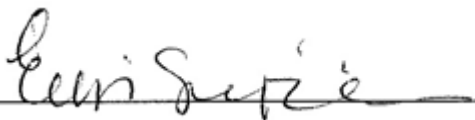
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

10) ACKNOWLEDGEMENTS:

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

A handwritten signature in dark ink, consisting of a stylized 'M' followed by a large, circular flourish, positioned above a horizontal line.

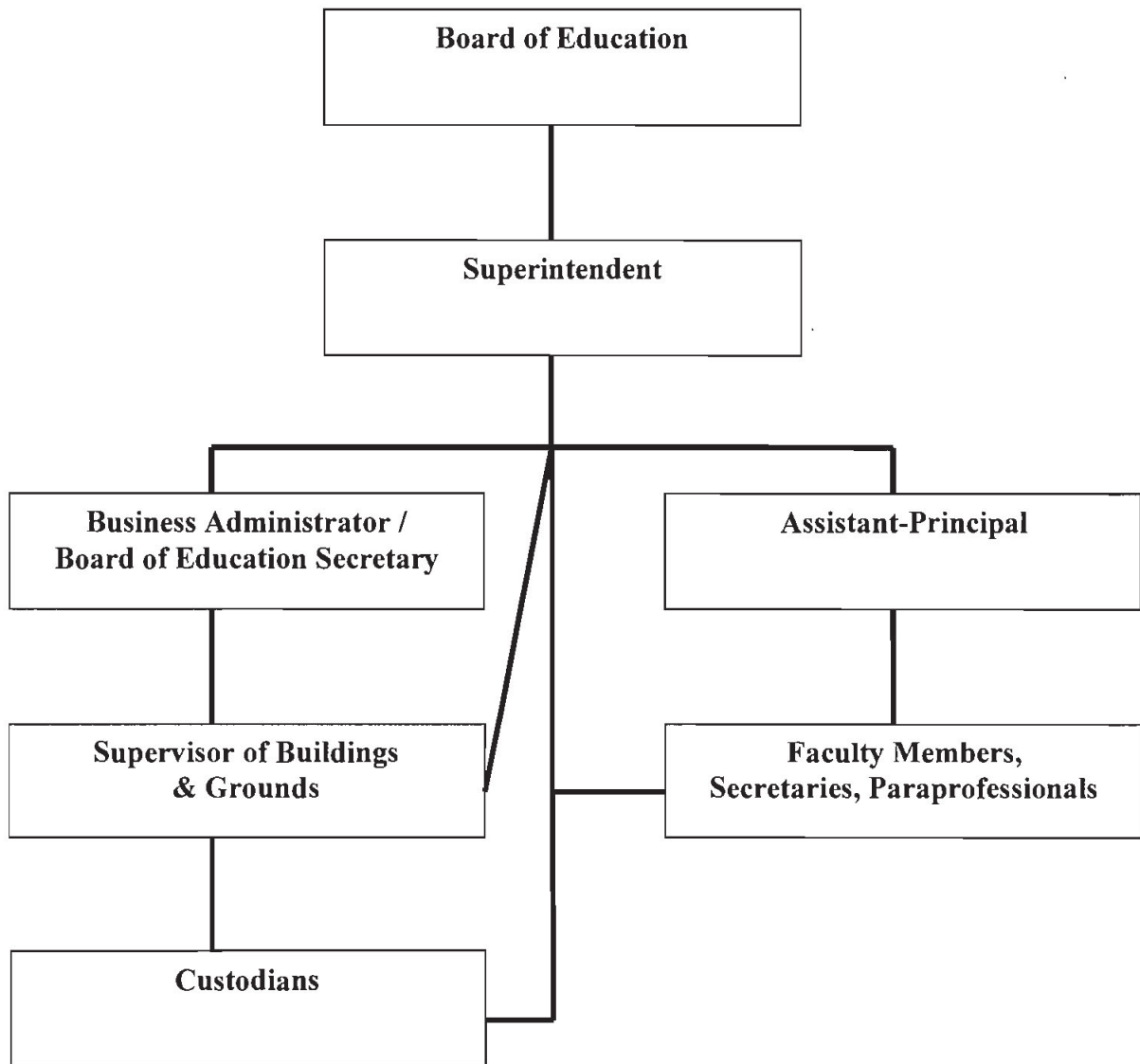
Michael Gall, Superintendent

A handwritten signature in dark ink, appearing to read 'Erin Siipola' in a cursive script, positioned above a horizontal line.

Erin Siipola, Business Administrator/Board
Secretary

Lafayette Board of Education

Organizational Chart Unit Control



**TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Joshua Aikens	President	2026
Lisa Carlson	Vice President	2024
Rebecca Brown (to 12/31/22)	Member	2022
William Dianella	Member	2026
Deborah Fagan (from 1/1/23)	Member	2026
Melissa Geaney (to 12/31/22)	Member	2022
Karen Mitchell (to 12/31/22)	Member	2022
Gretchen Torres (from 1/1/23)	Member	2025
Kristin Tufano (from 1/1/23)	Member	2025
Kathleen Zagula	Member	2024
Michael Gall, Superintendent		
Erin Siipola, Board Secretary/School Business Administrator		
Toni Grisaffi, Treasurer		
Marc Zitomer, Board Attorney		

TOWNSHIP OF LAFAYETTE BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

And

1140 Route 22 East, Suite 203
Bridgewater, New Jersey 08807

Attorneys

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

Official Depository

Lakeland Bank

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lafayette Township School District (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 opinions. 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 GAAS, *Government Auditing Standards* and audit

requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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 District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal*

Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

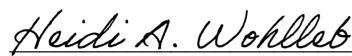
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

January 12, 2024
Mount Arlington, New Jersey


NISIVOCCIA LLP


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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of Lafayette Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

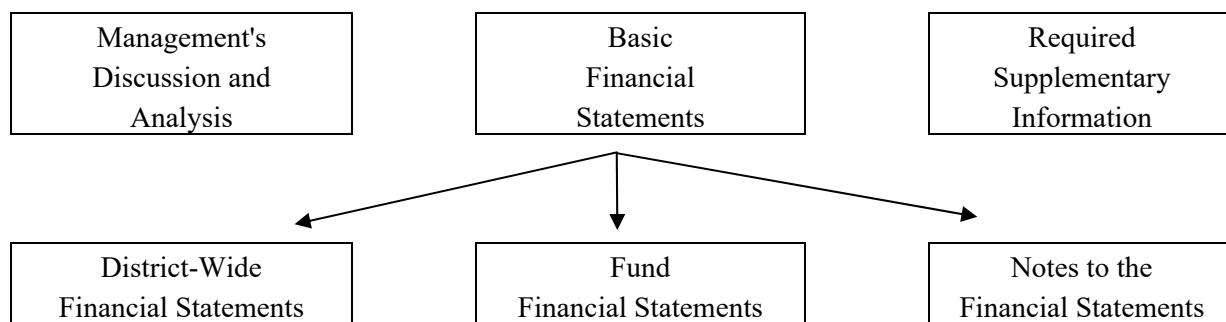


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2***Major Features of the District-Wide and Fund Financial Statements***

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

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

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

Net Position. The District's combined net position increased by \$374,490. Net position from governmental activities increased by \$350,958 while net position from business-type activities increased by \$23,532.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$2,381,905	\$2,589,791	\$ 83,967	\$ 53,035	\$2,465,872	\$2,642,826	
Capital Assets, Net	3,698,716	3,281,577	24,063	21,732	3,722,779	3,303,309	
Total Assets	6,080,621	5,871,368	108,030	74,767	6,188,651	5,946,135	4.08%
Deferred Outflows of Resources	75,484	110,621			75,484	110,621	-31.76%
Other Liabilities	248,369	300,288	18,891	9,160	267,260	309,448	
Long-Term Liabilities	477,402	507,182			477,402	507,182	
Total Liabilities	725,771	807,470	18,891	9,160	744,662	816,630	-8.81%
Deferred Inflows of Resources	244,978	340,121			244,978	340,121	-27.97%
Net Position:							
Net Investment in Capital Assets	3,698,716	3,281,577	24,063	21,732	3,722,779	3,303,309	
Restricted	1,817,077	2,052,209			1,817,077	2,052,209	
Unrestricted/(Deficit)	(330,437)	(499,388)	65,076	43,875	(265,361)	(455,513)	
Total Net Position	\$5,185,356	\$4,834,398	\$ 89,139	\$ 65,607	\$5,274,495	\$4,900,005	7.64%

Changes in Net Position. The District's combined net position was \$5,274,495 on June 30, 2023, or \$374,490 more than the year before. The increase in net investment in capital assets was due to the capital asset additions offset by depreciation expense. The decrease in restricted net position is due to the year end transfers into the capital reserve as well as interest earnings on the capital, emergency and maintenance reserves offset by a budgeted withdrawal from the capital and maintenance reserves. The increase in unrestricted net position is due primarily to the decrease in the net pension liability and the changes in the related deferred inflows and outflows as well as unexpended budget appropriations. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 71,953	\$ 57,650	\$ 106,847	\$ 41,146	\$ 178,800	\$ 98,796	
Operating Grants & Contributions	946,050	1,264,900	39,607	94,656	985,657	1,359,556	
General Revenue:							
Property Taxes	4,128,676	4,049,608			4,128,676	4,049,608	
Unrestricted Federal and State Aid	527,884	553,635			527,884	553,635	
Other	98,240	19,272	541	28	98,781	19,300	
Total Revenue	<u>5,772,803</u>	<u>5,945,065</u>	<u>146,995</u>	<u>135,830</u>	<u>5,919,798</u>	<u>6,080,895</u>	-2.65%
Expenses:							
Instruction	3,371,645	3,494,275			3,371,645	3,494,275	
Pupil and Instruction Services	748,672	757,875			748,672	757,875	
Administrative and Business	461,217	577,725			461,217	577,725	
Maintenance and Operations	403,540	449,587			403,540	449,587	
Transportation	377,797	320,816			377,797	320,816	
Other	58,974	103,417	128,565	106,330	187,539	209,747	
Total Expenses	<u>5,421,845</u>	<u>5,703,695</u>	<u>128,565</u>	<u>106,330</u>	<u>5,550,410</u>	<u>5,810,025</u>	-4.47%
Other Item - Adjustment to Capital Assets			5,102		5,102		100.00%
Increase in Net Position	<u>\$ 350,958</u>	<u>\$ 241,370</u>	<u>\$ 23,532</u>	<u>\$ 29,500</u>	<u>\$ 374,490</u>	<u>\$ 270,870</u>	38.25%

Governmental Activities

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

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

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

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 3,371,645	\$ 3,494,275	\$ 2,472,296	\$ 2,379,949
Pupil and Instruction Services	748,672	757,875	713,726	696,675
Administrative and Business	461,217	577,725	461,217	539,609
Maintenance and Operations	403,540	449,587	403,540	452,341
Transportation	377,797	320,816	294,657	209,154
Other	58,974	103,417	58,974	103,417
	<u>\$ 5,421,845</u>	<u>\$ 5,703,695</u>	<u>\$ 4,404,410</u>	<u>\$ 4,381,145</u>

Business-Type Activities

The net position of the District's business-type activity increased by \$23,532 (Refer to Figure A-4). Factors contributing to these results included an increase in daily and other sales offset by an increase in operating expenses as well as a decrease in the federal and state subsidy reimbursements due to the cessation of the Seamless Summer Option Program as of June 30, 2022.

