

SCHOOL DISTRICT
OF
LACEY TOWNSHIP
OF OCEAN COUNTY

Lacey Township School District
Lanoka Harbor, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Lacey Township School District
of Ocean County

Lanoka Harbor, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Lacey Township Board of Education
Finance Department

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INTRODUCTORY SECTION

Lacey Township School District

Craig D. Wigley
Superintendent of Schools

Patrick S. DeGeorge
Business Administrator/Board Secretary

November 14, 2016

Honorable President and
Members of the Board of Education
Lacey Township Board of Education
County of Ocean
200 Western Blvd.
Lanoka Harbor, New Jersey 08734

Dear Board Members:

The comprehensive annual financial report of the Lacey Township Board of Education for the fiscal year ended June 30, 2016, 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 Lacey Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a comprehensive full range of educational services appropriate to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 4,176 students, which is 239 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

2010-2011	4,719	1.36%
2011-2012	4,783	-1.36%
2012-2013	4,718	-1.42%
2013-2014	4,563	-1.89%
2014-2015	4,415	-3.24%
2015-2016	4,176	-5.41%

2) **ECONOMIC CONDITION AND OUTLOOK:** A substantial portion of Lacey Township is still available for development but Pinelands Legislation passed in 1979 has limited residential construction west of the Garden State Parkway. Growth, however, as measured by new residential construction, has leveled off in the last few years. The Oyster Creek Nuclear Power Generating Plant, located in the community, has contributed funds to relieve taxes. Although many residents moved to Lacey to take advantage of the favorable tax scenario, the potential of the Oyster Creek Facility to contribute to tax relief has diminished in recent years. Lacey, however, continues to be a desirable place to live due to its still relatively low tax rate, its proximity to the water and its accessibility to major roadways such as the Garden State Parkway, Route 9, and Route 70, making it convenient for commuters.

3) **MAJOR INITIATIVES:** The State Department of Education conducted the Quality Single Accountability Continuum (QSAC) of the Lacey Township School District pursuant to the requirements of N.J.A.C. 6A:30. Upon completion of the QSAC process, the district was certified in July 2012, pursuant to N.J.A.C. 6A:30-4.1 ©, to continue operation as a public school district for a period of three years or until the district's next QSAC review.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

6) ACCOUNTING SYSTEMS AND REPORTS: The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8) DEBT ADMINISTRATION: At June 30, 2016, the District's outstanding debt issues included \$31,190,000 of general obligation bonds. In June 1989, the District issued \$8,492,000 in bonds to complete various renovations. In November 1996, the District issued \$16,790,000 in bonds to construct a new 7/8 grade school, the proceeds of which we placed in the District's Capital Projects Fund. In April 2001, the District issued general obligation bonds in the amount of \$24,722,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide funds for renovations, replacement and additions to the Lacey Township High School, and

elementary schools. In February 2005, the Board of Education had a partial refinancing of the 1996 Series Bonds. The Board issued \$10,095,000 of general obligation refunding bonds Series 2005 to retire \$11,290,000 of the Series 1996 Bonds. The refunding resulted in a net economic gain to the District of \$1,195,000, which will be recognized over the life of the reissue. In February 2006, the Board of Education had a partial refinancing of the 2001 Series Bonds. The Board issued \$24,625,000 of general obligation refunding bonds Series 2006 to retire \$23,370,000 of the Series 2001 Bonds. The refunding resulted in a net income gain to the district of \$976,896, which will be recognized over the life of the reissue. In May 2009, the District issued \$19,806,000 in Series 2009 Bonds for solar panels on all the schools, window replacement at Forked River and Lanoka Harbor Elementary Schools, roof replacement at Lanoka Harbor Elementary School and boiler replacements at Forked River Elementary. The proceeds of this bond were placed in the District's Capital Projects Fund. In 2016, the Board of Education had a refinancing of the Series 2006 bonds. The Board issued \$16,090,000 of general obligation refunding bonds Series 2016 to retire \$17,770,000 of the Series 2006 bonds.


9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) OTHER INFORMATION: Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Jump, Perry and Company, L.L.P., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the related Uniform Guidance and state Treasury Circular Letter 15-08. The auditor's reports on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



Craig D. Wigley
Superintendent of Schools

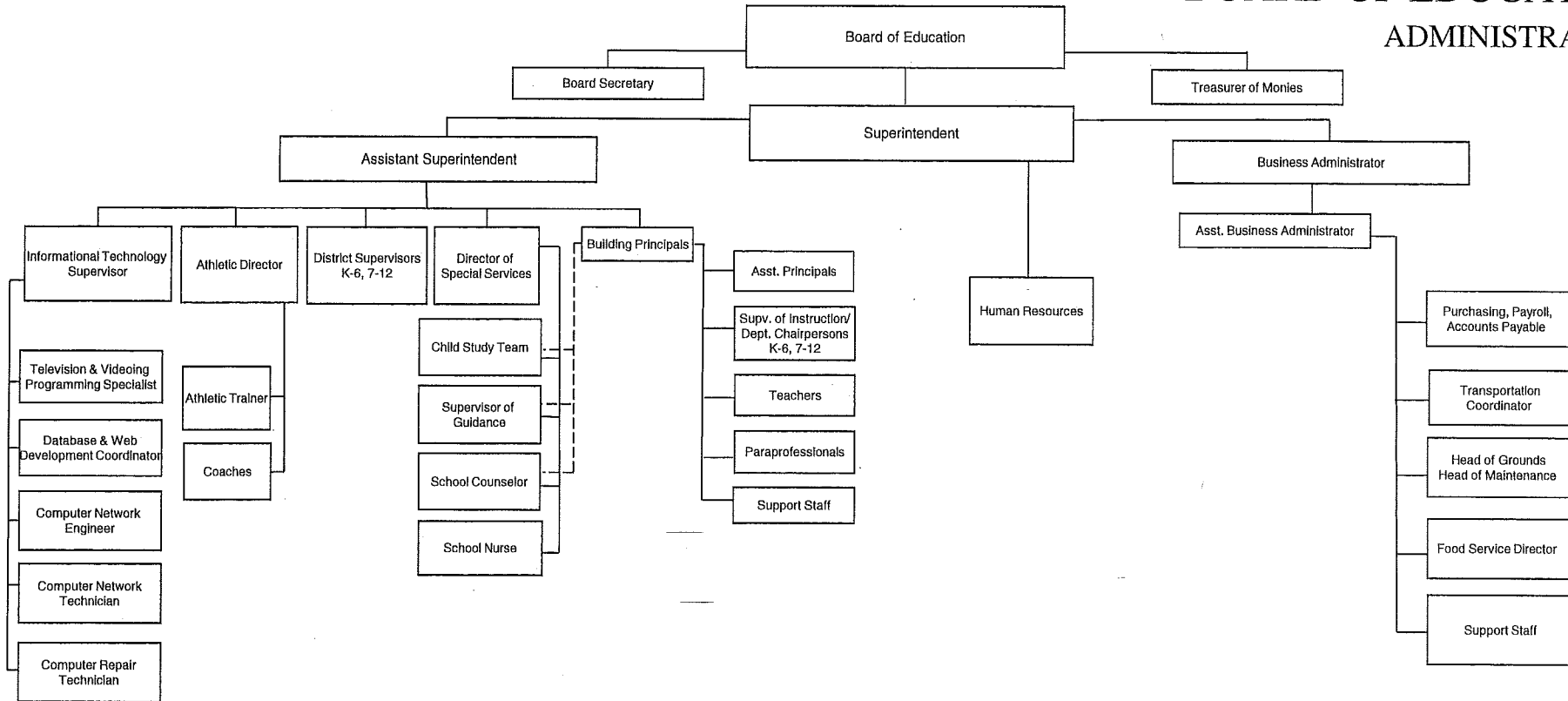


Patrick S. DeGeorge
Business Administrator/Board Secretary

POLICY

1110 ORGANIZATIONAL CHART

LACEY TOWNSHIP BOARD OF EDUCATION ADMINISTRATION



Revised
 First Read: Jan. 19, 2016
 Second Read: Feb. 16, 2016
 BOE Approved: Feb. 16, 2016

Lacey Township School District
Lanoka Harbor, New Jersey

Roster of Officials
June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Linda A. Downing, President	2016
David Bidwell, Vice President	2017
Donna McAvoy	2016
Shawn Giordano	2016
Regina Discenza	2017
Robert Klaus	2018
David Silletti	2018

Other Officials

Craig Wigley, Superintendent

Vanessa Clark, Ph.D Assistant Superintendent

Patrick S. DeGeorge, School Business Administrator/Board Secretary

Lacey Township School District
Consultants and Advisors

Attorney

Stein & Supsie
1041 W. Lacey Road
P.O Box 131
Forked River, New Jersey 08731

Audit Firm

Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Official Depositories

Ocean First
975 Hooper Avenue
Toms River, New Jersey 08754-2009

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lacey Township School District in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lacey Township School District in the County of Ocean, State of New Jersey as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lacey Township School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are also not a required part of the basic financial statements.

The combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2016 on our consideration of the Lacey Township School District in the County of Ocean, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lacey Township School District in the County of Ocean, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry & Company L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 14, 2016
Toms River, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Lacey Township Board of Education
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Unaudited

The following discussion and analysis of the Board of Education of the Lacey Township School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the letter of transmittal, beginning on page 1, and the financial statements, which begin on page 18.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic Financial Statements. The District's basic Financial Statements comprise three components: (1.) District-wide Financial Statements, (2.) Fund Financial Statements, and (3.) Notes to the Financial Statements. This report contains required supplementary information and other supplementary information in addition to the basic Financial Statements themselves.

District-wide Financial Statements: The District-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

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

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

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

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

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

The District maintains four individual governmental funds: the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds - The District maintains one proprietary fund - an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the Enterprise Fund are the Food Services and Community Education. The basic Proprietary Fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the District-wide Financial Statements because the resources of those funds are not available to support the District's own programs. The District uses trust and Agency Funds to account for resources held for student activities and groups and for payroll transactions. The basic Fiduciary Fund Statements can be found as Exhibit B-7.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the District-wide and Fund Financial Statements. The notes to the Financial Statements can be found after the Fund Statements in this report.