Financial Analysis of the District's Funds

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

General Fund Budgetary Highlights

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

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

Capital Assets and Long-Term Liabilities Administration

Figure A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Construction in Progress	\$ 584,934				\$ 584,934		
Land	80,000	\$ 80,000			80,000	\$ 80,000	
Site Improvements	152,743	161,455			152,743	161,455	
Building & Building Improvements	2,768,300	2,933,941			2,768,300	2,933,941	
Machinery and Equipment	112,739	106,181	\$ 24,063	\$ 21,732	136,802	127,913	
Total	<u>\$ 3,698,716</u>	<u>\$ 3,281,577</u>	<u>\$ 24,063</u>	<u>\$ 21,732</u>	<u>\$ 3,722,779</u>	<u>\$ 3,303,309</u>	12.70%

Long-term Liabilities

At year-end, the District had no general obligation bonds outstanding as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	2022/2023	2021/2022	
Net Pension Liability	\$ 423,512	\$ 453,622	
Compensated Absences Payable	53,890	53,560	
	<u>\$ 477,402</u>	<u>\$ 507,182</u>	-5.87%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District is in good financial condition. The District was aware future finances will not be without challenges as the state funding is being decreased and the community continues to grow along with rising economic costs. The district will continue to use its sound fiscal management to meet the challenges it will face in the future.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 413,883	\$ 14,588	\$ 428,471
Internal Balances	(46,231)	46,231	
Receivable from State Government	67,384	218	67,602
Receivable from Federal Government	129,792	3,678	133,470
Receivables - Other		16,678	16,678
Inventories		2,574	2,574
Restricted Cash and Cash Equivalents	1,817,077		1,817,077
Capital Assets:			
Sites (Land)	80,000		80,000
Construction In Progress	584,934		584,934
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	3,033,782	24,063	3,057,845
Total Assets	6,080,621	108,030	6,188,651
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	75,484		75,484
Total Deferred Outflows of Resources	75,484		75,484
LIABILITIES			
Accounts Payable	241,262	4,731	245,993
Payable to Federal Government	106		106
Unearned Revenue	7,001	14,160	21,161
Noncurrent Liabilities:			
Due Beyond One Year	477,402		477,402
Total Liabilities	725,771	18,891	744,662
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	244,978		244,978
Total Deferred Inflows of Resources	244,978		244,978
NET POSITION			
Investment in Capital Assets	3,698,716	24,063	3,722,779
Restricted for:			
Capital Projects	1,469,787		1,469,787
Emergency Reserve	18,379		18,379
Maintenance Reserve	184,766		184,766
Unemployment Compensation	118,535		118,535
Student Activities	25,610		25,610
Unrestricted/(Deficit)	(330,437)	65,076	(265,361)
Total Net Position	\$ 5,185,356	\$ 89,139	\$ 5,274,495

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,922,916	\$ 38,150	\$ 544,589	\$ (2,340,177)	\$	\$ (2,340,177)
Special Education	367,998		306,646	(61,352)		(61,352)
Other Special Instruction	16,991		2,584	(14,407)		(14,407)
School-Sponsored/Other Instruction	63,740		7,380	(56,360)		(56,360)
Support Services:						
Tuition	203,066			(203,066)		(203,066)
Student & Instruction Related Services	545,606	33,803	1,143	(510,660)		(510,660)
General Administrative Services	154,323			(154,323)		(154,323)
School Administrative Services	194,732			(194,732)		(194,732)
Central Services	112,162			(112,162)		(112,162)
Plant Operations and Maintenance	403,540			(403,540)		(403,540)
Pupil Transportation	377,797		83,140	(294,657)		(294,657)
Capital Outlay	20,073			(20,073)		(20,073)
Charter School	38,901			(38,901)		(38,901)
Total Governmental Activities	5,421,845	71,953	945,482	(4,404,410)		(4,404,410)
Business-Type Activities:						
Food Service	128,565	106,847	39,607		\$ 17,889	17,889
Total Business-Type Activities	128,565	106,847	39,607		17,889	17,889

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 5,550,410	\$ 178,800	\$ 985,089	\$ (4,404,410)	\$ 17,889	\$ (4,386,521)
General Revenue and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				4,128,676		4,128,676
Federal and State Aid not Restricted				528,452		528,452
Interest					541	541
Miscellaneous Income				98,240		98,240
Other Item - Adjustment to Capital Assets					5,102	5,102
Total General Revenue and Other Item				4,755,368	5,643	4,761,011
Change in Net Position				350,958	23,532	374,490
Net Position - Beginning				4,834,398	65,607	4,900,005
Net Position - Ending				\$ 5,185,356	\$ 89,139	\$ 5,274,495

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

FUND FINANCIAL STATEMENTS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 413,883		\$ 413,883
Interfund Receivable - Special Revenue Fund	56,493		56,493
Receivables From Federal Government		\$ 129,792	129,792
Receivables From State Government	67,384		67,384
Restricted Cash and Cash Equivalents	1,791,467	25,610	1,817,077
Total Assets	<u>\$ 2,329,227</u>	<u>\$ 155,402</u>	<u>\$ 2,484,629</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 139,631	\$ 66,192	\$ 205,823
Interfund Payable - Food Service Fund	46,231		46,231
Interfund Payable - General Fund		56,493	56,493
Payable to Federal Government		106	106
Unearned Revenue		7,001	7,001
Total Liabilities	<u>185,862</u>	<u>129,792</u>	<u>315,654</u>
Fund Balances:			
Restricted:			
Emergency Reserve	18,379		18,379
Maintenance Reserve	184,766		184,766
Capital Reserve	1,469,787		1,469,787
Unemployment Compensation	118,535		118,535
Student Activities		25,610	25,610
Assigned:			
Year-End Encumbrances	71,018		71,018
Subsequent Year's Expenditures	53,597		53,597
Unassigned	227,283		227,283
Total Fund Balances	<u>2,143,365</u>	<u>25,610</u>	<u>2,168,975</u>
Total Liabilities and Fund Balances	<u>\$ 2,329,227</u>	<u>\$ 155,402</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	3,698,716
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(423,512)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	40,045
Deferred Inflows	(244,978)
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(53,890)
Net Position of Governmental Activities	<u>\$ 5,185,356</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax Levy	\$ 4,128,676		\$ 4,128,676
Tuition from Individuals	38,150		38,150
Interest Earned on Restricted Funds	44,879		44,879
Restricted Miscellaneous	5,131	\$ 33,803	38,934
Unrestricted Miscellaneous	48,230		48,230
Total - Local Sources	4,265,066	33,803	4,298,869
State Sources	1,776,270		1,776,270
Federal Sources		245,339	245,339
Total Revenue	6,041,336	279,142	6,320,478
EXPENDITURES			
Current:			
Regular Instruction	1,900,885	27,816	1,928,701
Special Education Instruction	306,275	62,589	368,864
Other Special Instruction	11,944		11,944
School Sponsored/Other Instruction	49,322		49,322
Support Services and Undistributed Costs:			
Tuition	203,066		203,066
Student & Instruction Related Services	424,877	28,529	453,406
General Administrative Services	154,328		154,328
School Administrative Services	142,842		142,842
Central Services	112,205		112,205

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
EXPENDITURES			
Support Services and Undistributed Costs:			
Plant Operations and Maintenance	\$ 426,309		\$ 426,309
Pupil Transportation	377,797		377,797
Allocated and Unallocated Benefits	1,631,014		1,631,014
Capital Outlay	450,073	\$ 154,934	605,007
Transfer of Funds to Charter Schools	38,901		38,901
Total Expenditures	<u>6,229,838</u>	<u>273,868</u>	<u>6,503,706</u>
Excess/(Deficit) of Revenue over/(under) Expenditures	(188,502)	5,274	(183,228)
Fund Balance—July 1	<u>2,331,867</u>	<u>20,336</u>	<u>2,352,203</u>
Fund Balance—June 30	<u>\$ 2,143,365</u>	<u>\$ 25,610</u>	<u>\$ 2,168,975</u>

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

LAYETTE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	(183,228)
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Capital Assets adjustments, net of accumulated depreciation	\$ 46,647
	Depreciation Expense	(235,116)
	Capital Outlays	<u>605,608</u>
		417,139
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)		(330)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		30,110
Change in Deferred Outflows		(7,876)
Change in Deferred Inflows		<u>95,143</u>
Changes in Net Position for Governmental Activities	\$	<u><u>350,958</u></u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 14,588
Intergovernmental Accounts Receivable:	
Federal	3,678
State	218
Accounts Receivable - Other	16,678
Interfund Receivable:	
General Fund	46,231
Inventories	<u>2,574</u>
Total Current Assets	<u>83,967</u>
Non-Current Assets:	
Capital Assets:	112,061
Less: Accumulated Depreciation	<u>(87,998)</u>
Total Non-Current Assets	<u>24,063</u>
Total Assets	<u>108,030</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	4,731
Unearned Revenue - Supply Chain Assistance	13,988
Unearned Revenue - Donated Commodities	<u>172</u>
Total Liabilities	<u>18,891</u>
NET POSITION:	
Investment in Capital Assets	24,063
Unrestricted	<u>65,076</u>
Total Net Position	<u><u>\$ 89,139</u></u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 38,053
Nonreimbursable Programs	8,079
Other Sales	60,715
Total Operating Revenue	106,847
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	17,455
Nonreimbursable Programs	25,129
Salaries, Benefits & Payroll Taxes	40,215
Supplies, Insurance & Other Costs	10,294
Management Fee	12,360
Miscellaneous Expenses	20,341
Depreciation Expense	2,771
	128,565
Operating Loss	(21,718)
Non-Operating Income:	
Local Sources:	
Interest Income	541
State Sources:	
State School Lunch Program	1,180
Federal Sources:	
National School Lunch Program	19,801
Supply Chain Assistance Funding	9,876
Food Distribution Program	8,750
Total Non-Operating Income	40,148
Change in Net Position Before Other Item	18,430
Other Item - Capital Asset Adjustment	5,102
Change in Net Position	23,532
Net Position - Beginning of Year	65,607
Net Position - End of Year	\$ 89,139

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 106,847
Payments to Food Service Vendor	(93,613)
Payments to Suppliers and Other Expenses	<u>(30,635)</u>
Net Cash Used for Operating Activities	<u>(17,401)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	<u>541</u>
Net Cash Provided by Investing Activities	<u>541</u>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	<u>11,721</u>
Net Cash Provided by Noncapital Financing Activities	<u>11,721</u>
Net Decrease in Cash and Cash Equivalents	(5,139)
Cash and Cash Equivalents, July 1	<u>19,727</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 14,588</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (21,718)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation Expense	2,771
Food Distribution Program	8,750
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable - Other	(2,619)
Increase in Unearned Revenue - Donated Commodities	115
(Decrease) in Accounts Payable	(4,372)
(Increase) in Inventory	<u>(328)</u>
Net Cash Used for Operating Activities	<u><u>\$ (17,401)</u></u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$8,865 and utilized commodities from the Federal Food Distribution Program valued at \$8,750 for the fiscal year ended June 30, 2023.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 6,036,364	\$ 292,223
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(22,137)
Prior Year Encumbrances		9,056
Prior Year State Aid Payments Recognized for GAAP Statements	74,837	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(69,865)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 6,041,336</u>	<u>\$ 279,142</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,229,838	\$ 286,949
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Current Year Encumbrances		(22,137)
Prior Year Encumbrances		9,056
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,229,838</u>	<u>\$ 273,868</u>

E. Cash and Cash Equivalents and Investments:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

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

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

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

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

L. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

M. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2023, the amount earned by these employees but not disbursed was \$41,466.