District-Wide Financial Analysis

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

	2016		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current & Other Assets	\$ 1,240,291	267,422	1,507,713
Capital Assets, net	44,868,330	70,051	44,938,381
Deferred Outflow of Resources	<u>3,966,822</u>	<u>-</u>	<u>3,966,822</u>
Total Assets & Deferred Outflows	<u>50,075,443</u>	<u>337,473</u>	<u>50,412,916</u>
Long-Term Liabilities Outstanding	57,782,230	-	57,782,230
Other Liabilities	799,247	-	799,247
Deferred Inflow of Resources	<u>3,572,914</u>	<u>-</u>	<u>3,572,914</u>
Total Liabilities & Deferred Inflows	<u>62,154,391</u>	<u>-</u>	<u>62,154,391</u>

	2016 (continued)		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position:			
Net Investment in Capital Assets	10,799,607	70,051	10,869,658
Restricted	1,760,939	-	1,760,939
Unrestricted	<u>(24,639,494)</u>	<u>267,422</u>	<u>(24,372,072)</u>
Total Net Position	<u>\$(12,078,948)</u>	<u>337,473</u>	<u>(11,741,475)</u>

	2015		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current & Other Assets	\$ 964,806	270,362	1,235,168
Capital Assets, net	46,940,894	73,961	47,014,855
Deferred Outflow of Resources	<u>1,214,769</u>	<u>-</u>	<u>1,214,769</u>
Total Assets & Deferred Outflow	<u>49,120,469</u>	<u>344,323</u>	<u>49,464,792</u>
Long-Term Liabilities Outstanding	61,544,263	591	61,544,854
Other Liabilities	819,583	-	819,583
Deferred Inflow of Resources	<u>1,204,398</u>	<u>-</u>	<u>1,204,398</u>
Total Liabilities	<u>63,568,244</u>	<u>591</u>	<u>63,568,835</u>
Net Position:			
Net Investment in Capital Assets	11,165,085	73,961	11,239,046
Restricted	1,789,230	-	1,789,230
Unrestricted	<u>63,568,244</u>	<u>591</u>	<u>(27,132,319)</u>
Total Net Position	<u>\$(14,447,775)</u>	<u>343,732</u>	<u>(14,104,043)</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised solely of the June 30, 2015 encumbrances, which 'roll-over' into the subsequent year's budget (2015-2016) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to realign the 2015-2016 budget.

Capital Assets

At June 30, 2016, the District had net capital assets of \$44,938,381, a decrease of \$2,076,474 due primarily to 2015-2016 depreciation expense. The capital asset amount is comprised of: Buildings - \$85,005,521, machinery and equipment - \$21,048,681, and land & site improvements - \$163,472. These capital assets are shown net of accumulated depreciation of \$61,279,293.

Contacting the District's Financial Management

The District's Financial Report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances to show the District's accountability for the money it receives. Questions regarding this report can be addressed to Mr. Patrick S. DeGeorge, Business Administrator/Board Secretary, Lacey Township School District, 200 Western Boulevard, Lanoka Harbor, New Jersey 08734.

BASIC FINANCIAL STATEMENTS

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
6/30/2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 205,646	\$ 221,344	\$ 426,990
Investments	142,696	-	142,696
Receivables - other	18,982	3,519	22,501
Receivables - state	656,364	852	657,216
Receivables - federal	216,603	27,459	244,062
Inventory	-	14,248	14,248
Capital assets, net	44,868,330	70,051	44,938,381
Total assets	<u>46,108,621</u>	<u>337,473</u>	<u>46,446,094</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	3,813,361		3,813,361
Deferred charge on refunding	153,461	-	153,461
Total deferred outflows of resources	<u>3,966,822</u>	<u>-</u>	<u>3,966,822</u>
LIABILITIES			
Accounts payable	13,426	-	13,426
Accrued interest	446,500	-	446,500
Other liabilities	5,382	-	5,382
Unearned revenue	333,939	-	333,939
Noncurrent liabilities:			
Due within one year	3,940,794	-	3,940,794
Due beyond one year	53,841,436	-	53,841,436
Total liabilities	<u>58,581,477</u>	<u>-</u>	<u>58,581,477</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	1,351,041	-	1,351,041
Deferred premium on refunding	2,221,873	-	2,221,873
Total deferred inflows of resources	<u>3,572,914</u>	<u>-</u>	<u>3,572,914</u>
NET POSITION			
Net investment in capital assets	10,799,607	70,051	10,869,658
Restricted for:			
Debt service	190,039	-	190,039
Capital projects	500,000	-	500,000
Other purposes	1,070,900	-	1,070,900
Unrestricted	(24,639,494)	267,422	(24,372,072)
Total net position	<u>\$ (12,078,948)</u>	<u>\$ 337,473</u>	<u>\$ (11,741,475)</u>

See accompanying notes to financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 23,524,652	\$ -	\$ -	\$ -	\$ (23,524,652)	\$ -	\$ (23,524,652)
Special education instruction	7,131,374	-	-	-	(7,131,374)	-	(7,131,374)
Other special instruction	1,510,517	-	-	-	(1,510,517)	-	(1,510,517)
Support services and undistributed costs:							
Instruction	2,716,205	-	-	-	(2,716,205)	-	(2,716,205)
Attendance and social work	222,909	-	-	-	(222,909)	-	(222,909)
Health services	602,206	-	-	-	(602,206)	-	(602,206)
Other support services	3,408,729	-	-	-	(3,408,729)	-	(3,408,729)
Improvement of instruction	1,790,641	-	-	-	(1,790,641)	-	(1,790,641)
Educational media services	433,462	-	-	-	(433,462)	-	(433,462)
Instruction staff training	61,567	-	-	-	(61,567)	-	(61,567)
General administrative services	860,630	-	-	-	(860,630)	-	(860,630)
School administrative services	1,546,351	-	-	-	(1,546,351)	-	(1,546,351)
School central services	597,772	-	-	-	(597,772)	-	(597,772)
School admin info technology	-	-	-	-	-	-	-
Allowed maintenance for school facil	1,938,420	-	-	-	(1,938,420)	-	(1,938,420)
Other operation & maintenance of pl	3,438,210	-	-	-	(3,438,210)	-	(3,438,210)
Care & upkeep of grounds	402,874	-	-	-	(402,874)	-	(402,874)
Security	329,354	-	-	-	(329,354)	-	(329,354)
Student transportation services	2,877,930	-	-	-	(2,877,930)	-	(2,877,930)
Unallocated employee benefits	15,747,519	-	-	-	(15,747,519)	-	(15,747,519)
Non-budgeted expenditures	4,671,054	-	4,671,054	-	-	-	-
Transfer of funds to charter schools	7,461	-	-	-	(7,461)	-	(7,461)
Interest expense	2,011,363	-	-	-	(2,011,363)	-	(2,011,363)
Total governmental activities	<u>75,831,200</u>	<u>-</u>	<u>4,671,054</u>	<u>-</u>	<u>(71,160,146)</u>	<u>-</u>	<u>(71,160,146)</u>
Business-type activities:							
Food Service	1,363,573	737,288.00	631,787	-	-	5,502	5,502
Child Care	287,548	275,787.00	-	-	-	(11,761)	(11,761)
Total business-type activities	<u>1,651,121</u>	<u>1,013,075.00</u>	<u>631,787</u>	<u>-</u>	<u>-</u>	<u>(6,259)</u>	<u>(6,259)</u>
Total primary government	<u>\$ 77,482,321</u>	<u>\$ 1,013,075.00</u>	<u>\$ 5,302,841.00</u>	<u>\$ -</u>	<u>\$ (71,160,146)</u>	<u>\$ (6,259)</u>	<u>\$ (71,166,405)</u>
General revenues:							
Taxes:							
Property taxes levied for general purpose					42,435,625	-	42,435,625
Taxes levied for debt service					3,675,013	-	3,675,013
Federal and state aid not restricted					24,327,929	-	24,327,929
Miscellaneous income					965,817	-	965,817
Loss on disposal of fixed assets					-	-	-
Total general revenues, special items, extraordinary items and transfers					<u>71,404,384</u>	<u>-</u>	<u>71,404,384</u>
Change in net position					244,238	(6,259)	237,979
Net position –beginning					(12,323,186)	343,732	(11,979,454)
Net position –ending					<u>\$ (12,078,948)</u>	<u>337,473</u>	<u>\$ (11,741,475)</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 17,615	\$ -	\$ -	\$ 195,421	\$ 213,036
Investments	142,696	-	-	-	142,696
Receivables from other funds	-	129,707	-	-	129,707
Receivables from state	656,364	-	-	-	656,364
Receivables from federal	-	216,603	-	-	216,603
Receivables from other governments	-	-	-	-	-
Other receivables	18,982	-	-	-	18,982
Inventory	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 835,657</u>	<u>\$ 346,310</u>	<u>\$ -</u>	<u>\$ 195,421</u>	<u>\$ 1,377,388</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	\$ -	\$ 7,390	\$ -	\$ -	\$ 7,390
Accounts payable	8,445	4,981	-	-	13,426
Accrued salaries and benefits	-	-	-	-	-
Interfund payable	129,707	-	-	-	129,707
Other current liabilities	-	-	-	5,382	5,382
Payable to state government	-	-	-	-	-
Deferred revenue	-	333,939	-	-	333,939
Total liabilities	<u>138,152</u>	<u>346,310</u>	<u>-</u>	<u>5,382</u>	<u>489,844</u>
Fund Balances:					
Reserved for:					
Unexpended additional spending proposal					
Capital reserve account	500,000	-	-	-	500,000
Maintenance reserve account	-	-	-	-	-
Emergency reserve account	-	-	-	-	-
Excess surplus - current year	-	-	-	-	-
Excess surplus - designated for Subsequent year's expenditures	-	-	-	-	-
Debt service fund	-	-	-	190,039	190,039
Capital projects fund	-	-	-	-	-
Other purposes	-	-	-	-	-
Committed to:					
Other purposes	130,985	-	-	-	130,985
Assigned to:					
Debt service fund	-	-	-	-	-
Designated by the BOE for subsequent year's expenditure	939,915	-	-	-	939,915
Capital projects fund	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned to:					
General fund	(873,395)	-	-	-	(873,395)
Special revenue fund	-	-	-	-	-
Total fund balances	<u>697,505</u>	<u>-</u>	<u>-</u>	<u>190,039</u>	<u>887,544</u>
Total liabilities and fund balances	<u>\$ 835,657</u>	<u>\$ 346,310</u>	<u>\$ -</u>	<u>\$ 195,421</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$105,758,504 and the accumulated depreciation is \$60,890,174.	44,868,330
Deferred outflows related to the PERS pension plan	3,813,361
Deferred inflows related to the PERS pension plan	(1,351,041)
Accrued interest not recorded in current financial statements.	(446,500)
Bond premium is being amortized in accordance with the premium originally paid on each coupon. The amortization is not recorded in the funds. The original premium was \$2,222,051.	(2,221,873)
Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$348,570.	153,461
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 (see Note 10).	<u>(57,782,230)</u>
Net position of governmental activities	<u>\$ (12,078,948)</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 42,435,625	\$ -	\$ -	\$ 3,675,013	\$ 46,110,638
Tuition charges	60,875	-	-	-	60,875
Interest on investments	3,842	-	-	-	3,842
Interest earned on capital reserve funds	-	-	-	-	-
Interest earned on bond ref	-	-	-	-	-
Transportation fees	-	-	-	-	-
Miscellaneous	795,388	105,712	-	-	901,100
Total - Local sources	43,295,730	105,712	-	3,675,013	47,076,455
State sources	26,585,802	-	-	485,885	27,071,687
Federal sources	88,968	1,838,328	-	-	1,927,296
Total revenues	69,970,500	1,944,040	-	4,160,898	76,075,438
EXPENDITURES					
Current:					
Regular instruction	\$ 20,088,900	\$ 1,261,948	\$ -	\$ -	\$ 21,350,848
Special education instruction	7,054,651	-	-	-	7,054,651
Other special instruction	1,497,730	-	-	-	1,497,730
Support services and undistributed costs:					
Instruction	2,046,320	452,505	-	-	2,498,825
Attendance and social work	222,909	-	-	-	222,909
Health services	602,206	-	-	-	602,206
Other support services	3,214,602	194,127	-	-	3,408,729
Improvement of instruction	1,771,249	19,392	-	-	1,790,641
Educational media services	433,462	-	-	-	433,462
Instruction staff training	61,567	-	-	-	61,567
General administrative services	860,630	-	-	-	860,630
School administrative services	1,467,863	-	-	-	1,467,863
School central services	597,772	-	-	-	597,772
School admin info technology	-	-	-	-	-
Required maintenance for school facilities	1,938,420	-	-	-	1,938,420
Other operation & maintenance of plant	3,293,598	-	-	-	3,293,598
Care & upkeep of grounds	402,874	-	-	-	402,874
Security	329,354	-	-	-	329,354
Student transportation services	2,877,930	-	-	-	2,877,930
Unallocated employee benefits	16,115,424	-	-	-	16,115,424
Non-budgeted expenditures	4,671,054	-	-	-	4,671,054
Debt service:					
Principal	-	-	-	2,810,000	2,810,000
Interest and other charges	-	-	-	1,160,861	1,160,861
Capital outlay	360,985	16,068	-	-	377,053
Transfer of funds to charter schools	7,461	-	-	-	7,461
Total expenditures	69,916,961	1,944,040	-	3,970,861	75,831,862
Excess (Deficiency) of revenues over expenditures	53,539	-	-	190,037	243,576
OTHER FINANCING SOURCES (USES)					
Sale of Bonds	-	-	-	16,090,000	16,090,000
Refunding of bonds	-	-	-	(18,150,513)	(18,150,513)
Premium and costs for bond issuance	-	-	-	2,060,513	2,060,513
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	53,539	-	-	190,037	243,576
Fund balance—July 1	643,966	-	-	2	643,968
Fund balance—June 30	\$ 697,505	\$ -	\$ -	\$ 190,039	\$ 887,544