P. Compensated Absences:

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

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

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

Q. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

R. Subscription Payable:

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$2,143,365 General Fund fund balance at June 30, 2023, \$71,018 is assigned for year-end encumbrances, \$53,597 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024, \$1,469,787 is restricted in the capital reserve account, \$18,379 is restricted in the emergency reserve account, \$184,766 is restricted in the maintenance reserve account, \$118,535 is restricted for unemployment compensation; and there is \$227,283 in unassigned fund balance which is \$69,865 less on a GAAP basis due to the final two state payments not being recognized on a GAAP basis until the fiscal year ended June 30, 2024.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2023.

Special Revenue Fund: There is \$25,610 of restricted fund balance for student activities at June 30, 2023.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$69,865 as of June 30, 2023 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$330,437 in governmental activities, which is primarily due to compensated absences payable, net pension liability and related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2023 for pensions. The District had deferred inflows of resources at June 30, 2023 related to pensions.

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

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2023.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Deposits: (Cont'd)

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

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

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

Investments:

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	<u>\$ 428,471</u>	<u>\$ 1,817,077</u>	<u>\$ 2,245,548</u>

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$2,245,548 and the bank balance was \$2,331,404.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$ 1,707,242
Increased by:		
Interest Earnings	\$ 37,962	
Deposit By Board Resolution - June 2023	152,583	
Unexpended Balance of Withdrawal	<u>78,942</u>	
		<u>269,487</u>
		1,976,729
Withdrawals:		
Budgeted Withdrawal	(428,000)	
Withdrawal by Board Resolution	<u>(78,942)</u>	
		<u>(506,942)</u>
Ending Balance, June 30, 2023		<u>\$ 1,469,787</u>

The balance in the capital reserve on June 30, 2023 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawals from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. EMERGENCY RESERVE ACCOUNT

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 17,897
Deposits:	
Interest Earnings	<u>482</u>
Ending Balance, June 30, 2023	<u><u>\$ 18,379</u></u>

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 193,331
Increased by:	
Board Resolution - June 2023	\$ 50,000
Interest Earnings	<u>6,435</u>
	<u>56,435</u>
	249,766
Withdrawals:	
Budgeted Withdrawal	<u>(65,000)</u>
Ending Balance, June 30, 2023	<u><u>\$ 184,766</u></u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 80,000			\$ 80,000
Construction in Progress		\$ 584,934		584,934
Total Capital Assets Not Being Depreciated	<u>80,000</u>	<u>584,934</u>		<u>664,934</u>
Capital Assets Being Depreciated:				
Site Improvements	398,221	6,959		405,180
Buildings and Building Improvements	8,199,385		\$ 10,554	8,209,939
Machinery and Equipment	856,716	13,715		870,431
Total Capital Assets Being Depreciated	<u>9,454,322</u>	<u>20,674</u>	<u>10,554</u>	<u>9,485,550</u>
Governmental Activities Capital Assets	<u>9,534,322</u>	<u>605,608</u>	<u>10,554</u>	<u>10,150,484</u>
Less Accumulated Depreciation for:				
Site Improvements	(236,766)	(14,283)	(1,388)	(252,437)
Buildings and Building Improvements	(5,265,444)	(205,285)	29,090	(5,441,639)
Machinery and Equipment	(750,535)	(15,548)	8,391	(757,692)
	<u>(6,252,745)</u>	<u>(235,116)</u>	<u>36,093</u>	<u>(6,451,768)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,281,577</u>	<u>\$ 370,492</u>	<u>\$ 46,647</u>	<u>\$ 3,698,716</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 112,061			\$ 112,061
Less Accumulated Depreciation	<u>(90,329)</u>	<u>\$ (2,771)</u>	<u>\$ 5,102</u>	<u>(87,998)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,732</u>	<u>\$ (2,771)</u>	<u>\$ 5,102</u>	<u>\$ 24,063</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 134,016
Special Education	25,863
Student and Other Instruction Related Services	35,267
School Administration	11,756
Operations and Maintenance of Plant	<u>28,214</u>
	<u>\$ 235,116</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2022</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2023</u>
Net Pension Liability	\$ 453,622		\$ 30,110	\$ 423,512
Compensated Absences Payable	<u>53,560</u>	<u>\$ 330</u>		<u>53,890</u>
	<u>\$ 507,182</u>	<u>\$ 330</u>	<u>\$ 30,110</u>	<u>\$ 477,402</u>

A. Bonds Payable:

The District had no bonds outstanding as of June 30, 2023.

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

As of June 30, 2023, the Board had no unamortized bond premiums.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions. There is no current portion of the liability for compensated absences. The entire \$53,890 is a long-term portion and will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$423,512. See Note 10 for more information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District transferred \$2,000 to the capital outlay accounts of which \$2,000 was for architectural/engineering services and required approval from the County Superintendent which was obtained.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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

District contributions to PERS amounted to \$35,389 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$891 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District's liability was \$423,512 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.0028%, which was an decrease of 0.0010% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$81,988. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$891 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ (10,180)
	2019	5.21		(12,722)
	2020	5.16		(37,410)
	2021	5.13		(3,104)
	2022	5.04	\$ 1,312	
			<u>1,312</u>	<u>(63,416)</u>
Changes in Proportion	2018	5.63	10,542	
	2019	5.21		(6,530)
	2020	5.16	7,605	
	2021	5.13		(16,383)
	2022	5.04		(155,953)
			<u>18,147</u>	<u>(178,866)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	419	
	2020	5.00	12,590	
	2021	5.00	(78,526)	
	2022	5.00	83,046	
			<u>17,529</u>	
Difference Between Expected and Actual Experience	2018	5.63		(388)
	2019	5.21	973	
	2020	5.16	2,084	
	2021	5.13		(1,044)
	2022	5.04		(1,264)
			<u>3,057</u>	<u>(2,696)</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	35,439	
			<u>\$ 75,484</u>	<u>\$ (244,978)</u>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (36,328)
2024	(18,508)
2025	(9,026)
2026	19,691
2027	(43)
	<u>\$ (44,214)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 544,089	\$ 423,512	\$ 320,896

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023 the State of New Jersey contributed \$644,330 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$208,109.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$7,732,704. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.015%, which was a decrease of 0.00087% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>7,732,704</u>
Total	<u><u>\$ 7,732,704</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$208,109 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual	2019	5.00	36,220,692	
Investment Earnings on Pension Plan Investments	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	<u>\$ (14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 9,066,759	\$ 7,732,704	\$ 6,608,929

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$13,249 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$20,607 for the fiscal year ended June 30, 2023.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

The June 30, 2023 audit report is not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2022 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 52,198,217</u>
Net Position	<u>\$ 20,990,635</u>
Total Revenue	<u>\$ 46,988,143</u>
Total Expenses	<u>\$ 46,989,023</u>
Change in Net Position	<u>\$ (880)</u>
Members Dividends	<u>\$ -0-</u>

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ -0-	\$ 8,278	\$ 3,147	\$ 118,535
2022	-0-	5,458	-0-	113,404
2021	-0-	1,743	416	107,946

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 56,493	\$ 46,231
Special Revenue Fund		56,493
Food Service Fund	46,231	
	<u>\$ 102,724</u>	<u>\$ 102,724</u>

The interfund receivable of \$56,493 in the General Fund is comprised of the amount due from Special Revenue Fund due to a timing difference between the request and receipt of federal grant reimbursements. The interfund receivable in the Food Service Fund is due from the General Fund for Federal and State subsidy reimbursements.

NOTE 13. ECONOMIC DEPENDENCY

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 71,018	\$ 22,137	\$ 93,155

\$-0- is assigned for year-end encumbrances in the Special Revenue Fund on the Governmental Fund Balance sheet, which is \$22,137 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivable or an increase in unearned revenue.

NOTE 16. TAX CALENDAR

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>			
Vendors	\$ 61,620	\$ 66,192	\$ 127,812		\$ 127,812	\$ 4,731
Accrued Salaries and Wages	41,466				41,466	
Payroll Deductions and Withholdings	36,545		36,545		36,545	
State of New Jersey				\$ 35,439	35,439	
	<u>\$ 139,631</u>	<u>\$ 66,192</u>	<u>\$ 164,357</u>	<u>\$ 35,439</u>	<u>\$ 241,262</u>	<u>\$ 4,731</u>

The \$56,493 cash deficit is a result of the interfund between the Special Revenue Fund and the General Fund due to the timing difference between the request and receipt of federal grant reimbursements in the Special Revenue Fund.

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired 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 Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan
(Cont'd)

Plan Description and Benefits Provided (Cont'd)

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 education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 disabled retirees. Future disabled retirees were 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 12,315,858
Changes for Year:	
Service Cost	409,373
Interest on the Total OPEB Liability	251,914
Changes of Assumptions	(2,550,011)
Differences between Expected and Actual Experience	(679,832)
Gross Benefit Payments by the State	(249,528)
Contributions from Members	<u>8,005</u>
Net Changes	<u>(2,810,079)</u>
Balance at June 30, 2022	<u><u>\$ 9,505,779</u></u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2022</u>		
	<u>At 1% Decrease (2.54%)</u>	<u>At Discount Rate (3.54%)</u>	<u>At 1% Increase (4.54%)</u>
Total OPEB Liability Attributable to the District	\$ 11,173,043	\$ 9,505,779	\$ 8,169,550

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 7,857,107	\$ 9,505,779	\$ 11,671,409

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$60,158 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	Deferral Year	Period in Years	Outflows of Resources	Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 493,550
	2018	9.51		470,987
	2019	9.29	\$ 66,496	
	2020	9.24	1,570,007	
	2021	9.24	8,706	
	2022	9.13		2,270,710
			<u>1,645,209</u>	<u>3,235,247</u>
Differences between Expected and Actual Experience	2018	9.51		
	2019	9.29		445,230
	2020	9.24	1,463,308	782,665
	2021	9.24		
	2022	9.13	233,851	1,674,330
			<u>1,697,159</u>	<u>2,902,224</u>
Changes in Proportion	N/A	N/A	287,093	1,296,006
			<u>\$ 3,629,461</u>	<u>\$ 7,433,477</u>

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

Fiscal Year Ending June 30,	Total
2023	\$ (472,441)
2024	(472,441)
2025	(472,441)
2026	(408,308)
2027	(233,476)
Thereafter	<u>(735,996)</u>
	<u>\$ (2,795,103)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.0047754353%	0.0049880672%	0.0047478251%	0.0035779624%	0.0039956693%	0.0038715729%	0.0039522846%	0.0038291673%	0.0028063166%
District's proportionate share of the net pension liability	\$ 894,092	\$ 1,119,721	\$ 1,406,170	\$ 832,892	\$ 786,727	\$ 697,599	\$ 644,514	\$ 453,622	\$ 423,512
District's covered employee payroll	\$ 337,871	\$ 344,766	\$ 313,720	\$ 276,388	\$ 274,671	\$ 285,882	\$ 270,368	\$ 204,347	\$ 173,158
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	264.63%	324.78%	448.22%	301.35%	286.43%	244.02%	238.38%	221.99%	244.58%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	46.41%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 39,368	\$ 42,884	\$ 42,179	\$ 33,146	\$ 39,745	\$ 37,659	\$ 54,110	\$ 59,983	\$ 35,389	
Contributions in relation to the contractually required contribution	(39,368)	(42,884)	(42,179)	(33,146)	(39,745)	(37,659)	(54,110)	(59,983)	(35,389)	
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered employee payroll	\$ 344,766	\$ 313,720	\$ 276,388	\$ 274,671	\$ 285,882	\$ 270,368	\$ 204,347	\$ 173,158	\$ 176,830	
Contributions as a percentage of covered employee payroll	11.42%	13.67%	15.26%	12.07%	13.90%	13.93% #	26.48% #	34.64% #	20.01%	