LACEY TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2)	\$	243,576
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	(2,557,417)	
Capital outlays	<u>484,853</u>	(2,072,564)
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		367,905
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		2,810,000
In the Statement of Activities, the amortization of bond premiums is recorded as interest expense. In the governmental funds, the amortization is not recorded and this change had no effect.		178
In the Statement of Activities, the bond premium is reclassified as a liability. In the governmental funds, the premium is recorded as a source of funds.		(2,157,124)
In the Statement of Activities, the bond issuance costs are reclassified as an asset. In the governmental funds, the premium is recorded as a use of funds.		161,538
The receipt of bond principal is an other financing sources in the governmental funds, but it increases long-term liabilities in the statement of net position and should not be reported in the statement of activities.		(16,090,000)
The payment of bond principal is an other financing use in the governmental funds, but it decreases long-term liabilities in the statement of net position and should not be reported in the statement of activities.		17,770,000
In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure.		112,175
New leases are not reflected in this funds financial statements as a liability, the purchase is recorded in the statement of activities.		(364,587)
In the Statement of Activities, the amortization of bond issuance costs are recorded as interest expense. In the governmental funds, the amortization is not recorded.		(8,077)
In the Statement of Activities, the remaining amortization of bond issuance costs was written off and recorded as an increase in interest expense in accordance with the change in accounting principles. In the governmental funds, the amortization is not recorded and this change had no effect.		(579,262)
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) 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, essentially, the amounts actually paid.		<u>50,480</u>
Change in net position of governmental activities	\$	<u>244,238</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 33,814	\$ 187,530	\$ 221,344
Investments	-	-	-
Receivables from state	852	-	852
Receivables from federal	27,459	-	27,459
Receivables from other government	-	-	-
Other receivables	3,519	-	3,519
Inventories	14,248	-	14,248
Total current assets	<u>79,892</u>	<u>187,530</u>	<u>267,422</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Furniture, machinery & equipment	434,612	24,558	459,170
Less accumulated depreciation	(367,017)	(22,102)	(389,119)
Total noncurrent assets	<u>67,595</u>	<u>2,456</u>	<u>70,051</u>
Total assets	<u>\$ 147,487</u>	<u>\$ 189,986</u>	<u>\$ 337,473</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Interfund payable	-	-	-
Accrued salaries and benefits	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	67,595	2,456	70,051
Restricted for:			
Other	-	-	-
Unrestricted	<u>79,892</u>	<u>187,530</u>	<u>267,422</u>
Total net position	<u>147,487</u>	<u>189,986</u>	<u>337,473</u>
Total liabilities and net position	<u>\$ 147,487</u>	<u>\$ 189,986</u>	<u>\$ 337,473</u>

See accompanying notes to financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund		
	Food Service	Child Care	Total Enterprise
Operating revenues:			
Local sources:			
Daily sales reimbursable programs			
School breakfast	\$ -	\$ -	\$ -
School lunch	701,820	-	701,820
Total daily sales reimbursable programs	<u>701,820</u>	<u>-</u>	<u>701,820</u>
Daily sales non-reimbursable programs	35,468	-	35,468
Child care revenue	-	275,787	275,787
Fitness revenue	-	-	-
Total operating revenues	<u>737,288</u>	<u>275,787</u>	<u>1,013,075</u>
Operating expenses:			
Salaries	638,110	221,747	859,857
Supplies and materials	21,443	15,309	36,752
Utilities	-	47,000	47,000
Other objects	-	3,492	3,492
Depreciation	6,873	-	6,873
Cost of sales	697,147	-	697,147
Total operating expenses	<u>1,363,573</u>	<u>287,548</u>	<u>1,651,121</u>
Operating income (loss)	<u>(626,285)</u>	<u>(11,761)</u>	<u>(638,046)</u>
Nonoperating revenues (expenses):			
Interest income	-	-	-
State sources:			
Vending machine grant	-	-	-
State school lunch program	14,768	-	14,768
State school breakfast program	-	-	-
Federal sources:			
School breakfast program	49,451	-	49,451
National school lunch program	446,350	-	446,350
Special milk	202	-	202
Food distribution program	101,832	-	101,832
National school performance based program	19,184	-	19,184
Total nonoperating revenues (expenses)	<u>631,787</u>	<u>-</u>	<u>631,787</u>
Income (loss) before contributions & transfers	5,502	(11,761)	(6,259)
Transfers in (out)	-	-	-
Change in net position	5,502	(11,761)	(6,259)
Total net position –beginning	141,985	201,747	343,732
Total net position –ending	<u>\$ 147,487</u>	<u>\$ 189,986</u>	<u>\$ 337,473</u>

See accompanying notes to financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 840,533	\$ 275,787	\$ 1,116,320
Payments to employees & benefits	(638,110)	(221,747)	(859,857)
Payments to suppliers	(708,716)	(65,801)	(774,517)
Net cash provided by (used for) operating activities	<u>(506,293)</u>	<u>(11,761)</u>	<u>(518,054)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	15,491	-	15,491
Federal sources	525,959	-	525,959
Board interfund loans	-	-	-
Net cash provided by (used for) non-capital financing activities	<u>541,450</u>	<u>-</u>	<u>541,450</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital contributions	-	-	-
Purchases of capital assets	(2,963)	-	(2,963)
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(2,963)</u>	<u>-</u>	<u>(2,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	32,194	(11,761)	20,433
Balances—beginning of year	1,620	199,291	200,911
Balances—end of year	<u>\$ 33,814</u>	<u>\$ 187,530</u>	<u>\$ 221,344</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:			
Operating loss	\$ (626,285)	\$ (11,761)	\$ (638,046)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation and net amortization	6,873	-	6,873
Federal commodities	101,832	-	101,832
(Increase) decrease in accounts receivable, net	1,413	-	1,413
(Increase) decrease in inventories	10,465	-	10,465
Increase (decrease) in accounts payable	(591)	-	(591)
Increase (decrease) in accrued salaries benefits	-	-	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absences	-	-	-
Total adjustments	<u>119,992</u>	<u>-</u>	<u>119,992</u>
Net cash provided by (used for) operating activities	<u>\$ (506,293)</u>	<u>\$ (11,761)</u>	<u>\$ (518,054)</u>

See accompanying notes to financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 104,902	\$ 10,055	\$ 161,168	\$ 925,652	\$ 1,201,777
Intergovernmental accounts receivable	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>104,902</u>	<u>10,055</u>	<u>161,168</u>	<u>925,652</u>	<u>1,201,777</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Payroll deductions and withholdings	-	-	-	925,652	925,652
Payable to student groups	-	-	161,168	-	161,168
Accrued wages	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>161,168</u>	<u>925,652</u>	<u>1,086,820</u>
NET POSITION					
Held in trust for unemployment claims and other purposes	104,902	-	-	-	104,902
Reserved for scholarships	-	10,055	-	-	10,055
Total net position	<u>104,902</u>	<u>10,055</u>	<u>-</u>	<u>-</u>	<u>114,957</u>
Total liabilities and net position	<u>\$ 104,902</u>	<u>\$ 10,055</u>	<u>\$ 161,168</u>	<u>\$ 925,652</u>	<u>\$ 1,201,777</u>

See accompanying notes to financial statements.

LACEY TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Fund</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Plan member	\$ -	\$ 39,675	\$ 39,675
Other	-	-	-
Total contributions	<u>-</u>	<u>39,675</u>	<u>39,675</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	-	118	118
Dividends	-	-	-
Less investment expense	-	-	-
Net investment earnings	<u>-</u>	<u>118</u>	<u>118</u>
Total additions	<u>-</u>	<u>39,793</u>	<u>39,793</u>
DEDUCTIONS			
Quarterly contribution reports	-	-	-
Unemployment claims	-	7,314	7,314
Scholarships awarded	359	-	359
Refunds of contributions	-	-	-
Administrative expenses	-	-	-
Total deductions	<u>359</u>	<u>7,314</u>	<u>7,673</u>
Change in net position	(359)	32,479	32,120
Net position –beginning of the year	<u>10,414</u>	<u>72,423</u>	<u>82,837</u>
Net position –end of the year	<u>\$ 10,055</u>	<u>\$ 104,902</u>	<u>\$ 114,957</u>

See accompanying notes to financial statements.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The Financial statements of the Board of Education ("Board") of the Lacey Township School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental 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 Lacey Township School District is a Type II district located in the county of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The Lacey Township School District had an approximate enrollment of 4,281 students at June 30, 2016.

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.

B. Component Units

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary schools, junior and senior high schools located in Lacey Township. 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.

C. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

C. District-Wide and Fund Financial Statements (Cont'd)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School District has Bond Costs which have been classified as a Deferred Outflow and the Bond Premium has been classified as a Deferred Inflow. The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 11.

First implemented for the June 30, 2016 year-end, GASB Statement No. 72 Fair Value Measurement and Application, provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value measurements. GASB Statement No. 72 paragraph 86 defines investment as, "a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash." SRECs are accounted for separately from the electricity savings that the solar system generates, providing an asset that the public school can exchange into spendable cash, another source of local revenue. Accordingly, beginning with the June 30, 2016 year-end, SRECs are subject to the financial reporting and footnote disclosure requirements of GASB Statement No. 72.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

In June 2015, GASB issued Statement No. 74, Financial Reporting For Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of benefits expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

District-Wide Statements - The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These Statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Governmental Fund Financial Statements - The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. **Summary of Significant Accounting Policies (Cont'd)**

E. Fund Accounting (Cont'd)

The accounts of the Lacey Township School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into eight fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Lacey Township School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund. As required by the New Jersey Department of Education Lacey Township School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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 Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

E. Fund Accounting (Cont'd)

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

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the following:

- ◆ Food Service Fund - This fund accounts for the revenues and expenses pertaining to the District's cafeteria operations.
- ◆ Community Education - This fund accounts for the revenues and expenses pertaining to the District's community education program.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total position) is segregated into contributed capital and unreserved net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Revenues are divided into operating and non-operating revenues. Operating revenues consist of daily sales. Non-operating revenues consist of federal and state reimbursable revenues and interest income.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment & Vehicles	5 Years
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Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

E. Fund Accounting (Cont'd)

Fiduciary Funds

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds as Agency Funds.

In accordance with GASB Statement 34, fiduciary funds are not included in the district-wide financial statements.

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total position) is segregated into contributed capital and net position components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

F. Basis of Accounting (Cont'd)

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

G. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for Special Revenue Fund as described later. 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 approved by Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

H. Encumbrances

Under Encumbrance Accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve and portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as reservations of 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 deferred revenues at fiscal year-end.

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

I. Cash, Cash Equivalents and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. Statute 18A:2037 provides a list of permissible investments that may be purchased by 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.

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

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

J. Investments

The required disclosures for investments carried at fair value on a recurring basis are detailed in Note 3. The Fair Value Measurements Topic of the Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability. Management did not elect the fair value option for certain financial assets and financial liabilities, which were all eligible for the fair value option, since those instruments were not affected by changes in management's risk management and investment strategy.

K. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2016, which have not been recorded, are not determinable.

L. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

M. 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. All interfund receivables and payables between the governmental and proprietary funds have been eliminated in the district-wide statements.

N. Capital Assets

General capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. **Summary of Significant Accounting Policies (Cont'd)**

N. Capital Assets (Cont'd)

Capital assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated capital assets are valued at their estimated fair market value on the date received. The general capital assets acquired or constructed were valued by an independent appraisal company. General capital assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively. General capital assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Machinery & Equipment	3-20
Building & Other Improvements	7-60
Infrastructure	30

O. Compensated Absences

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

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

P. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

Q. Accrued Liabilities and Long-Term Obligations

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables are accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

R. Deferred Outflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category which is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

S. Net Position

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

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

T. Fund Balance Reserves

The fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

T. Fund Balance Reserves (Cont'd)

1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.

2) Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3) Committed – includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

5) Unassigned – includes all spendable amounts not contained in the other classifications.

U. Management Estimates

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

2. Cash and Cash Equivalents

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at June 30, 2016, and reported at fair value are as follows:

Type Deposits:	Carrying Value
Demand deposits	<u>\$1,628,767</u>
Total deposits	<u>\$1,628,767</u>

The District's cash and cash equivalents are reported as follows:

Governmental Activities	\$ 205,646
Business-Type Activities	221,344
Fiduciary Funds	<u>1,201,777</u>
Total Cash and Cash Equivalents	<u>\$1,628,767</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

2. Cash, and Cash Equivalents (Cont'd)

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the Risk that, in the event of a bank failure, the Board's deposit may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2016, the Board's bank balances of \$2,825,597 were exposed to Custodial Credit Risk as follows:

	<u>2016</u>
Insured	\$ 250,000
Uninsured and Uncollateralized	1,287,433
Collateralized in the District's Name under GUDPA	<u>1,288,164</u>
Total	<u>\$ 2,825,597</u>

3. Investments

Fair values of assets and liabilities measured on a recurring basis at June 30, 2016 are as follows:

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2016				
SRECs	\$ 142,696	142,696	-	-

All assets and liabilities have been valued using a market approach.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

4. Capital Reserve Account

A Capital Reserve Account was established by the Lacey Township School District by inclusion of \$500,000 approved by the Board of Education in June 2016. 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 deposit funds at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2004 transfers must be in compliance with P.L, 2004, C.73 (S1701). Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The activity of the Capital Reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance July 1, 2015	\$	-
Add:		
Increase per Resolution		500,000
Interest Earnings		-
Deposits		-
Less:		
Withdrawals		-
Ending Balance, June 30, 2016	\$	<u>500,000</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

5. Receivables

Receivables at June 30, 2016, consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$ 656,364	\$ 657,216
Federal Aid	216,603	244,062
Other	<u>18,982</u>	<u>22,501</u>
Gross Receivables	891,949	923,779
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 891,949</u>	<u>\$ 923,779</u>

6. Contingent liabilities

Grant Programs

The school district participates in federal awards and state financial assistance grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

7. Capital Assets

Capital assets consisted of the following at June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 163,472	-	-	\$ 163,472
Total Capital Assets Not Being Depreciated	<u>163,472</u>	<u>-</u>	<u>-</u>	<u>163,472</u>
Capital Assets Being Depreciated				
Building and Building Improvements	84,998,019	7,502	-	85,005,521
Machinery and Equipment	<u>20,362,405</u>	<u>477,351</u>	<u>(250,245)</u>	<u>20,589,511</u>
Totals at Historical Cost	<u>105,360,424</u>	<u>484,853</u>	<u>(250,245)</u>	<u>105,595,032</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(47,732,820)	(1,579,386)	-	(49,312,206)
Machinery and Equipment	<u>(10,850,182)</u>	<u>(978,031)</u>	<u>250,245</u>	<u>(11,577,968)</u>
Total Accumulated Depreciation	<u>(58,583,002)</u>	<u>(2,557,417)</u>	<u>250,245</u>	<u>(60,890,174)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>46,777,422</u>	<u>(2,072,564)</u>	<u>-</u>	<u>44,704,858</u>
Government Activity Capital Assets, Net	<u>\$ 46,940,894</u>	<u>(2,072,564)</u>	<u>-</u>	<u>\$ 44,868,330</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	456,207	2,963	-	459,170
Less Accumulated Depreciation	<u>(382,246)</u>	<u>(6,873)</u>	<u>-</u>	<u>(389,119)</u>
Business-type activities capital assets, Net	<u>\$ 73,961</u>	<u>(3,910)</u>	<u>-</u>	<u>\$ 70,051</u>

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,173,804
Student and Instruction Related Services	76,723
School Administration Services	12,787
Other Special Instruction	217,380
Special Education Instruction	<u>76,723</u>
Total depreciation expense	<u>\$ 2,557,417</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

8. Long Term Obligations

During the fiscal year ended June 30, 2016, the following changes occurred in the non-current liabilities:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensated				
Absences Payable	\$ 2,478,706	\$ 1,765	\$ 2,480,471	\$ 301,714
Bonds Payable	35,680,000	(4,490,000)	31,190,000	2,625,000
Capital Leases	111,399	252,412	363,811	106,835
Pension liability - PERS	<u>21,084,642</u>	<u>2,663,306</u>	<u>23,747,948</u>	<u>907,245</u>
Total	<u>\$ 59,354,747</u>	<u>\$ (1,572,517)</u>	<u>\$ 57,782,230</u>	<u>\$ 3,940,794</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,625,000	\$ 1,234,550	\$ 3,859,550
2018	2,745,000	1,171,425	3,916,425
2019	2,755,000	1,086,263	3,841,263
2020	2,830,000	984,837	3,814,837
2021	2,905,000	880,375	3,785,375
2022-2026	14,030,000	2,497,638	16,527,638
2027-2030	<u>3,300,000</u>	<u>361,750</u>	<u>3,661,750</u>
	<u>\$ 31,190,000</u>	<u>\$ 8,216,838</u>	<u>\$ 39,406,838</u>

B. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

8. Long Term Obligations (Cont'd)

C. Capital Leases

The District is leasing equipment and vehicles under capital leases. The capital leases do not exceed five years. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2016:

Year Ended June 30,	
2017	\$ 115,287
2018	115,287
2019	76,410
2020	<u>76,410</u>
Total Minimum lease payments	383,394
Less: amounts representing interest	<u>(19,583)</u>
Present Value of lease payments	<u>\$ 363,811</u>

9. Pension Plans

Description of Systems

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund ("TPAF")

The Teachers' Pension and Annuity Fund was established as of January 1, 1955 under the provision of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are classified, professional, and certified.

For the year ended June 30, 2016, the District recognized pension expense of \$2,219,100 and revenue of \$2,219,100 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (Cont'd)

At June 30, 2016, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.2777601437% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the TPAF fund and has been adjusted to the District's proportionate share:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 886,992	\$ 52,574
Changes of assumptions	19,881,638	-
Net difference between projected and actual earnings on pension plan investments	-	1,478,277
Changes in proportion and differences between District contributions and proportionate share of contributions	126,963	200,609
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 20,895,593</u>	<u>\$ 1,731,460</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$175,556,272.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

Year ended June 30:	
2016	\$ 2,273,282
2017	2,273,282
2018	2,273,282
2019	3,482,398
2020	2,947,315
Thereafter	<u>6,101,932</u>
Total	<u>\$ 19,351,491</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Pension Plans (Con't)

Public Employees' Retirement System ("PERS")

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

For the year ended June 30, 2016, the District recognized pension expense of \$907,245. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.1017494056% of the total plan. The information below was provided from the State of New Jersey June 30, 2015 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 544,899	\$ -
Changes of assumptions	2,452,909	-
Net difference between projected and actual earnings on pension plan investments	-	367,235
Changes in proportion and differences between District contributions and proportionate share of contributions	815,553	983,806
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 3,813,361</u>	<u>\$ 1,351,041</u>

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$22,840,703. The current portion due in April 2017 for the June 30, 2015 liability is \$907,245 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2016 is \$23,747,948.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Pension Plans (Cont'd)

Public Employees' Retirement System ("PERS") (Cont'd)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 478,897
2017	478,897
2018	478,897
2019	762,720
2020	431,163
Thereafter	-
Total	<u>\$ 2,630,574</u>

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	1.04 %
U.S. Treasuries	1.75 %	1.64 %
Investment Grade Credit	10.00 %	1.79 %
Mortgages	2.10 %	1.62 %
High Yield Bonds	2.00 %	4.03 %
Inflation-Indexed Bonds	1.50 %	3.25 %
Broad US Equities	27.25 %	8.52 %
Developed Foreign Equities	12.00 %	6.88 %
Emerging Market Equities	6.40 %	10.00 %
Private Equity	9.25 %	12.41 %
Hedge Funds/Absolute Return	12.00 %	4.72 %
Real Estate (Property)	2.00 %	6.83 %
Commodities	1.00 %	5.32 %
Global Debt ex US	3.50 %	(0.40) %
REIT	4.25 %	5.12 %

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Pension Plans (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 and 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.90 %)	Current Discount Rate (4.90 %)	1% Increase (5.90 %)
District's proportionate share of the net pension liability	28,388,199	22,840,703	18,189,722

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

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

**9. Pension Plans (Cont'd)
Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

Contribution Requirements

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2016	\$ 883,741	100 %	\$ -
2015	895,190	100 %	-
2014	760,179	100 %	-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2016	\$ 4,861,435	100 %	\$ -
2015	2,383,907	100 %	-
2014	3,083,878	100 %	-

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution included funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

**9. Pension Plans (Cont'd)
Contribution Requirements (Cont'd)**

There was a current year contribution to the TPAF post-retirement medical benefits made by the state of New Jersey on behalf of the Board in the amount of \$4,861,435. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,028,719 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining individual fund and account group statements and schedules as revenues and expenditures in accordance with Governmental Accounting Standards.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2016 were \$8,055. The District's liability for unpaid contributions at June 30, 2016 were \$2,327.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

10. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits of those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Post-Retirement Benefits (Cont'd)

contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

11. Deferred Compensation

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

Lincoln Investments	Equitable
The Legend Group	Metropolitan Life Insurance Co

12. Risk Management

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

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

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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the prior year.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest income</u>	<u>Amount reimbursed</u>	<u>Ending Balance</u>
2015 / 2016	\$ 39,675	\$ 118	\$ 7,314	\$ 104,902
2014 / 2015	39,723	98	48,938	72,423
2013 / 2014	60,823	122	75,600	81,540

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

13. Interfund Receivables and Payables

New Jersey statute requires that interest earned on the investments in capital projects fund be credited to the general fund or debt service based on Board resolution.