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
State's proportion of the net pension liability attributable to the District	0.0204925433%	0.0208239693%	0.019326558%	0.0194809808%	0.0173915698%	0.0189895418%	0.0171097365%	0.0158631824%	0.0149874817%	
State's proportionate share of the net pension liability attributable to the District	\$ 10,952,597	\$ 13,161,638	\$ 15,203,501	\$ 13,134,780	\$ 11,064,143	\$ 11,654,061	\$ 11,266,556	\$ 7,626,255	\$ 7,732,704	
District's covered employee payroll	\$ 1,921,859	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536	\$ 1,931,310	\$ 1,792,934	\$ 1,685,223	\$ 1,827,000	\$ 1,676,641	
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	569.90%	671.14%	758.11%	688.21%	572.88%	650.00%	668.55%	417.42%	461.20%	
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 589,353	\$ 803,636	\$ 1,142,332	\$ 909,911	\$ 645,001	\$ 687,388	\$ 700,602	\$ 179,449	\$ 208,109
Contributions in relation to the contractually required contribution	(112,582)	(154,736)	(211,461)	(256,117)	(373,478)	(375,282)	(461,124)	(616,982)	(644,330)
Contribution deficiency/(excess)	\$ 476,771	\$ 648,900	\$ 930,871	\$ 653,794	\$ 271,523	\$ 312,106	\$ 239,478	\$ (437,533)	\$ (436,221)
District's covered employee payroll	\$ 1,961,081	\$ 2,005,456	\$ 1,908,536	\$ 1,931,310	\$ 1,792,934	\$ 1,685,223	\$ 1,827,000	\$ 1,676,641	\$ 1,733,874
Contributions as a percentage of covered employee payroll	5.74%	7.72%	11.08%	13.26%	20.83%	22.27%	25.24%	36.80%	37.16%

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

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 366,830	\$ 305,853	\$ 264,413	\$ 281,559	\$ 459,636
Interest Cost	346,462	400,920	375,395	305,481	319,486
Change of Benefit Terms					(13,109)
Differences Between Expected and Actual Experiences		(816,000)	(1,514,173)	2,484,414	(1,819,691)
Changes in Assumptions	(1,363,899)	(1,097,288)	127,635	2,198,739	12,151
Member Contributions	9,395	8,837	(262,775)	7,177	8,168
Gross Benefit Payments	(255,139)	(255,685)	7,789	(236,780)	(251,666)
Net Change in Total OPEB Liability	(896,351)	(1,453,363)	(1,001,716)	5,040,590	(1,285,025)
Total OPEB Liability - Beginning	11,911,723	11,015,372	9,562,009	8,560,293	13,600,883
Total OPEB Liability - Ending	\$ 11,015,372	\$ 9,562,009	\$ 8,560,293	\$ 13,600,883	\$ 12,315,858
District's Covered Employee Payroll *	\$ 2,319,176	\$ 2,184,924	\$ 2,205,981	\$ 2,078,816	\$ 1,955,591
Total OPEB Liability as a Percentage of Covered Employee Payroll	474.97%	437.64%	388.05%	654.26%	629.78%
					467.95%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 census data.

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 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 decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 4,128,676		\$ 4,128,676	\$ 4,128,676	
Tuition From Individuals	36,000		36,000	38,150	\$ 2,150
Unrestricted Miscellaneous Revenues	2,000		2,000	48,230	46,230
Interest Earned on Current Expense Emergency Reserve	100		100	482	382
Interest Earned on Maintenance Reserve	500		500	6,435	5,935
Interest Earned on Capital Reserve Funds	1,300		1,300	37,962	36,662
Other Restricted Miscellaneous Revenues				5,131	5,131
Total Revenues from Local Sources	4,168,576		4,168,576	4,265,066	96,490
Revenues from State Sources:					
School Choice Aid	445,665		445,665	445,665	
Categorical Transportation Aid	107,714		107,714	107,714	
Extraordinary Aid				39,660	39,660
Categorical Special Education Aid	138,078		138,078	138,078	
Equalization Aid	47,971		47,971	47,971	
Categorical Security Aid	17,295		17,295	17,295	
Adjustment Aid	13,278		13,278	13,278	
Non Public Transportation Aid				7,488	7,488
TPAF Post Retirement Contributions (Non-Budgeted)				171,612	171,612
TPAF Pension Contributions (Non-Budgeted)				644,330	644,330
TPAF Non-Contributory Insurance (Non-Budgeted)				8,939	8,939
TPAF Long-Term Disability Insurance (Non-Budgeted)				220	220
Reimbursed TPAF Social Security Contributions				129,048	129,048
Total Revenues from State Sources	770,001		770,001	1,771,298	1,001,297
TOTAL REVENUE	4,938,577		4,938,577	6,036,364	1,097,787

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 67,925	\$ (8,062)	\$ 59,863	\$ 59,863	
Kindergarten - Salaries of Teachers	171,573	5,605	177,178	177,177	\$ 1
Grades 1-5 - Salaries of Teachers	626,886	(44,944)	581,942	577,280	4,662
Grades 6-8 - Salaries of Teachers	660,983	49,455	710,438	708,072	2,366
Regular Programs - Home Instruction:					
Purchased Professional-Educational Services	3,000	(2,230)	770	770	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	156,616	(4,504)	152,112	152,039	73
Other Purchased Services (400-500 series)	42,293	33,087	75,380	73,907	1,473
General Supplies	94,096	8,296	102,392	52,425	49,967
Textbooks	50,000	50,667	100,667	99,352	1,315
Total Regular Programs - Instruction	1,873,372	87,370	1,960,742	1,900,885	59,857
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	317,947	(13,441)	304,506	303,225	1,281
General Supplies	4,000	(822)	3,178	3,050	128
Total Resource Room/Resource Center	321,947	(14,263)	307,684	306,275	1,409
TOTAL SPECIAL EDUCATION - INSTRUCTION	321,947	(14,263)	307,684	306,275	1,409

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 38,146	\$ (26,202)	\$ 11,944	\$ 11,944	
General Supplies	500	10,722	11,222		\$ 11,222
Total Basic Skills/Remedial - Instruction	38,646	(15,480)	23,166	11,944	11,222
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	25,811	5,787	31,598	29,615	1,983
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	25,811	5,787	31,598	29,615	1,983
School-Sponsored Athletics - Instruction:					
Salaries	13,641	(4,000)	9,641	4,505	5,136
Purchased Services (300-500 series)	12,800	(2,300)	10,500	10,500	
Supplies and Materials	3,338		3,338	1,715	1,623
Total School-Sponsored Athletics - Instruction	29,779	(6,300)	23,479	16,720	6,759
Other Instructional Programs - Instruction:					
Supplies and Materials	1,000	(1,000)			
Other Objects	7,210	(4,012)	3,198	2,987	211
Total Other Instructional Programs - Instruction	8,210	(5,012)	3,198	2,987	211
TOTAL INSTRUCTION	2,297,765	52,102	2,349,867	2,268,426	81,441
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	230,097	(29,293)	200,804	154,804	46,000
Tuition to Priv. Sch. for the Handicap. W/I State		7,992	7,992	7,992	
Tuition - State Facilities	40,270		40,270	40,270	
Total Undistributed Expenditures - Instruction	270,367	(21,301)	249,066	203,066	46,000

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work:					
Salaries		\$ 3,003	\$ 3,003	\$ 3,003	
Total Undist. Expend. - Attendance and Social Work		3,003	3,003	3,003	
Undistributed Expenditures - Health Services:					
Salaries	\$ 62,784	973	63,757	61,876	\$ 1,881
Purchased Professional and Technical Services	3,500	6,250	9,750	9,728	22
Supplies and Materials	1,500	(144)	1,356	1,330	26
Total Undist. Expenditures - Health Services	67,784	7,079	74,863	72,934	1,929
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	88,170	(1,308)	86,862	86,861	1
Purchased Professional - Educational Services	61,000	(5,923)	55,077	52,914	2,163
Supplies and Materials	1,000		1,000	1,000	
Total Undist. Expend. - Speech, OT, PT, Related Svcs	150,170	(7,231)	142,939	140,775	2,164
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	56,621	(9,005)	47,616	47,615	1
Salaries of Secretarial and Clerical Assistants		15,229	15,229	15,228	1
Purchased Professional - Educational Services	85,577	3,286	88,863	88,476	387
Supplies and Materials	1,500		1,500	1,264	236
Total Undist Expend. - Child Study Team	143,698	9,510	153,208	152,583	625
Undist. Expend.-Improv. of Inst. Serv.:					
Other Salaries	10,000	(600)	9,400	2,000	7,400
Total Undist. Expend.-Improv. of Inst. Serv.	10,000	(600)	9,400	2,000	7,400

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 43,017	\$ 5,093	\$ 48,110	\$ 48,110	
Supplies and Materials	2,600		2,600	1,704	\$ 896
Total Undist Expend.-Edu. Media Serv./Sch. Library	45,617	5,093	50,710	49,814	896
Undist.Expend.-Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	3,750	500	4,250	3,768	482
Total Undist.Expend.-Instructional Staff Training Services	3,750	500	4,250	3,768	482
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	46,125	(35,500)	10,625	5,767	4,858
Legal Services	21,200	364	21,564	21,564	
Audit Fees	18,000		18,000	18,000	
Other Purchased Professional Services	62,600	17,479	80,079	78,744	1,335
Communications / Telephone	5,600	(437)	5,163	4,699	464
Other Purch. Serv. (400-500 series other than 530 & 585)	17,500	1,320	18,820	18,696	124
General Supplies	1,000	(118)	882	840	42
Miscellaneous Expenditures	5,731	(1,147)	4,584	3,001	1,583
BOE Membership Dues and Fees	3,038	18	3,056	3,017	39
Total Undist. Expend.-Support Serv.-Gen. Admin.	180,794	(18,021)	162,773	154,328	8,445
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	105,063	(10,000)	95,063	95,063	
Salaries of Secretarial and Clerical Assistants	23,094	22,686	45,780	45,779	1
Supplies and Materials	1,200	(258)	942	942	
Other Objects	500	558	1,058	1,058	
Total Undist. Expend.-Support Serv.-School Adm.	129,857	12,986	142,843	142,842	1

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 51,370	\$ 3,875	\$ 55,245	\$ 55,245	
Purchased Professional Services	63,200	(7,443)	55,757	54,756	\$ 1,001
Purchased Technical Services	1,500		1,500	1,460	40
Supplies and Materials	500		500	494	6
Other Objects	800	(209)	591	250	341
Total Undist. Expend. - Central Services	117,370	(3,777)	113,593	112,205	1,388
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	27,172	4,542	31,714	31,713	1
Cleaning, Repair, and Maintenance Services	45,651	9,561	55,212	47,552	7,660
General Supplies	391		391	391	
Total Undist. Expend.- Required Maint. for School Facilities	73,214	14,103	87,317	79,656	7,661
Undist. Expend.-Custodial Services:					
Salaries	146,747	(23,610)	123,137	123,135	2
Cleaning, Repair, and Maintenance Services	53,228	(30,539)	22,689	19,647	3,042
Insurance	41,785	2,490	44,275	43,790	485
Miscellaneous Purchased Services	1,000	200	1,200	1,045	155
General Supplies	25,675	9,267	34,942	24,106	10,836
Energy (Electricity)	98,000	(27,476)	70,524	70,523	1
Energy (Oil)	65,000		65,000	63,307	1,693
Other Objects	1,525		1,525	1,100	425
Total Undist. Expend.-Custodial Services	432,960	(69,668)	363,292	346,653	16,639

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
General Supplies		\$ 10,000	\$ 10,000		\$ 10,000
Total Security		10,000	10,000		10,000
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	\$ 506,174	(45,565)	460,609	\$ 426,309	34,300
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	14,000	(1,832)	12,168	12,168	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	20,917	(4,342)	16,575	16,475	100
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.	13,000	2,024	15,024	15,023	1
Contract. Serv.(Reg. Students)-ESCs & CTSAs	164,186	16,552	180,738	180,738	
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAs	85,000	68,394	153,394	153,393	1
Total Undist. Expend.-Student Trans. Serv.	297,103	80,796	377,899	377,797	102
ALLOCATED BENEFITS					
Regular Programs - Instruction:					
Tuition Reimbursement	8,500	(4,688)	3,812	3,811	1
Unused Sick Payment to Terminated/Retired Staff	7,500	(7,500)			
Total Regular Programs - Instruction	16,000	(12,188)	3,812	3,811	1
Custodial Services:					
Other Employee Benefits	5,000	5,086	10,086	10,085	1
Total Custodial Services	5,000	5,086	10,086	10,085	1
TOTAL ALLOCATED BENEFITS	21,000	(7,102)	13,898	13,896	2

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 80,000		\$ 80,000	\$ 74,934	\$ 5,066
Other Retirement Contributions - PERS	72,700	\$ (37,311)	35,389	35,389	
Other Retirement Contributions - Regular		28,083	28,083	13,249	14,834
Workers Compensation	53,300	(5,990)	47,310	43,558	3,752
Health Benefits	529,430	(71,465)	457,965	449,894	8,071
Other Employee Benefits	40,140	14,128	54,268	45,945	8,323
TOTAL UNALLOCATED BENEFITS	775,570	(72,555)	703,015	662,969	40,046
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				171,612	(171,612)
TPAF Pension Contributions (Non-Budgeted)				644,330	(644,330)
TPAF Non-Contributory Insurance (Non-Budgeted)				8,939	(8,939)
TPAF Long-Term Disability Insurance (Non-Budgeted)				220	(220)
Reimbursed TPAF Social Security Contributions				129,048	(129,048)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				954,149	(954,149)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	796,570	(79,657)	716,913	1,631,014	(914,101)
TOTAL UNDISTRIBUTED EXPENDITURES	2,719,254	(57,185)	2,662,069	3,472,438	(810,369)
TOTAL GENERAL CURRENT EXPENSE	5,017,019	(5,083)	5,011,936	5,740,864	(728,928)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	\$ 43,000	\$ 2,000	\$ 45,000	\$ 45,000	
Construction Services	385,000		463,942	385,000	\$ 78,942
Assessment for Debt Service on SDA Funding	20,073		20,073	20,073	
Total Facilities Acquisition and Const. Serv.	448,073	80,942	529,015	450,073	78,942
TOTAL CAPITAL OUTLAY	448,073	80,942	529,015	450,073	78,942
Transfer of Funds to Charter Schools	35,818	3,083	38,901	38,901	
TOTAL EXPENDITURES	5,500,910	78,942	5,579,852	6,229,838	(649,986)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(562,333)	(78,942)	(641,275)	(193,474)	447,801
Fund Balance, July 1	2,406,704		2,406,704	2,406,704	
Fund Balance, June 30	\$ 1,844,371	\$ (78,942)	\$ 1,765,429	\$ 2,213,230	\$ 447,801

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 1,469,787	
Maintenance Reserve				184,766	
Emergency Reserve				18,379	
Unemployment Compensation				118,535	
Assigned Fund Balance:					
Year End Encumbrances				71,018	
Designated for Subsequent Year's Expenditures				53,597	
Unassigned Fund Balance				297,148	
				<u>2,213,230</u>	
				<u>(69,865)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,143,365</u>	

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 231,565	\$ 73,950	\$ 305,515	\$ 258,420	\$ (47,095)
Local Sources		33,803	33,803	33,803	
Total Revenues	231,565	107,753	339,318	292,223	(47,095)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		30,000	30,000	8,522	21,478
Other Salaries for Instruction		3,171	3,171		3,171
Other Purchased Services	1,775	(500)	1,275		1,275
Tuition	48,186	14,403	62,589	62,589	
General Supplies	24,170	10,031	34,201	22,849	11,352
Total Instruction	74,131	57,105	131,236	93,960	37,276
Support Services:					
Purchased Professional - Technical Services	1,000	322	1,322	1,322	
Other Purchased Professional Services		1,569	1,569	1,087	482
Supplies and Materials	1,500	14,954	16,454	7,117	9,337
Student Activities		33,803	33,803	28,529	5,274
Total Support Services	2,500	50,648	53,148	38,055	15,093
Facilities Acquisition:					
Building	154,934		154,934	154,934	
Total Facilities Acquisition	154,934		154,934	154,934	
Total Expenditures	\$ 231,565	\$ 107,753	\$ 339,318	\$ 286,949	\$ 52,369
Excess (Deficiency) of Revenues Over (Under)	\$ -0-	\$ -0-	\$ -0-	\$ 5,274	\$ 5,274
Expenditures					

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 6,036,364	\$ 292,223
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Current Year Encumbrances		(22,137)
Prior Year Encumbrances		9,056
Prior Year State Aid Payments Recognized for GAAP Statements	74,837	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(69,865)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	<u>\$ 6,041,336</u>	<u>\$ 279,142</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,229,838	\$ 286,949
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Current Year Encumbrances		(22,137)
Prior Year Encumbrances		9,056
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,229,838</u>	<u>\$ 273,868</u>

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act				FY23 and FY22
	I.D.E.A	2021-2022	2022-2023		Small Rural
	Basic	Title IV	Title IIA	Title IV	School Achievement
REVENUE:					
Local Sources					
Federal Sources	\$ 62,589	\$ 1,322	\$ 1,087	\$ 7,117	\$ 22,849
Total Revenue	62,589	1,322	1,087	7,117	22,849
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Tuition	62,589				22,849
General Supplies					
Total Instruction	62,589				22,849
Support Services:					
Purchased Professional/Technical Services		1,322			
Other Purchased Professional Services			1,087	7,117	
Supplies and Materials					
Student Activities					
Total Support Services		1,322	1,087	7,117	
Facilities Acquisition:					
Building					
Total Facilities Acquisition					
Total Expenditures	\$ 62,589	\$ 1,322	\$ 1,087	\$ 7,117	\$ 22,849

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP			Student	Totals
	CRRSA	ESSER III	Summer Learning	Activities	June 30, 2023
	ESSER II				
REVENUE:					
Local Sources					
Federal Sources	\$ 57,876	\$ 97,058	\$ 8,522	\$ 33,803	\$ 33,803
Total Revenue	57,876	97,058	8,522	33,803	292,223
EXPENDITURES:					
Instruction:					
Salaries of Teachers			8,522		8,522
Tuition					62,589
General Supplies					22,849
Total Instruction			8,522		93,960
Support Services:					
Purchased Professional/Technical Services					1,322
Other Purchased Professional Services					1,087
Supplies and Materials					7,117
Student Activities				28,529	28,529
Total Support Services				28,529	38,055
Facilities Acquisition:					
Building	57,876	97,058			154,934
Total Facilities Acquisition	57,876	97,058			154,934
Total Expenditures	\$ 57,876	\$ 97,058	\$ 8,522	\$ 28,529	\$ 286,949

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 14,588
Intergovernmental Receivable:	
Federal	3,678
State	218
Other	16,678
Interfund Receivable:	
General Fund	46,231
Inventories	2,574

Total Current Assets	83,967
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Non-Current Assets:

Capital Assets	112,061
Less: Accumulated Depreciation	(87,998)

Total Non-Current Assets	24,063
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Total Assets	108,030
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LIABILITIES:

Current Liabilities:

Unearned Revenue - Donated Commodities	172
Unearned Revenue - Supply Chain Assistance	13,988
Accounts Payable - Vendors	4,731

Total Current Liabilities	18,891
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NET POSITION:

Investment in Capital Assets	24,063
Unrestricted	65,076

Total Net Position	\$ 89,139
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LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 38,053
Nonreimbursable Programs	8,079
Other Sales	60,715
	<hr/>
Total Operating Revenue	106,847
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	17,455
Nonreimbursable Programs	25,129
Salaries, Benefits & Payroll Taxes	40,215
Supplies, Insurance & Other Costs	10,294
Management Fee	12,360
Miscellaneous Expenses	20,341
Depreciation Expense	2,771
	<hr/>
Total Operating Expenses	128,565
	<hr/>
Operating Loss	(21,718)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	541
State Sources:	
State School Lunch Program	1,180
Federal Sources:	
National School Lunch Program	19,801
Supply Chain Assistance Funding	9,876
Food Distribution Program	8,750
	<hr/>
Total Non-Operating Income	40,148
	<hr/>
Change in Net Position Before Other Item	18,430
	<hr/>
Other Item - Adjustment to Capital Assets	5,102
	<hr/>
Change in Net Position	23,532
	<hr/>
Net Position - Beginning of Year	65,607
	<hr/>
Net Position - End of Year	\$ 89,139
	<hr/>

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 106,847
Payments to Food Service Vendor	(93,613)
Payments to Suppliers and Other Expenses	(30,635)
	<hr/>
Net Cash Used for Operating Activities	(17,401)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	541
	<hr/>
Net Cash Provided by Investing Activities	541
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	11,721
	<hr/>
Net Cash Provided by Noncapital Financing Activities	11,721
	<hr/>
Net Decrease in Cash and Cash Equivalents	(5,139)
Cash and Cash Equivalents, July 1	19,727
	<hr/>
Cash and Cash Equivalents, June 30	\$ 14,588
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (21,718)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,771
Food Distribution Program	8,750
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable - Other	(2,619)
Increase in Unearned Revenue - Donated Commodities	115
(Decrease) in Accounts Payable	(4,372)
(Increase) in Inventory	(328)
	<hr/>
Net Cash Used for Operating Activities	\$ (17,401)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received commodities valued at \$8,865 and utilized commodities from the Federal Food Distribution Program valued at \$8,750 for the fiscal year ended June 30, 2023.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES
(NOT APPLICABLE)

STATISTICAL SECTION

(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 1,514,964	\$ 1,697,727	\$ 2,014,445	\$ 2,273,215	\$ 2,486,949	\$ 2,917,632	\$ 3,358,859	\$ 3,475,944	\$ 3,281,577	\$ 3,698,716
Unrestricted/(Deficit)	950,933	1,132,003	979,354	1,135,753	1,028,522	1,064,280	1,561,535	1,801,464	2,052,209	1,817,077
Unrestricted/(Deficit)	(897,560)	(964,567)	(800,310)	(862,156)	(555,555)	(577,837)	(815,871)	(684,380)	(499,388)	(330,437)
Total Governmental Activities Net Position	\$ 1,568,337	\$ 1,865,163	\$ 2,193,489	\$ 2,546,812	\$ 2,959,916	\$ 3,404,075	\$ 4,104,523	\$ 4,593,028	\$ 4,834,398	\$ 5,185,356
Business-Type Activities:										
Investment in Capital Assets										
Unrestricted	\$ 11,319	\$ 9,610	\$ 8,501	\$ 16,929	\$ 15,184	\$ 15,663	\$ 31,782	\$ 26,757	\$ 21,732	\$ 24,063
Unrestricted	13,112	21,279	31,702	36,010	36,668	29,904	6,755	9,350	43,875	79,064
Total Business-Type Activities Net Position	\$ 24,431	\$ 30,889	\$ 40,203	\$ 52,939	\$ 51,852	\$ 45,567	\$ 38,537	\$ 36,107	\$ 65,607	\$ 103,127
District-Wide:										
Net Investment in Capital Assets										
Restricted	\$ 1,526,283	\$ 1,707,337	\$ 2,022,946	\$ 2,290,144	\$ 2,502,133	\$ 2,933,295	\$ 3,390,641	\$ 3,502,701	\$ 3,303,309	\$ 3,722,779
Unrestricted/(Deficit)	950,933	1,132,003	979,354	1,135,753	1,028,522	1,064,280	1,561,535	1,801,464	2,052,209	1,817,077
Unrestricted/(Deficit)	(884,448)	(943,288)	(768,608)	(826,146)	(518,887)	(547,933)	(809,116)	(675,030)	(455,513)	(251,373)
Total District Net Position	\$ 1,592,768	\$ 1,896,052	\$ 2,233,692	\$ 2,599,751	\$ 3,011,768	\$ 3,449,642	\$ 4,143,060	\$ 4,629,135	\$ 4,900,005	\$ 5,288,483