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 129,707
Special Revenue Fund	129,707	-
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	<u>\$ 129,707</u>	<u>\$ 129,707</u>

14. Compensated Absences

The District accounts for compensated absences (e.g., sick leave) as directed by Governmental Accounting Standards. 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 sick leave in accordance with the District's personnel policy. 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 unions. The liability for vested compensated absences of the governmental fund types is recorded as a non-current liability in the governmental activities fund (see footnote 8).

15. Fund Balances

General Fund – of the \$697,505 General Fund balance at June 30, 2016, \$130,985 of encumbrances is committed to other purposes, \$500,000 is restricted for capital reserve, \$- is restricted for maintenance reserve, \$- is restricted for emergency reserve, \$- is restricted for excess surplus, \$- is restricted for excess surplus for subsequent year expenditures, \$939,915 has been classified as assigned fund balance designated for subsequent year expenditures, and \$(873,395) is unassigned.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

15. 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 Reserved 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 reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$-. The excess fund balance at June 30, 2015 was \$-. Pursuant to the provisions of Executive Order No. 14, \$- of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2015-16 withholding of state aid.

16. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2016. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open year prior to June 30, 2013.

17. Subsequent Events

Management has evaluated subsequent events through November 14, 2016, the date the financial statements were available to be issued.

18. Prior Period Adjustment

During the year ended June 30, 2016 the beginning compensated absences payable balance has been restated to correct errors in reporting in the prior years. The net effect of the restatement was a decrease in compensated absences payable of \$2,124,589 and an increase in unrestricted net position of \$2,124,589.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

LACEY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Transfers/ Encumbrances</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 42,435,625	\$ -	\$ 42,435,625	\$ 42,435,625	\$ -
Tuition - from other LEA's within the state	-	-	-	60,875	60,875
Interest income	-	-	-	3,842	3,842
Miscellaneous	300,000	-	300,000	652,692	352,692
Total - local sources	<u>42,735,625</u>	<u>-</u>	<u>42,735,625</u>	<u>43,153,034</u>	<u>417,409</u>
State sources:					
Categorical transportation aid	333,156	-	333,156	333,156	-
Categorical special education aid	2,504,516	-	2,504,516	2,504,516	-
Security aid	483,794	-	483,794	483,794	-
Equalization aid	17,753,571	-	17,753,571	17,753,571	-
Adjustment aid	71,943	-	71,943	71,943	-
Extraordinary aid	-	654,072	654,072	654,072	-
Non-public transportation	-	2,292	2,292	2,292	-
DOE Loan Against State Aid	-	-	-	-	-
Other state aid	88,760	-	88,760	88,760	-
TPAF pension (on-behalf - Non-budgeted)	-	-	-	4,861,435	4,861,435
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,028,719	2,028,719
Total state sources	<u>21,235,740</u>	<u>656,364</u>	<u>21,892,104</u>	<u>28,782,258</u>	<u>6,890,154</u>
Federal sources:					
Medicaid reimbursement	86,737	-	86,737	88,968	2,231
Other federal aids-ARRA/SEMI	-	-	-	-	-
Total Federal sources	<u>86,737</u>	<u>-</u>	<u>86,737</u>	<u>88,968</u>	<u>2,231</u>
Total revenues	<u>64,058,102</u>	<u>656,364</u>	<u>64,714,466</u>	<u>72,024,260</u>	<u>7,309,794</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	863,057	-	863,057	831,375	31,682
Grades 1-5 - Salaries of teachers	7,084,180	(60,000)	7,024,180	7,016,021	8,159
Grades 6-8 - Salaries of teachers	3,981,585	(105,000)	3,876,585	3,859,013	17,572
Grades 9-12 - Salaries of teachers	6,564,645	(13,300)	6,551,345	6,551,151	194
Regular Programs - Undistributed Instruction					
Purchased professional-educational services	157,770	(20,500)	137,270	131,602	5,668
Other salaries for instruction	290,748	(20,000)	270,748	265,591	5,157
Other purchased services (400-500 series)	675,285	(790)	674,495	671,890	2,605
General supplies	894,164	(135,237)	758,927	702,166	56,761
Textbooks	17,600	(4,700)	12,900	9,877	3,023
Other objects	47,600	10,484	58,084	50,214	7,870
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>20,576,634</u>	<u>(349,043)</u>	<u>20,227,591</u>	<u>20,088,900</u>	<u>138,691</u>

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 322,075	\$ 927,554	\$ 1,249,629	\$ 1,249,103	\$ 526
Other salaries for instruction	117,186	174,841	292,027	291,970	57
General supplies	4,450	15,450	19,900	15,582	4,318
Textbooks	400	1,420	1,820	1,815	5
Other objects	2,900	(1,380)	1,520	278	1,242
Total Learning and/or Language Disabilities	447,011	1,117,885	1,564,896	1,558,748	6,148
Behavioral Disabilities					
Salaries of teachers	1,123,629	(841,554)	282,075	276,508	5,567
Other salaries for instruction	270,927	(165,041)	105,886	103,185	2,701
Other purchased services (400-500 series)	1,000	(1,000)	-	-	-
General supplies	20,000	(15,550)	4,450	2,770	1,680
Textbooks	1,820	(1,420)	400	240	160
Other objects	1,420	1,480	2,900	1,718	1,182
Total Behavioral Disabilities	1,418,796	(1,023,085)	395,711	384,421	11,290
Multiple Disabilities:					
Salaries of teachers	407,962	57,000	464,962	464,538	424
Other salaries for instruction	229,019	(3,000)	226,019	224,457	1,562
General supplies	8,500	(2,310)	6,190	5,801	389
Textbooks	300	(90)	210	-	210
Other objects	880	1,400	2,280	1,418	862
Total Multiple Disabilities	646,661	53,000	699,661	696,214	3,447
Resource Room/Resource Center:					
Salaries of teachers	3,076,604	125,000	3,201,604	3,201,472	132
Other salaries for instruction	302,248	45,500	347,748	347,647	101
Other purchased services (400-500 series)	1,000	-	1,000	812	188
General supplies	17,900	(800)	17,100	16,356	744
Textbooks	500	-	500	400	100
Other objects	1,050	-	1,050	310	740
Total Resource Room/Resource Center	3,399,302	169,700	3,569,002	3,566,997	2,005
Autism:					
Salaries of teachers	286,887	3,000	289,887	289,825	62
Other salaries for instruction	213,313	3,500	216,813	216,727	86
Other purchased services (400-500 series)	1,000	(1,000)	-	-	-
General supplies	10,500	(3,250)	7,250	6,984	266
Other objects	2,550	415	2,965	1,315	1,650
Textbooks	1,200	(1,200)	-	-	-
Total Autism	515,450	1,465	516,915	514,851	2,064
Preschool Disabilities - Full-Time:					
Salaries of teachers	215,201	9,300	224,501	224,456	45
Other salaries for instruction	83,021	23,000	106,021	105,939	82
General supplies	2,500	-	2,500	2,415	85
Other objects	700	-	700	610	90
Total Preschool Disabilities - Full-Time	301,422	32,300	333,722	333,420	302
TOTAL SPECIAL EDUCATION- INSTRUCTION	6,728,642	351,265	7,079,907	7,054,651	25,256

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction					
Salaries of teachers	\$ 164,009	\$ 8,600	\$ 172,609	\$ 172,545	\$ 64
General supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total Bilingual Education - Instruction	<u>164,009</u>	<u>8,600</u>	<u>172,609</u>	<u>172,545</u>	<u>64</u>
School-Spon. Cocurricular Actvts. - Instruction					
Salaries	356,924	(12,500)	344,424	334,325	10,099
Supplies and materials	27,728	(12,880)	14,848	9,458	5,390
Other objects	7,900	197	8,097	7,365	732
Total School-Spon. Cocurricular Actvts. - Instruction	<u>392,552</u>	<u>(25,183)</u>	<u>367,369</u>	<u>351,148</u>	<u>16,221</u>
School-Spon. Athletics - Instruction					
Salaries	778,550	(39,300)	739,250	739,203	47
Purchased services (300-500 series)	117,400	(17,552)	99,848	89,437	10,411
Supplies and materials	119,728	(2,278)	117,450	110,916	6,534
Other objects	38,350	318	38,668	34,481	4,187
Total School-Spon. Cocurricular Actvts. - Instruction	<u>1,054,028</u>	<u>(58,812)</u>	<u>995,216</u>	<u>974,037</u>	<u>21,179</u>
Total Instruction	<u>28,915,865</u>	<u>(73,173)</u>	<u>28,842,692</u>	<u>28,641,281</u>	<u>201,411</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - Regular	-	87,000	87,000	87,000	-
Tuition to other LEAs within the state - Special	200,000	(75,000)	125,000	122,137	2,863
Tuition to Co. Voc. School Dist. - reg.	60,000	(60,000)	-	-	-
Tuition to Co.Spec. Serv. & Reg. Day schools	300,000	127,300	427,300	396,442	30,858
Tuition to Private Sch for Disbl w/i State	1,650,000	(280,371)	1,369,629	1,277,108	92,521
Tuition - State Facilities	96,918	-	96,918	96,918	-
Tuition - Other	90,000	(23,261)	66,739	66,715	24
Total Undistributed Expenditures - Instruction	<u>2,396,918</u>	<u>(224,332)</u>	<u>2,172,586</u>	<u>2,046,320</u>	<u>126,266</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	245,781	(21,000)	224,781	222,909	1,872
Total Undistributed Expend. - Attend. & Social Work	<u>245,781</u>	<u>(21,000)</u>	<u>224,781</u>	<u>222,909</u>	<u>1,872</u>
Undist. Expend. - Health Services					
Salaries	521,183	10,000	531,183	531,047	136
Purchased professional and technical services	43,397	-	43,397	42,635	762
Other purchased services (400-500 series)	45,000	(26,000)	19,000	18,349	651
Supplies and materials	20,900	315	21,215	10,175	11,040
Total Undistributed Expenditures - Health Services	<u>630,480</u>	<u>(15,685)</u>	<u>614,795</u>	<u>602,206</u>	<u>12,589</u>
Undist. Expend. - Other Support Services - Students - Related Service					
Salaries	374,370	4,700	379,070	379,032	38
Purchased professional - educational services	16,000	5,600	21,600	21,600	-
Supplies and materials	3,000	-	3,000	33	2,967
Total Undist. Expend. - Other Support Services - Students - Related Service	<u>393,370</u>	<u>10,300</u>	<u>403,670</u>	<u>400,665</u>	<u>3,005</u>
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	179,700	(11,000)	168,700	165,880	2,820
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	<u>179,700</u>	<u>(11,000)</u>	<u>168,700</u>	<u>165,880</u>	<u>2,820</u>