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(*accrual basis of accounting*)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 2,454,346	\$ 2,729,748	\$ 2,828,963	\$ 3,141,261	\$ 3,065,871	\$ 2,669,737	\$ 2,627,034	\$ 2,876,565	\$ 2,832,748	\$ 2,922,916
Special Education	473,789	544,311	520,063	560,359	580,434	692,613	579,560	517,622	574,927	367,998
Other Special Instruction	25,758	37,455	37,085	35,144	163,168	69,814	44,472	21,813	19,968	16,991
School-Sponsored/Other Instruction	58,692	68,249	68,690	79,560	86,239	109,344	91,128	76,932	66,632	63,740
Support Services:										
Tuition	199,918	233,201	252,737	212,079	125,527	92,492	92,587	199,121	215,676	203,066
Student & Instruction Related Services	588,231	638,610	715,931	777,242	783,971	719,017	652,902	593,533	542,199	545,606
General and Business Administrative Services	120,268	133,704	131,091	150,077	156,984	169,721	107,116	158,517	218,275	154,323
School Administrative Services	281,455	315,694	312,760	372,118	380,468	335,878	354,168	328,741	254,462	194,732
Central Services	154,113	178,399	207,144	155,588	143,646	135,638	93,967	78,800	104,988	112,162
Plant Operations and Maintenance	434,389	420,865	419,028	502,410	483,081	529,396	455,601	382,050	449,587	403,540
Pupil Transportation	261,912	264,407	335,722	279,325	305,988	266,979	242,914	259,739	320,816	377,797
Interest on Long-term Debt	98,022	91,215	82,805	71,756	59,272	45,856	29,805	12,556		
Capital Outlay	41,527	20,073	54,629		56,440	37,434	9,472	49,406	28,255	20,073
Charter Schools	66,822	66,006	99,063	88,477	75,113	55,322	181,906	81,433	75,162	38,901
Total Governmental Activities Expenses	5,259,242	5,741,937	6,065,711	6,425,396	6,466,202	5,929,241	5,562,632	5,636,828	5,703,695	5,421,845
Business-Type Activities:										
Food Service	166,275	163,583	151,799	136,573	70,927	70,151	83,702	80,891	106,330	128,565
Total Business-type Activities Expense	166,275	163,583	151,799	136,573	70,927	70,151	83,702	80,891	106,330	128,565
Total District Expenses	\$ 5,425,517	\$ 5,905,520	\$ 6,217,510	\$ 6,561,969	\$ 6,537,129	\$ 5,999,392	\$ 5,646,334	\$ 5,717,719	\$ 5,810,025	\$ 5,550,410

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 23,684	\$ 66,213	\$ 53,538	\$ 42,742	\$ 46,980	\$ 40,350	\$ 21,420	\$ 35,010	\$ 33,615	\$ 38,150
Student & Instruction Related Services								7,631	24,035	33,803
Operating Grants and Contributions	758,053	1,305,446	1,532,418	1,875,802	2,035,259	1,527,356	1,330,349	1,380,347	1,264,900	945,482
Total Governmental Activities Program Revenues	781,737	1,371,659	1,585,956	1,918,544	2,082,239	1,567,706	1,351,769	1,422,988	1,322,550	1,017,435
Business-Type Activities:										
Charges for Services:										
Food Service	144,259	135,595	125,972	122,674	47,400	45,771	60,044	31,306	41,146	106,847
Operating Grants and Contributions	24,807	34,417	35,065	26,531	22,161	17,500	16,455	47,139	94,656	39,607
Total Business-type Activities Program Revenues	169,066	170,012	161,037	149,205	69,561	63,271	76,499	78,445	135,802	146,454
Total District Program Revenues	\$ 950,803	\$ 1,541,671	\$ 1,746,993	\$ 2,067,749	\$ 2,151,800	\$ 1,630,977	\$ 1,428,268	\$ 1,501,433	\$ 1,458,352	\$ 1,163,889
Net (Expense)/Revenue										
Governmental Activities	\$ (4,477,505)	\$ (4,370,278)	\$ (4,479,755)	\$ (4,506,852)	\$ (4,383,963)	\$ (4,361,535)	\$ (4,210,863)	\$ (4,213,840)	\$ (4,381,145)	\$ (4,404,410)
Business-type Activities	2,791	6,429	9,238	12,632	(1,366)	(6,880)	(7,203)	(2,446)	29,472	17,889
Total District-wide Net Expense	\$ (4,474,714)	\$ (4,363,849)	\$ (4,470,517)	\$ (4,494,220)	\$ (4,385,329)	\$ (4,368,415)	\$ (4,218,066)	\$ (4,216,286)	\$ (4,351,673)	\$ (4,386,521)

LAFAYETTE TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 3,536,000	\$ 3,662,000	\$ 3,780,000	\$ 3,770,000	\$ 3,760,000	\$ 3,760,000	\$ 3,750,000	\$ 3,825,000	\$ 4,049,608	\$ 4,128,676
Property Taxes Levied for Debt Service	422,800	421,300	423,875	418,500	416,100	408,450	398,500	320,250		
Federal and State aid not restricted	568,816	577,582	598,292	600,982	596,265	589,429	546,946	536,430	553,635	528,452
Investment Earnings	1,289	2,498	2,526	4,091	8,895	14,419	7,635	4,580	4,078	
Miscellaneous income	11,557	3,724	3,388	66,602	15,807	33,396	75,946	16,085	15,194	98,240
Total Governmental Activities	4,540,462	4,667,104	4,808,081	4,860,175	4,797,067	4,805,694	4,779,027	4,702,345	4,622,515	4,755,368
Business-Type Activities:										
Investment Earnings	19	29	76	104	279	595	173	16	28	541
Other Item - Adjustment to Capital Assets	(1,611)									5,102
Other Item - Cancellation of Accounts Receivable	(1,592)	29	76	104	279	595	173	16	28	5,643
Total Business-Type Activities	\$ 4,538,870	\$ 4,667,133	\$ 4,808,157	\$ 4,860,279	\$ 4,797,346	\$ 4,806,289	\$ 4,779,200	\$ 4,702,361	\$ 4,622,543	\$ 4,761,011
Total District-Wide										
Change in Net Position:										
Governmental Activities	\$ 62,957	\$ 296,826	\$ 328,326	\$ 353,323	\$ 413,104	\$ 444,159	\$ 568,164	\$ 488,505	\$ 241,370	\$ 350,958
Business-type Activities	1,199	6,458	9,314	12,736	(1,087)	(6,285)	(7,030)	(2,430)	29,500	23,532
Total District	\$ 64,156	\$ 303,284	\$ 337,640	\$ 366,059	\$ 412,017	\$ 437,874	\$ 561,134	\$ 486,075	\$ 270,870	\$ 374,490

Source: School District Financial Reports

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 950,933	\$ 979,354	\$ 1,132,003	\$ 979,354	\$ 1,135,753	\$ 1,028,522	\$ 1,535,870	\$ 1,778,765	\$ 2,031,873	\$ 1,791,467
Assigned	153,305	178,841	47,563	178,841	202,562	445,540	88,182	70,279	71,233	124,615
Unassigned	202,163	213,722	206,911	213,722	210,154	198,733	178,391	213,347	228,761	227,283
Total General Fund	<u>\$ 1,306,401</u>	<u>\$ 1,371,917</u>	<u>\$ 1,386,477</u>	<u>\$ 1,371,917</u>	<u>\$ 1,548,469</u>	<u>\$ 1,672,795</u>	<u>\$ 1,802,443</u>	<u>\$ 2,062,391</u>	<u>\$ 2,331,867</u>	<u>\$ 2,143,365</u>
All Other Governmental Funds:										
Restricted							\$ 25,665	\$ 22,699	\$ 20,336	\$ 25,610
Total All Other Governmental Funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 25,665</u>	<u>\$ 22,699</u>	<u>\$ 20,336</u>	<u>\$ 25,610</u>

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 3,958,800	\$ 4,083,300	\$ 4,203,875	\$ 4,188,500	\$ 4,176,100	\$ 4,168,450	\$ 4,148,500	\$ 4,145,250	\$ 4,049,608	\$ 4,128,676
Tuition Charges	23,684	66,213	53,538	42,742	46,980	40,350	21,420	35,010	33,615	38,150
Interest Earnings on Restricted Funds	1,289	2,498	2,526	4,091	8,895	14,419	7,635	2,837	3,814	44,879
Miscellaneous	11,557	3,724	3,388	66,602	33,980	34,095	122,273	25,459	39,493	87,164
State Sources	1,219,097	1,296,025	1,363,646	1,438,917	1,438,980	1,550,989	1,441,750	1,570,746	1,746,410	1,776,270
Federal Sources	107,772	110,232	118,165	106,996	130,019	121,197	107,081	142,058	153,977	245,339
Total Revenue	5,322,199	5,561,992	5,745,138	5,847,848	5,834,954	5,929,500	5,848,659	5,921,360	6,026,917	6,320,478
Expenditures										
Instruction:										
Regular Instruction	1,597,724	1,640,875	1,625,604	1,651,697	1,661,025	1,540,368	1,586,501	1,723,062	1,809,620	1,928,701
Special Education Instruction	326,587	341,458	311,986	312,580	324,236	404,389	357,621	319,765	389,673	368,864
Other Special Instruction	17,058	22,774	20,451	20,803	84,011	39,941	26,575	12,813	13,670	11,944
School Sponsored/Other Instruction	43,869	46,008	43,404	46,806	49,567	76,756	58,551	46,390	45,009	49,322
Support Services:										
Tuition	199,918	233,201	252,737	212,079	125,527	92,492	92,587	199,121	215,676	203,066
Student & Instruction Related Services	434,719	439,404	471,277	468,767	452,850	462,538	453,842	415,510	420,538	453,406
General Administrative Services	105,755	109,350	107,603	115,677	118,390	118,548	96,901	145,719	211,458	154,328
School Administrative Services	176,147	180,693	177,547	198,899	190,775	193,571	213,623	181,615	152,317	142,842
Central Services	124,008	127,657	142,325	135,695	122,086	122,959	85,706	74,170	100,312	112,205
Plant Operations and Maintenance	379,335	356,816	330,046	373,076	368,755	420,605	365,040	326,994	405,207	426,309
Student Transportation	258,594	258,872	328,116	269,723	294,107	257,886	231,678	248,633	316,556	377,797
Allocated and Unallocated Benefits	1,060,675	1,147,039	1,185,199	1,205,533	1,302,203	1,383,186	1,319,147	1,458,429	1,576,351	1,631,014
Capital Outlay	41,527	90,463	240,465	152,984	125,883	371,404	338,537	110,474	28,255	605,007
Transfer to Charter Schools	66,822	66,006	99,063	88,477	75,113	55,322	181,906	81,433	75,162	38,901
Debt Service:										
Principal	325,000	330,000	340,000	345,000	355,000	360,000	365,000	305,000		
Interest and Other Charges	97,800	91,300	83,875	73,500	61,100	48,450	33,500	15,250		
Total Expenditures	5,255,538	5,481,916	5,759,698	5,671,296	5,710,628	5,948,415	5,806,715	5,664,378	5,759,804	6,503,706
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ 66,661	\$ 80,076	\$ (14,560)	\$ 176,552	\$ 124,326	\$ (18,915)	\$ 41,944	\$ 256,982	\$ 267,113	\$ (183,228)
Debt Service as a Percentage of Noncapital Expenditures	8.11%	7.81%	7.68%	7.58%	7.45%	7.32%	7.29%	5.77%	0.00%	0.00%