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Services Students-Regular					
Salaries of other professional staff	\$ 1,123,263	\$ -	\$ 1,123,263	\$ 1,111,720	\$ 11,543
Salaries of secretarial and clerical assistants	121,464	1,600	123,064	122,988	76
Purchased professional - educational services	111,791	(39,000)	72,791	68,684	4,107
Supplies and materials	7,750	-	7,750	6,965	785
Total Undist. Expend. - Other Support Services - Students-Regular	1,364,268	(37,400)	1,326,868	1,310,357	16,511
Undist. Expend. - Other Support Services - Students-Special					
Salaries of other professional staff	891,150	(500)	890,650	890,557	93
Salaries of secretarial and clerical assistants	91,146	3,100	94,246	94,195	51
Purchased professional - educational services	318,530	38,775	357,305	352,948	4,357
Total Undist. Expend. - Other Support Services - Students-Special	1,300,826	41,375	1,342,201	1,337,700	4,501
Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.					
Salaries superv. of instruction	1,297,387	58,000	1,355,387	1,355,194	193
Salaries other prof. staff	134,322	3,600	137,922	137,906	16
Salaries secr. & clerical asst.	103,617	1,000	104,617	104,545	72
Other salaries	-	-	-	-	-
Purchased professional - educational services	151,800	-	151,800	144,279	7,521
Supplies and materials	30,500	2,115	32,615	29,325	3,290
Total Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.	1,717,626	64,715	1,782,341	1,771,249	11,092
Undist. Expend. - Educational Media Services/School Library					
Salaries	399,437	2,100	401,537	401,497	40
Purchased prof & tech svc.	23,449	-	23,449	20,358	3,091
Supplies and materials	12,645	4	12,649	11,607	1,042
Total Undist. Expend. - Educational Media Services/School Library	435,531	2,104	437,635	433,462	4,173
Undist. Expend. - Instruction Staff Training Services					
Other purchased services (400-500 series)	72,100	379	72,479	61,567	10,912
Total Undist. Expend. - Instruction Staff Training Services	72,100	379	72,479	61,567	10,912
Undist. Expend. - Support Service - General Administration					
Salaries	498,268	1,300	499,568	499,533	35
Salaries of attorneys	10,000	-	10,000	833	9,167
Legal services	150,000	29,600	179,600	179,541	59
Audit fees	30,000	200	30,200	30,200	-
Other purchased professional services	28,000	13,100	41,100	41,057	43
Communications/telephone	65,000	(23,100)	41,900	40,770	1,130
Misc. purch. serv.(400-500)	2,000	-	2,000	1,764	236
General supplies	18,750	3,059	21,809	20,990	819
BOE membership dues & fees	31,000	1,650	32,650	32,621	29
Miscellaneous expenditures	11,000	2,500	13,500	13,321	179
Total Undist. Expend. - Support Service - General Administration	844,018	28,309	872,327	860,630	11,697
Undist. Expend. - Support Service - School Administration					
Salaries of principals/assistant principals	1,073,924	30,000	1,103,924	1,103,133	791
Salaries of secretarial and clerical assistants	280,509	38,600	319,109	319,070	39
Supplies and materials	56,050	(5,566)	50,484	45,660	4,824
Total Undist. Expend. - Support Service - School Administration	1,410,483	63,034	1,473,517	1,467,863	5,654

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures- Central Services					
Salaries	\$ 524,429	\$ 27,000	\$ 551,429	\$ 550,746	\$ 683
Purchase professional services	32,000	6,100	38,100	34,962	3,138
Supplies and materials	13,000	(100)	12,900	9,414	3,486
Miscellaneous expenditures	3,000	-	3,000	2,650	350
Total Central Services	572,429	33,000	605,429	597,772	7,657
Required Maint for School Facilities					
Salaries	1,698,046	(70,000)	1,628,046	1,603,881	24,165
Cleaning, repair and maintenance services	283,100	(36,029)	247,071	212,743	34,328
General supplies	148,000	(14,288)	133,712	121,796	11,916
Total Required Maintenance for School Facilities	2,129,146	(120,317)	2,008,829	1,938,420	70,409
Custodial Services					
Salaries	1,443,362	(40,000)	1,403,362	1,403,080	282
Purchased professional and technical services	4,500	-	4,500	3,756	744
Cleaning, repair and maintenance services	260,000	12,270	272,270	264,092	8,178
Rental of land and building other than lease	4,000	-	4,000	4,000	-
Other purchased property services	67,000	-	67,000	64,757	2,243
Insurance	650,000	(7,000)	643,000	642,761	239
General supplies	110,000	(7,500)	102,500	102,279	221
Energy (natural gas)	304,000	(38,170)	265,830	225,623	40,207
Energy (electricity)	576,000	10,000	586,000	583,250	2,750
Total Custodial services	3,418,862	(70,400)	3,348,462	3,293,598	54,864
Care and Upkeep of Grounds					
Salaries	355,982	-	355,982	351,896	4,086
General Supplies	75,000	(20,000)	55,000	50,978	4,022
Total Care and Upkeep of Grounds	430,982	(20,000)	410,982	402,874	8,108
Security					
Salaries	345,566	-	345,566	329,354	16,212
Total Security	345,566	-	345,566	329,354	16,212
Total Oper. And Maintenance of Plant Services	6,324,556	(210,717)	6,113,839	5,964,246	149,593
Student Transportation Services					
Salaries of non-instructional aides	58,068	(11,000)	47,068	46,202	866
Salaries for pupil transportation (between home and school) - regular	977,568	(17,000)	960,568	959,732	836
Salaries for pupil transportation (other than between home and school)	415,595	63,000	478,595	478,220	375
Cleaning, repair and maint. services	14,000	-	14,000	13,204	796
Contr serv (oth.than bet home & sch) - vend	-	-	-	-	-
Contract svc (btw home & sch.)-joint agree	-	-	-	-	-
Contract serv.(spl. ed. students) - ESCs & CTSA	790,000	86,300	876,300	876,120	180
Contr serv. - aid in lieu pymts-NonPub Sch	19,000	(3,000)	16,000	15,523	477
Misc. purchased services - transportation	152,000	(4,000)	148,000	147,526	474
General supplies	7,000	-	7,000	3,651	3,349
Transportation supplies	345,000	(22,615)	322,385	320,313	2,072
Other objects	19,600	-	19,600	17,439	2,161
Total Student Transportation Services	2,797,831	91,685	2,889,516	2,877,930	11,586

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
Personal Services- Employee Benefits					
Social security contributions	\$ 890,000	\$ (10,000)	880,000	877,256	\$ 2,744
Other retirement contributions - PERS	920,000	(30,000)	890,000	883,741	6,259
Workmen's compensation	560,000	(43,000)	517,000	516,077	923
Health benefits	13,360,000	340,900	13,700,900	13,700,346	554
Tuition reimbursement	95,590	(40,000)	55,590	55,214	376
Other employee benefits	92,500	(433)	92,067	82,790	9,277
Total Personal Services-Employee Benefits	<u>15,918,090</u>	<u>217,467</u>	<u>16,135,557</u>	<u>16,115,424</u>	<u>20,133</u>
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	4,861,435	(4,861,435)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,028,719	(2,028,719)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,890,154</u>	<u>(6,890,154)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>15,918,090</u>	<u>217,467</u>	<u>16,135,557</u>	<u>23,005,578</u>	<u>(6,870,021)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>36,604,007</u>	<u>32,234</u>	<u>36,636,241</u>	<u>43,126,334</u>	<u>(6,490,093)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>65,519,872</u>	<u>(40,939)</u>	<u>65,478,933</u>	<u>71,767,615</u>	<u>(6,288,682)</u>

LACEY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	\$ -	\$ 3,596	\$ 3,596	\$ 3,595	\$ 1
Grades 6-8	-	-	-	-	-
Grades 9-12	-	-	-	-	-
Special Education - Instruction:					
Learning and/or Language Disabilities	-	3,106	3,106	3,104	2
School - sponsored and other instructional program	-	-	-	-	-
Undist.Exp.-Req. Maint. Schl Facilities					
Support services-students - regular education	-	5,894	5,894	5,894	-
Undist. exp.- req. maint. schl facilities	-	22,700	22,700	22,676	24
Undist. exp. - custodial services	-	-	-	-	-
Undistributed exp.-Non-instructional services					
Student transportation - non-instructional equip.	126,878	37,530	164,408	164,364	44
Total Equipment	<u>126,878</u>	<u>72,826</u>	<u>199,704</u>	<u>199,633</u>	<u>71</u>
Facilities Acquisition and Construction Services					
Construction services	-	-	-	-	-
Assessment for debt service on SDA funding	161,352	-	161,352	161,352	-
Total	<u>161,352</u>	<u>-</u>	<u>161,352</u>	<u>161,352</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>288,230</u>	<u>72,826</u>	<u>361,056</u>	<u>360,985</u>	<u>71</u>
Transfer of Funds to Charter Schools	-	7,461	7,461	7,461	-
TOTAL EXPENDITURES	<u>65,808,102</u>	<u>39,348</u>	<u>65,847,450</u>	<u>72,136,061</u>	<u>(6,288,611)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,750,000)</u>	<u>617,016</u>	<u>(1,132,984)</u>	<u>(111,801)</u>	<u>1,021,183</u>
Fund Balance, July 1	2,729,143	-	2,729,143	2,729,143	-
Fund Balance, June 30	<u>\$ 979,143</u>	<u>\$ 617,016</u>	<u>\$ 1,596,159</u>	<u>\$ 2,617,342</u>	<u>\$ 1,021,183</u>
Recapitulation:					
Restricted Fund Balance:					
Maintenance reserve				-	
Emergency reserve				-	
Excess surplus - current year				-	
Excess surplus-designated for subsequent year's expenditures				-	
Capital reserve				500,000	
Committed Fund Balance:					
Other purposes				-	
Year-end encumbrances				130,985	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				939,915	
Unrestricted/undesignated				<u>1,046,442</u>	
Reconciliation to governmental funds statements (GAAP)					
Unsold SRECs recognized on GAAP basis				142,696	
Last state aid payment not recognized on GAAP basis				<u>(2,062,533)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ (873,395)</u>	