Source: School District Financial Reports

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

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2014	\$ 1,289	\$ 23,684	\$ 11,557	\$ 36,530
2015	2,498	66,213	3,724	72,435
2016	2,526	53,538	3,388	59,452
2017	4,091	42,742	66,602	113,435
2018	8,895	46,980	15,807	71,682
2019	21,164	40,350	26,651	88,165
2020	7,635	21,420	75,946	105,001
2021	4,580	35,010	14,405	53,995
2022	3,814	33,615	13,208	50,637
2023	61,826	38,150	36,414	136,390

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Farm Qualified	Commercial	Industrial	Public Utilities ^a	Tax-Exempt Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2013	* \$ 6,574,300	\$ 219,343,500	\$ 47,116,300	\$ 3,951,900	\$ 41,217,100	\$ 15,337,800	\$ 539,095	\$ 27,614,700	\$ 334,079,995	\$ 1.189	\$ 355,384,286
2014	6,746,400	219,287,600	46,714,100	2,337,400	41,203,100	15,337,800	494,830	28,176,100	332,121,230	1.211	373,817,248
2015	6,404,000	218,935,700	46,091,800	2,655,700	35,992,900	15,339,900	494,830	28,176,100	326,017,858	1.271	343,614,618
2016	6,715,300	220,130,800	45,754,700	2,201,200	39,293,100	14,459,900	588,015	27,031,900	329,143,015	1.335	335,506,466
2017	6,046,700	221,637,200	45,187,600	2,335,800	39,142,800	14,459,900	618,355	26,952,800	329,428,355	1.270	341,495,402
2018	5,724,800	223,146,500	44,239,200	2,188,500	38,980,400	14,459,900	639,396	27,115,200	329,378,696	1.266	343,097,932
2019	5,549,700	222,705,800	44,830,600	2,129,300	39,280,400	13,980,300	662,640	27,408,000	329,138,740	1.260	339,576,865
2020	5,402,500	223,578,000	45,100,000	2,129,100	39,131,000	13,980,300		27,214,900	329,320,900	1.259	361,084,199
2021	5,602,800	224,686,500	44,873,300	2,004,400	39,131,000	13,980,300		27,238,700	330,278,300	1.226	354,248,259
2022	5,476,000	225,418,100	43,779,200	1,983,900	38,848,500	13,980,300		29,301,300	329,486,000	1.253	357,184,777

* - Year in which the reassessment became effective.

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Source: Municipal Tax Assessor

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b		Municipality	County	Regional High School		
			Total Direct					
2013	*	\$ 1.062	\$ 0.127	\$ 1.189	\$ 0.263	\$ 0.525	\$ 0.701	\$ 2.678
2014		1.086	0.125	1.211	0.263	0.525	0.701	2.700
2015		1.143	0.128	1.271	0.274	0.559	0.673	2.777
2016		1.202	0.133	1.335	0.286	0.580	0.541	2.742
2017		1.143	0.127	1.270	0.285	0.585	0.527	2.667
2018		1.142	0.124	1.266	0.286	0.606	0.529	2.687
2019		1.139	0.121	1.260	0.291	0.596	0.559	2.706
2020		1.161	0.097	1.259	0.294	0.641	0.668	2.862
2021		1.226		1.226	0.299	0.628	0.738	2.891
2022		1.253		1.253	0.305	0.609	0.668	2.835

Note:

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

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

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

* Year in which the reassessment became effective.

Source: Municipal Tax Collector and School Business Administrator

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

2023			2014		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
205 Route 94 LLC	\$ 3,966,900	1.19%	Olde Lafayette Village, LTD	5,055,300	1.52%
BHR Ringwood Real Estate LLC	3,342,900	1.00%	205 Route 94, LLC	3,966,900	1.19%
MDC Coast 23, LLC	2,200,000	0.66%	Durling Realty, LLC	3,423,900	1.03%
Lafayette Village Associates, LLC	2,082,900	0.62%	Carlwood Land and Development, LLC	2,950,000	0.89%
SBRE Management, LLC	2,070,000	0.62%	United Telephone Co. of NJ	2,279,600	0.69%
Clifton Lafayette Associates	1,800,000	0.54%	34-38 Route 15 Lafayette, LLC	1,785,600	0.54%
34-38 Route 15 LAF C/O Lehigh Gas	1,785,600	0.53%	Lafayette Management, Inc., (c/o Frey, J)	1,756,200	0.53%
94 Associates, c/o Carson/Roberts	1,682,900	0.50%	94 Associates, (c/o Carson/Roberts)	1,686,800	0.51%
11 Millpond Drive, LLC	1,490,700	0.45%	11 Millpond Drive, LLC	1,533,100	0.46%
Lafayette Holdings, LLC	1,440,400	0.43%	All Leasing, Inc.	1,493,200	0.45%
Total	\$ 21,862,300	6.55%	Total	\$ 25,930,600	7.81%

Source: Lafayette Township Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 3,958,800	\$ 3,958,800	100.00%	
2015	4,083,300	4,083,300	100.00%	
2016	4,203,875	4,203,875	100.00%	
2017	4,188,500	4,188,500	100.00%	
2018	4,176,100	4,176,100	100.00%	
2019	4,168,450	4,168,450	100.00%	
2020	4,148,500	4,148,500	100.00%	
2021	4,145,250	4,145,250	100.00%	
2022	4,049,608	3,712,139	91.67%	\$ 337,469
2023	4,128,676	4,128,676	100.00%	

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

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases and Leases	Bond Anticipation Notes (BANs)	Financed Purchases and Leases				
2014	\$ 2,400,000	\$ -0-	\$ -0-	\$ -0-	\$ 2,400,000	1.90%	\$ 984.01	
2015	2,070,000	-0-	-0-	-0-	2,070,000	1.56%	846.28	
2016	1,730,000	-0-	-0-	-0-	1,730,000	1.28%	714.88	
2017	1,385,000	-0-	-0-	-0-	1,385,000	1.01%	576.60	
2018	1,030,000	-0-	-0-	-0-	1,030,000	0.73%	430.24	
2019	670,000	-0-	-0-	-0-	670,000	0.46%	281.63	
2020	305,000	-0-	-0-	-0-	305,000	0.20%	128.86	
2021	-0-	-0-	-0-	-0-	-0-	0.00%	-0-	
2022	-0-	-0-	-0-	-0-	-0-	0.00%	-0-	
2023	-0-	-0-	-0-	-0-	-0-	0.00%	-0-	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 2,400,000	\$ -0-	\$ 2,400,000	0.72%	\$ 984.01
2015	2,070,000	-0-	2,070,000	0.62%	846.28
2016	1,730,000	-0-	1,730,000	0.53%	714.88
2017	1,385,000	-0-	1,385,000	0.42%	576.60
2018	1,030,000	-0-	1,030,000	0.31%	430.24
2019	670,000	-0-	670,000	0.20%	281.63
2020	305,000	-0-	305,000	0.09%	128.86
2021	-0-	-0-	-0-	0.00%	-0-
2022	-0-	-0-	-0-	0.00%	-0-
2023	-0-	-0-	-0-	0.00%	-0-

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

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

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

Source: School District Financial Reports

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Net Direct Debt of School District as of December 31, 2022			\$ -0-
Net Overlapping Debt of School District: County of Sussex - Township of Lafayette's Share	\$ 95,444,925	2.17%	<u>2,069,013</u>
Total Direct And Overlapping Debt			<u><u>\$ 2,069,013</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized valuation basis	
2022	\$ 397,258,259
2021	356,441,075
2020	351,576,638
	<u>\$ 1,105,275,972</u>
Average Equalized Valuation of Taxable Property	<u>\$ 368,425,324</u>
Debt Limit (3% of average equalization value)	\$ 11,052,760
Net Bonded School Debt	-0-
Legal Debt Margin	<u>\$ 11,052,760</u>

	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 10,133,102	\$ 10,369,118	\$ 10,476,104	\$ 11,052,760	\$ 11,052,760
Total Net Debt Applicable to Limit	<u>670,000</u>	<u>305,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 9,463,102</u>	<u>\$ 10,064,118</u>	<u>\$ 10,476,104</u>	<u>\$ 11,052,760</u>	<u>\$ 11,052,760</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.61%	2.94%	0.00%	0.00%	0.00%

	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 11,612,054	\$ 11,022,249	\$ 10,734,765	\$ 10,445,986	\$ 10,188,123
Total Net Debt Applicable to Limit	<u>2,400,000</u>	<u>2,070,000</u>	<u>1,730,000</u>	<u>1,385,000</u>	<u>1,030,000</u>
Legal Debt Margin	<u>\$ 9,212,054</u>	<u>\$ 8,952,249</u>	<u>\$ 9,004,765</u>	<u>\$ 9,060,986</u>	<u>\$ 9,158,123</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.67%	18.78%	16.12%	13.26%	10.11%

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

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

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

Year	Population ^a	Township Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2014	2,446	\$ 132,367,736	\$ 54,116	6.20%
2015	2,420	134,847,240	55,722	4.80%
2016	2,402	137,699,454	57,327	4.60%
2017	2,394	141,590,736	59,144	3.80%
2018	2,379	146,382,249	61,531	3.90%
2019	2,367	152,160,228	64,284	3.00%
2020	2,352	159,498,528	67,814	8.80%
2021	2,381	169,191,479	71,059	5.40%
2022	2,385	169,475,715 ***	71,059 *	3.20%
2023	2,385 **	169,475,715 ***	71,059 *	N/A

* - Latest Sussex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) was used for calculation purposes.

N/A - Not Available

Sources:

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

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

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

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

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

2023

Employer	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>
Total Employment	<u>71,747</u>	

2014

Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.71%
Newton Memorial Hospital	1,200	1.63%
Selective Insurance	900	1.22%
County of Sussex	830	1.13%
Mountain Creek Resort	800	1.08%
Ames Rubber Corp	445	0.60%
Shop Rite (Ronetco)	301	0.41%
Andover Subacute & Rehab Center	300	0.41%
Sussex County Community College	300	0.41%
SCARC, Inc.	287	0.39%
	<u>7,363</u>	<u>9.99%</u>
Total Employment	<u>73,737</u>	

Source: Sussex County Chamber of Commerce

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

<u>Function/Program:</u>	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	20.40	21.00	21.50	21.50	21.00	21.90	20.90	23.10	21.00	21.58
Special Education	4.60	4.60	4.60	4.60	6.00	4.90	3.80	5.40	4.80	4.58
Other	8.30	8.90	8.70	7.90	7.80	7.00	7.30	7.00	6.30	8.65
Support Services:										
Student & Instruction Related Services	5.00	5.00	5.00	5.00	5.00	4.60	3.80	2.80	3.60	3.60
School Administrative Services	0.50	0.50	0.50	0.50	0.50	0.50	0.40	0.60	0.60	0.40
General Administrative Services	3.80	3.80	3.80	3.80	3.80	3.80	3.40	2.60	2.00	2.78
Central Services	1.50	1.50	1.50	1.40	1.40	1.40	1.10	1.10	1.50	1.50
Plant Operations and Maintenance	3.10	3.10	3.20	3.30	3.30	3.30	3.30	2.10	2.70	2.70
	<u>47.20</u>	<u>48.40</u>	<u>48.80</u>	<u>48.00</u>	<u>48.80</u>	<u>47.40</u>	<u>44.00</u>	<u>44.70</u>	<u>42.50</u>	<u>45.79</u>

Source: School District Records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools					
2014	251.4	\$ 4,791,211	\$ 19,058	1.05%	34	1:10		251.40	241.70	0.52%	96.14%
2015	249.1	4,970,153	19,952	4.69%	34	1:10		249.10	239.50	-0.91%	96.15%
2016	242.6	5,095,358	21,003	5.27%	34	1:10		242.60	232.50	-2.61%	95.84%
2017	232.0	5,099,812	21,982	4.66%	34	1:10		232.00	221.20	-4.37%	95.34%
2018	220.0	5,168,645	23,494	6.88%	32	1:10		228.39	219.13	-1.56%	95.95%
2019	195.0	5,168,561	26,505	12.82%	31	1:10		203.95	194.48	-10.70%	95.36%
2020	194.0	5,069,678	26,132	-1.41%	31	1:10		197.65	191.64	-3.09%	96.96%
2021	191.0	5,233,654	27,401	4.86%	30	1:10		192.73	185.30	-2.49%	96.14%
2022	200.0	5,731,549	28,658	4.59%	30	1:10		201.51	191.34	4.56%	94.95%
2023	202.0	5,898,699	29,201	1.90%	32	1:10		208.53	193.19	3.48%	92.64%

Note: Enrollment based on annual October district count.