LACEY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local sources	\$ -	\$ 330,446	\$ 330,446	\$ 105,712	\$ (224,734)
State sources	-	-	-	-	-
Federal sources	1,334,000	272,587	1,606,587	1,606,587	-
Total Revenues	<u>1,334,000</u>	<u>603,033</u>	<u>1,937,033</u>	<u>1,712,299</u>	<u>(224,734)</u>
EXPENDITURES					
Instruction:					
Personal services - salaries	275,000	41,238	316,238	296,772	19,466
Purchased professional and technical services	100,000	20,000	120,000	120,000	-
Travel	-	-	-	-	-
General supplies	70,000	310,529	380,529	221,353	159,176
Tuition	500,000	11,068	511,068	511,068	-
Other objects	-	1,680	1,680	686	994
Total instruction	<u>945,000</u>	<u>384,515</u>	<u>1,329,515</u>	<u>1,149,879</u>	<u>179,636</u>
Support services:					
Personal services - salaries	-	47,307	47,307	16,297	31,010
Purchased professional and technical services	320,000	115,200	435,200	435,200	-
Other purchased services	-	-	-	-	-
Employee benefits	50,000	18,473	68,473	65,000	3,473
Travel	19,000	(7,450)	11,550	11,550	-
Supplies - materials	-	22,203	22,203	18,305	3,898
Total support services	<u>389,000</u>	<u>195,733</u>	<u>584,733</u>	<u>546,352</u>	<u>38,381</u>
EXPENDITURES:					
Facilities acquisition and const. serv.:					
Instructional equipment	-	22,785	22,785	16,068	6,717
Total facilities acquisition and const. serv.	<u>-</u>	<u>22,785</u>	<u>22,785</u>	<u>16,068</u>	<u>6,717</u>
Total expenditures	<u>1,334,000</u>	<u>603,033</u>	<u>1,937,033</u>	<u>1,712,299</u>	<u>224,734</u>
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	<u>1,334,000</u>	<u>603,033</u>	<u>1,937,033</u>	<u>1,712,299</u>	<u>224,734</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				\$ -	
Fund balance per governmental funds (GAAP)				<u>\$ -</u>	

LACEY TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2016

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 72,024,260		[C-2] \$ 1,712,299
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		231,741
Unsold SRECs reported at fair market value for GAAP statements in the current year, subsequently recognized for budgetary purposes	142,696		
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(2,219,100)		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,062,533)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,085,177		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 69,970,500		[B-2] \$ 1,944,040
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 72,136,061		[C-2] \$ 1,712,299
Differences - budget to GAAP:			
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(2,219,100)		-
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.	-		231,741
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 69,916,961		[B-2] \$ 1,944,040

REQUIRED SUPPLEMENTARY INFORMATION - PART III

LACEY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.1079429365%	0.1017494056%
District's proportionate share of the net pension liability	\$ 21,084,642	\$ 23,747,948
District's covered-employee payroll	6,984,405	7,070,140
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.13%	29.77%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

**LACEY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2016**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contributions	\$ 889,866	\$ 883,741
Contributions in relation to the contractually required contribution	<u>895,190</u>	<u>883,741</u>
Contribution deficiency (excess)	<u>\$ (5,324)</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,984,405	\$ 7,070,140
Contributions as a percentage of covered-employee payroll	12.74%	12.50%

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

LACEY TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.2761674482%	0.2777601437%
District's proportionate share of the net pension liability	\$ 147,602,513	\$ 175,556,272
District's covered-employee payroll	28,536,671	28,541,864
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.33%	16.26%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

The District has a special funding situation as is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

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

Lacey Township School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2016

Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04 %
Salary increases: 2012-2021	2.15 - 4.40 % based on age
Thereafter	3.15 - 5.40 % based on age
Investment rate of return	7.90 %

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

OTHER SUPPLEMENTARY INFORMATION

LACEY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Title I 15/16	IDEA-Part B Preschool 15/16	IDEA-Part B-Basic Reg Prog 15/16
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	383,091	32,691	1,058,455
Total revenues	<u>383,091</u>	<u>32,691</u>	<u>1,058,455</u>
Expenditures:			
Instruction:			
Salaries	220,009	-	-
Purchased services	-	-	120,000
Other purchased services	-	-	-
General supplies	86,220	-	38,932
Tuition	-	-	511,068
Other objects	-	-	-
Total instruction	<u>306,229</u>	<u>-</u>	<u>670,000</u>
Support services:			
Other support services - students - special:			
Salaries	4,031	-	-
Prof. and tech. services	16,104	32,691	378,455
Other purchased services	-	-	-
Employee benefits	52,000	-	-
Travel	3,640	-	7,000
Supplies and materials	1,087	-	3,000
Total other support services - students - special	<u>76,862</u>	<u>32,691</u>	<u>388,455</u>
Total support services	<u>76,862</u>	<u>32,691</u>	<u>388,455</u>
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 383,091</u>	<u>\$ 32,691</u>	<u>\$ 1,058,455</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

(Continued from prior page)

	Title II Part A 15/16	Other	Total 2016
Revenues:			
Local sources	\$ -	\$ 105,712	\$ 105,712
State sources	-	-	-
Federal sources	132,350	-	1,606,587
Total revenues	132,350	105,712	1,712,299
Expenditures:			
Instruction:			
Salaries	65,957	10,806	296,772
Purchased services	-	-	120,000
Other purchased services	-	-	-
General supplies	32,267	63,934	221,353
Tuition	-	-	511,068
Other objects	-	686	686
Total instruction	98,224	75,426	1,149,879
Support services:			
Other support services - students - special:			
Salaries	12,266	-	16,297
Prof. and tech. services	7,950	-	435,200
Other purchased services	-	-	-
Employee benefits	13,000	-	65,000
Travel	910	-	11,550
Supplies and materials	-	14,218	18,305
Total other support services - students - special	34,126	14,218	546,352
Total support services	34,126	14,218	546,352
Equipment:			
Instruction equipment	-	-	-
Non-instructional equipment	-	16,068	16,068
Total equipment	-	16,068	16,068
Total expenditures	\$ 132,350	\$ 105,712	\$ 1,712,299

LACEY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Total Enterprise
Assets:			
Current assets:			
Cash and cash equivalents	\$ 33,814	\$ 187,530	\$ 221,344
Accounts receivable:			
State	852	-	852
Federal	27,459	-	27,459
Other	3,519	-	3,519
Inventories	14,248	-	14,248
Total current assets	<u>79,892</u>	<u>187,530</u>	<u>267,422</u>
Fixed assets:			
Equipment	434,612	24,558	459,170
Accumulated depreciation	<u>(367,017)</u>	<u>(22,102)</u>	<u>(389,119)</u>
Total fixed assets	<u>67,595</u>	<u>2,456</u>	<u>70,051</u>
Total assets	<u>\$ 147,487</u>	<u>\$ 189,986</u>	<u>\$ 337,473</u>
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	-	-	-
Accrued salaries and benefits	-	-	-
Deferred revenue	-	-	-
Compensated absences	-	-	-
Interfund payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position :			
Net investment in capital assets	67,595	2,456	70,051
Restricted for other purposes	-	-	-
Unrestricted net position	<u>79,892</u>	<u>187,530</u>	<u>267,422</u>
Total fund equity	<u>147,487</u>	<u>189,986</u>	<u>337,473</u>
Total liabilities and fund equity	<u>\$ 147,487</u>	<u>\$ 189,986</u>	<u>\$ 337,473</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combined Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year ended June 30, 2016

Business-type Activities -
Enterprise Funds

	Food Service	Child Care	Total Enterprise
Operating revenues:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$ 701,820	\$ -	\$ 701,820
Total daily sales-reimbursable programs	701,820	-	701,820
Daily sales non-reimbursable programs	35,468	-	35,468
Child Care Revenue	-	275,787	275,787
Fitness Revenues	-	-	-
Total operating revenues	737,288	275,787	1,013,075
Operating expenses:			
Salaries	638,110	221,747	859,857
Supplies and materials	21,443	15,309	36,752
Utilities	-	47,000	47,000
Miscellaneous	-	3,492	3,492
Depreciation	6,873	-	6,873
Cost of sales	697,147	-	697,147
Total operating expenses	1,363,573	287,548	1,651,121
Operating income (loss)	(626,285)	(11,761)	(638,046)
Nonoperating revenues:			
State sources:			
State school lunch program	14,768	-	14,768
Federal sources:			
School breakfast program	49,451	-	49,451
National school lunch program	446,350	-	446,350
Special milk program	202	-	202
Food distribution program	101,832	-	101,832
National School Performance Based Program	19,184	-	19,184
Total nonoperating revenues	631,787	-	631,787
Change in net position before transfers	5,502	(11,761)	(6,259)
Transfers in (out)	-	-	-
Change in net position	5,502	(11,761)	(6,259)
Total unrestricted net position - beginning	141,985	201,747	343,732
Total unrestricted net position - ending	\$ 147,487	\$ 189,986	\$ 337,473

LACEY TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Combining Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 840,533	\$ 275,787	\$ 1,116,320
Payments to employees & benefits	(638,110)	(221,747)	(859,857)
Payments to suppliers	(708,716)	(65,801)	(774,517)
Net cash provided by (used in) operating activities	<u>(506,293)</u>	<u>(11,761)</u>	<u>(518,054)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	15,491	-	15,491
Federal sources	525,959	-	525,959
Net cash provided by non-capital financing activities	<u>541,450</u>	<u>-</u>	<u>541,450</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(2,963)	-	(2,963)
Net cash provided by (used in) capital and related financing activities	<u>(2,963)</u>	<u>-</u>	<u>(2,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	32,194	(11,761)	20,433
Balances—beginning of year	1,620	199,291	200,911
Balances—end of year	<u>\$ 33,814</u>	<u>\$ 187,530</u>	<u>\$ 221,344</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:			
Operating income (loss)	\$ (626,285)	\$ (11,761)	\$ (638,046)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation and net amortization	6,873	-	6,873
Federal commodities	101,832	-	101,832
(Increase) decrease in accounts receivable, net	1,413	-	1,413
(Increase) decrease in inventories	10,465	-	10,465
Increase (decrease) in accounts payable	(591)	-	(591)
Total adjustments	<u>119,992</u>	<u>-</u>	<u>119,992</u>
Net cash provided by (used in) operating activities	<u>\$ (506,293)</u>	<u>\$ (11,761)</u>	<u>\$ (518,054)</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Student Activity</u>	<u>Payroll Fund</u>	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 161,168	\$ 925,652	\$ 10,055	\$ 104,902	\$ 1,201,777
Total assets	<u>161,168</u>	<u>925,652</u>	<u>10,055</u>	<u>104,902</u>	<u>1,201,777</u>
LIABILITIES					
Payroll deductions and withholdings	-	925,652	-	-	925,652
Payable to student groups	161,168	-	-	-	161,168
Total liabilities	<u>161,168</u>	<u>925,652</u>	<u>-</u>	<u>-</u>	<u>1,086,820</u>
Fund Balances					
Reserved for :					
Scholarships	-	-	10,055	-	10,055
Held in trust for: Unemployment Claims	-	-	-	104,902	104,902
Total fund balances	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>104,902</u>	<u>114,957</u>
Total liabilities and fund balances	<u>\$ 161,168</u>	<u>\$ 925,652</u>	<u>\$ 10,055</u>	<u>\$ 104,902</u>	<u>\$ 1,201,777</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Scholarship Funds	Unemployment Compensation Fund	Total
ADDITIONS			
Contributions:			
Plan member	\$ -	\$ 39,675	\$ 39,675
Other	-	-	-
Total Contributions	-	39,675	39,675
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	-	118	118
Dividends	-	-	-
Less investment expense	-	-	-
Net investment earnings	-	118	118
Total additions	-	39,793	39,793
DEDUCTIONS			
Quarterly contribution reports	-	-	-
Unemployment claims	-	7,314	7,314
Scholarships awarded	359	-	359
Refunds of contributions	-	-	-
Administrative expenses	-	-	-
Total deductions	359	7,314	7,673
Change in net position	(359)	32,479	32,120
Net position –beginning of the year	10,414	72,423	82,837
Net position –end of the year	\$ 10,055	\$ 104,902	\$ 114,957