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

Sources: School District Records

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	195.0	194.0	191.0	200.0	202.0

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Lafayette School</u>					
Square Feet	68,434	68,434	68,434	68,434	68,434
Capacity (students)	435	435	435	435	435
Enrollment	251.4	249.1	249.1	232.0	220.0

Number of Schools at June 30, 2023
 Elementary = 1

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

Source: School District Records

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

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

<u>Facility</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>School Facilities:</u>					
Elementary School	\$ 70,318	\$ 62,603	\$ 57,416	\$ 70,586	\$ 79,656
Grand Total	<u>\$ 70,318</u>	<u>\$ 62,603</u>	<u>\$ 57,416</u>	<u>\$ 70,586</u>	<u>\$ 79,656</u>

<u>Facility</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities:</u>					
Elementary School	\$ 51,441	\$ 46,069	\$ 61,007	\$ 65,280	\$ 59,365
Grand Total	<u>\$ 51,441</u>	<u>\$ 46,069</u>	<u>\$ 61,007</u>	<u>\$ 65,280</u>	<u>\$ 59,365</u>

Source: District records

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
Property - Blanket Building and Contents Including Boiler and Building and Personal Property	\$ 500,000,000	Fund Aggregate	\$ 2,500
Inland Marine - Auto Physical Damage			1,000
General Liability including Auto, Employee Benefits			
Each Occurrence	5,000,000		
General Aggregate	10,000,000	Fund Aggregate	
Product Completed Ops	10,000,000		
Personal Injury	10,000,000		
Fire Damage	2,500,000		
Medical Expenses	10,000		
Employee Benefits	5,000,000		1,000
Sexual Misconduct	10,000,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage Combined Single Limit	10,000,000		
Hired & Non-Owned Auto Liability	10,000,000		
Environmental Impairment Liability	1,000,000/10,000,000	Fund Aggregate	300,000
		First Party Fungi & Legionella	100,000
		Third Party Fungi & Legionella	50,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000	Fund Aggregate	2,500
School Board Legal	5,000,000/5,000,000	Occurrence/Aggregate	5,000
Excess SLPL	5,000,000/5,000,000	Occurrence/Aggregate	
Cyber Liability	2,000,000	per Occurrence/Aggregate	50,000
Workers' Compensation	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	180,000	Selective Insurance	
Bond for Treasurer of School Monies	180,000	Selective Insurance	
Student Accident		Bollinger	
Base Policy	25,000		
Catastrophic Policy	6,000,000		25,000

Source: School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Lafayette (the "District"), in the County of Sussex, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

January 12, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOC CIA LLP

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



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ
 973.298.8500
 nisivoccia.com
 Independent Member
 BKR International

Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance Required by NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lafayette Township School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2023. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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 District's federal and state programs.

Auditors' 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 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

The Honorable President and Members
of the Board of Education
Lafayette Township School District
Page 3

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

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

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

January 12, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cancellation of Prior Year Encumbrance	Balance at June 30, 2023		
					Budgetary Accounts Receivable	Due to Grantor		Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amount Provided to Subrecipients
Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund: Elementary and Secondary Education Act: Title II, Part A Title II, Part A	84.367A	ESEA249023	7/1/22-9/30/23	\$ 6,188				\$ (1,087)		
	84.367A	ESEA249022	7/1/21-9/30/22	3,844	\$ (2,061)			(2,026)		
					(2,061)			(3,113)		
Title IV Title IV	84.424	ESEA249023	7/1/22-9/30/23	8,811				(7,117)		
	84.424	ESEA249022	7/1/21-9/30/22	11,027	(879)			(1,322)		\$ 15
					(879)			(8,439)		15
Title I Small Rural School Achievement Program	84.367A	ESEA249021	7/1/20-9/30/21	4,157		\$ 91				91
	84.358A	S358A023332	7/1/22-9/30/23	23,304				(20,982)		
	84.358A	S358A023332	7/1/21-9/30/22	22,530	(16,686)			(1,867)		
					(16,686)			(22,849)		
Special Education Cluster: IDEA Combined Grant: I.D.E.A. Part B, Basic	84.027	IDEA249023	7/1/22-9/30/23	62,589				(11,817)		
	84.027X	IDEA249022	7/1/21-9/30/22	8,638	(8,638)					
	84.027	IDEA249022	7/1/21-9/30/22	60,232	(32,176)					
	84.027X	IDEA249022	7/1/21-9/30/22	736	(736)					
	84.173	IDEA249022	7/1/21-9/30/22	2,962	(1,747)					
Total Special Education Cluster					(43,297)			(11,817)		
Education Stabilization Fund: COVID-19 - CRRSA - ESSER II COVID-19 - CRRSA - Learning Acceleration COVID-19 - CRRSA - Mental Health COVID-19 - ARP - ESSER III COVID-19 - ARP - Accelerated Learning Coaching and Educator Support COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities COVID-19 - ARP - Mental Health Support Staffing	84.425D	S425D210027	3/13/20-9/30/23	57,876	(10,477)			(57,876)		
	84.425D	S425D210027	3/13/20-9/30/23	25,000	(3,972)		\$ 306	(68,353)		
	84.425D	S425D210027	3/13/20-9/30/23	45,000	(19,796)					
	84.425U	S425U210027	3/13/20-9/30/24	130,072				(8,316)		
	84.425U	S425U210027	3/13/20-9/30/24	50,000	(4,804)			(4,804)		
	84.425U	S425U210027	3/13/20-9/30/24	40,000				(8,522)		
	84.425U	S425U210027	3/13/20-9/30/24	45,000	(19,853)			(19,853)		
Total Education Stabilization Fund					(58,902)			(109,848)		
Total U.S. Department of Education					(121,825)	91		(151,929)	106	
U.S. Department of Agriculture Passed-through State Department of Agriculture: Child Nutrition Cluster: U.S.D.A Commodities Program National School Lunch Program COVID 19 - Supply Chain Assistance Award U.S.D.A Commodities Program COVID 19 - Seamless Summer Option Total U.S. Department of Agriculture/Child Nutrition Cluster Total Federal Awards	10.555	N/A	7/1/22-6/30/23	8,865				\$ 172		
	10.555	N/A	7/1/22-6/30/23	19,801				(3,678)		
	10.555	N/A	7/1/22-6/30/23	23,864					13,988	
	10.555	N/A	7/1/21-6/30/22	7,896	57			(57)		
	10.555	N/A	7/1/21-6/30/22	82,058	(7,391)					
Total U.S. Department of Agriculture/Child Nutrition Cluster					(7,334)			(38,427)		
Total Federal Awards					\$ (129,159)	\$ 91		\$ (155,607)	\$ 106	\$ -0-

N/A - Not Applicable

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	\$ 107,714					\$ (9,774)	\$ 107,714
Special Education Categorical Aid	23-495-034-5120-089	7/1/22 - 6/30/23	138,078					(12,528)	138,078
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	17,295					(1,569)	17,295
Adjustment Aid	23-495-034-5120-085	7/1/22 - 6/30/23	13,278					(1,204)	13,278
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	47,971					(4,353)	47,971
Extraordinary Special Education Aid	23-495-034-5120-044	7/1/22 - 6/30/23	39,660			\$ (39,660)		(39,660)	39,660
Nonpublic Transportation	23-495-034-5120-014	7/1/22 - 6/30/23	7,488			(7,488)		(7,488)	7,488
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	445,665			(445,665)		(40,437)	445,665
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22 - 6/30/23	129,048			(129,048)		(489)	129,048
Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	107,714	\$ (10,342)		10,342			107,714
Special Education Categorical Aid	22-495-034-5120-089	7/1/21 - 6/30/22	138,078	(13,257)		13,257			138,078
Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	17,295	(1,661)		1,661			17,295
Adjustment Aid	22-495-034-5120-085	7/1/21 - 6/30/22	28,372	(2,724)		2,724			28,372
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	47,971	(4,606)		4,606			47,971
Extraordinary Special Education Aid	22-495-034-5120-044	7/1/21 - 6/30/22	47,508	(47,508)		47,508			47,508
Nonpublic Transportation	22-495-034-5120-014	7/1/21 - 6/30/22	6,090	(6,090)		6,090			6,090
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	440,022	(42,247)		42,247			440,022
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	121,339	(5,738)		5,738			121,339
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	171,612			171,612		(171,612)	171,612
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	644,330			644,330		(644,330)	644,330
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	8,939			8,939		(8,939)	8,939
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	220			220		(220)	220
Total General Fund State Aid				(134,173)		1,787,969		(117,502)	2,725,687
School Development Authority:									
Securing Our Children's Future Bond Act		N/A	19,747	(19,747)				(19,747)	19,747
Total School Development Authority:				(19,747)				(19,747)	19,747
New Jersey Department of Agriculture									
Enterprise Fund									
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	1,180			962		(218)	1,180
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	1,925	(170)		170			1,925
Total Enterprise Fund				(170)		1,132		(218)	3,105
Total State Awards Subject to Single Audit Determination				\$ (154,090)	\$ -0-	\$ 1,789,101		\$ (67,602)	\$ 2,748,539
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23							\$ 171,612
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23							644,330
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23							8,939
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23							220
Subtotal - On-Behalf TPAF Pension System Contribution									825,101
Total State Awards Subject to Single Audit Major Program Determination									\$ (947,377)

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Board of Education, Lafayette Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,972 for the general fund, and (\$13,081) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,776,270	\$ 1,776,270
Special Revenue Fund	\$ 245,339		245,339
Food Service Fund	52,415	1,180	53,595
Total Awards	<u>\$ 297,754</u>	<u>\$ 1,777,450</u>	<u>\$ 2,075,204</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance* Required by NJ OMB 15-08.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2023 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Special Education Categorical Aid	23-495-034-5120-089	7/1/22 - 6/30/23	\$ 138,078	\$ 138,078
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	17,295	17,295
Adjustment Aid	23-495-034-5120-085	7/1/22 - 6/30/23	13,278	13,278
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	47,971	47,971
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	445,665	445,665

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

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

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

Findings and Questioned Costs for Federal Awards:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Findings and Questioned Costs for State Awards:

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

LAFAYETTE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no prior audit findings.