LACEY TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Elementary School	\$ 652	1,469	2,011	\$ 110
Middle School	11,692	46,597	47,188	11,101
High School	145,805	296,279	292,127	149,957
Total Assets	<u>\$ 158,149</u>	<u>344,345</u>	<u>341,326</u>	<u>\$ 161,168</u>
LIABILITIES				
Payable to Student Groups	158,149	344,345	341,326	161,168
Total Liabilities	<u>\$ 158,149</u>	<u>344,345</u>	<u>341,326</u>	<u>\$ 161,168</u>

LACEY TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 553,498	\$ 59,432,331	\$ 59,060,177	\$ 925,652
Total assets	<u>\$ 553,498</u>	<u>59,432,331</u>	<u>59,060,177</u>	<u>\$ 925,652</u>
LIABILITIES:				
Payroll deductions and withholdings	<u>553,498</u>	<u>59,432,331</u>	<u>59,060,177</u>	<u>925,652</u>
Total liabilities	<u>\$ 553,498</u>	<u>\$ 59,432,331</u>	<u>\$ 59,060,177</u>	<u>\$ 925,652</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2016

Exhibit I-1

Issue	Date of Issue	Amount Of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2015	Issued	Retired	Refinanced	Balance June 30, 2016
Refunding of 2001 Bond Issuance	2/22/2006	24,625,000	4/1/2017	1,885,000	4.000%					
			4/1/2018	1,770,000	4.000%					
			4/1/2019	1,760,000	4.125%					
			4/1/2020	1,845,000	4.250%					
			4/1/2021	1,835,000	4.250%					
			4/1/2022	1,820,000	4.250%					
			4/1/2023	1,810,000	4.500%					
			4/1/2024	1,700,000	4.500%					
			4/1/2025	1,690,000	4.500%					
			4/1/2026	1,655,000	4.500%			19,665,000		(1,895,000)
Installation of Solar Panels and Various Elem School Renovations	4/28/2009	19,806,000	1/15/2017	850,000	3.250%					
			1/15/2018	1,125,000	3.250%					
			1/15/2019	1,170,000	3.250%					
			1/15/2020	1,165,000	3.250%					
			1/15/2021	1,265,000	3.250%					
			1/15/2022	1,315,000	3.500%					
			1/15/2023	1,370,000	3.500%					
			1/15/2024	1,425,000	3.750%					
			1/15/2025	1,480,000	3.875%					
			1/15/2026	700,000	4.000%					
			1/15/2027	700,000	4.000%					
			1/15/2028	800,000	4.125%					
			1/15/2029	900,000	4.250%					
			1/15/2030	900,000	4.250%			16,015,000	-	(850,000)
Refunding School Bonds Series 2016	1/13/2016	16,090,000	4/1/2017	1,775,000	2.000%					
			4/1/2018	1,620,000	3.000%					
			4/1/2019	1,585,000	4.000%					
			4/1/2020	1,665,000	4.000%					
			4/1/2021	1,640,000	5.000%					
			4/1/2022	1,630,000	5.000%					
			4/1/2023	1,625,000	5.000%					
			4/1/2024	1,515,000	5.000%					
			4/1/2025	1,505,000	5.000%					
			4/1/2026	1,465,000	5.000%					
								-	16,090,000	(65,000)
					<u>\$ 35,680,000</u>	<u>\$ 16,090,000</u>	<u>\$ (2,810,000)</u>	<u>\$ (17,770,000)</u>	<u>\$ 31,190,000</u>	

**LACEY TOWNSHIP SCHOOL DISTRICT
 Long-Term Debt
 Schedule of Obligations Under Capital Leases
 Year Ended June 30, 2016**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance 06/30/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/16</u>
School Buses	185,730	\$ 111,399	-	36,281	\$ 75,118
School Buses	261,087	-	261,087	54,242	206,845
School Buses	103,500	-	103,500	21,652	81,848
		<u>\$ 111,399</u>	<u>364,587</u>	<u>112,175</u>	<u>\$ 363,811</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,675,013	\$ -	\$ 3,675,013	\$ 3,675,013	\$ -
Miscellaneous	-	-	-	-	-
State Sources:					
Debt Service Aid Type II	485,885	-	485,885	485,885	-
Debt Service Aid Type I	-	-	-	-	-
Total Revenues	<u>4,160,898</u>	<u>-</u>	<u>4,160,898</u>	<u>4,160,898</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	1,415,900	(65,000)	1,350,900	1,160,861	(190,039)
Redemption of Principal	2,745,000	65,000	2,810,000	2,810,000	-
Total Regular Debt Service	<u>4,160,900</u>	<u>-</u>	<u>4,160,900</u>	<u>3,970,861</u>	<u>(190,039)</u>
Total Expenditures	<u>4,160,900</u>	<u>-</u>	<u>4,160,900</u>	<u>3,970,861</u>	<u>(190,039)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>190,037</u>	<u>190,039</u>
Other Financing Sources:					
Bond premium	-	-	-	2,222,051	2,222,051
Bond refunding costs	-	-	-	(161,538)	(161,538)
Payoff old bonds & interest	-	-	-	(18,150,513)	(18,150,513)
Bond defeasance costs	-	-	-	-	-
Prepaid interest	-	-	-	-	-
Issue new bonds	-	-	-	16,090,000	16,090,000
Operating Transfers In:					
Capital projects fund	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>190,037</u>	<u>190,039</u>
Fund Balance, July 1	2	-	2	2	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,039</u>	<u>\$ 190,039</u>

STATISTICAL SECTION

**Lacey Township School District
Statistical Section**

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<p>Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	86-91
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	92-95
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	96-99
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	100-101
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	102-106

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

LACEY TOWNSHIP SCHOOL DISTRICT
Net Assets/Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 14,462,541	\$ 12,406,334	\$ (6,037,951)	\$ 4,972,940	\$ 6,220,655	\$ 8,058,176	\$ 11,311,352	\$ 11,059,256	\$ 11,165,085	\$ 10,799,607
Restricted	968,901	2,205,352	21,428,794	10,657,836	10,141,673	6,922,653	2,697,936	1,083,794	1,789,230	1,760,939
Unrestricted	(1,674,402)	(2,672,187)	(4,316,450)	(4,746,812)	(3,373,649)	(3,306,663)	(4,128,614)	(4,855,733)	(27,402,090)	(24,639,494)
Total governmental activities net assets/position	<u>13,757,040</u>	<u>11,939,499</u>	<u>11,074,393</u>	<u>10,883,964</u>	<u>12,988,679</u>	<u>11,674,166</u>	<u>9,880,674</u>	<u>7,287,317</u>	<u>(14,447,775)</u>	<u>(12,078,948)</u>
Business-type activities										
Net investment in capital assets	-	-	-	-	-	47,092	82,277	82,673	73,961	70,051
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	138,320	183,443	130,742	144,829	248,964	277,411	275,632	342,112	269,771	267,422
Total business-type activities net assets/position	<u>138,320</u>	<u>183,443</u>	<u>130,742</u>	<u>144,829</u>	<u>248,964</u>	<u>324,503</u>	<u>357,909</u>	<u>424,785</u>	<u>343,732</u>	<u>337,473</u>
District-wide										
Net investment in capital assets	14,462,541	12,406,334	(6,037,951)	4,972,940	6,220,655	8,105,268	11,393,629	11,141,929	11,239,046	10,869,658
Restricted	968,901	2,205,352	21,428,794	10,657,836	10,141,673	6,922,653	2,697,936	1,083,794	1,789,230	1,760,939
Unrestricted	(1,536,082)	(2,488,744)	(4,185,708)	(4,601,983)	(3,124,685)	(3,029,252)	(3,852,982)	(4,513,621)	(27,132,319)	(24,372,072)
Total district net assets/position	<u>\$ 13,895,360</u>	<u>\$ 12,122,942</u>	<u>\$ 11,205,135</u>	<u>\$ 11,028,793</u>	<u>\$ 13,237,643</u>	<u>\$ 11,998,669</u>	<u>\$ 10,238,583</u>	<u>\$ 7,712,102</u>	<u>\$ (14,104,043)</u>	<u>\$ (11,741,475)</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 19,933,030	\$ 19,952,651	\$ 21,069,758	\$ 22,775,378	\$ 23,301,900	\$ 22,709,081	\$ 22,199,001	\$ 21,656,072	\$ 24,485,567	\$ 23,524,652
Special education	4,495,758	4,727,849	5,196,187	5,442,477	5,799,390	6,088,388	6,320,828	6,378,308	6,650,473	7,131,374
Other special education	1,188,432	1,223,343	1,343,013	1,408,180	1,455,353	1,403,269	1,420,127	1,490,344	1,480,905	1,510,517
Support Services:										
Tuition	1,111,777	1,062,343	1,260,773	1,285,374	1,545,010	1,988,740	1,899,808	1,954,601	-	-
Instruction	5,650,442	5,377,453	5,391,509	5,660,586	6,010,560	6,036,326	6,360,879	6,648,193	2,613,472	2,716,205
Attendance and social work	-	-	-	-	-	-	-	-	251,700	222,909
Health services	-	-	-	-	-	-	-	-	600,624	602,206
Improvement of instr. services	-	-	-	-	-	-	-	-	1,769,130	1,790,641
Educational media services	-	-	-	-	-	-	-	-	424,491	433,462
Instruction staff training	-	-	-	-	-	-	-	-	56,423	61,567
School administrative services	1,438,888	1,417,815	1,455,554	1,424,257	1,438,819	1,407,849	1,451,965	1,478,501	1,240,863	1,546,351
General administration	1,162,361	1,183,579	1,120,088	1,235,349	1,255,437	1,112,901	998,769	1,012,210	948,532	860,630
Central services	416,955	431,576	452,327	504,963	515,023	517,263	528,064	568,372	554,588	597,772
Plant operations and maintenance	5,069,342	5,285,057	5,454,230	5,630,773	5,535,596	5,616,086	5,669,269	6,113,044	6,218,740	6,108,858
Administrative information technology	-	-	-	-	-	-	-	-	-	-
Pupil transportation	2,027,159	2,233,460	2,427,506	2,491,549	2,448,582	2,771,058	2,825,083	2,938,907	2,998,784	2,877,930
Other support services	-	-	-	-	-	-	-	-	3,377,656	3,408,729
Business and other support services	-	-	-	-	-	-	-	-	-	-
Non-budgeted expenditures	3,018,269	4,802,258	5,054,045	3,698,021	3,845,322	-	-	-	2,966,345	4,671,054
Unallocated Employee Benefit/Compensation Absences	11,035,533	12,238,753	12,995,861	11,396,320	11,733,576	18,192,869	21,166,209	20,532,179	-	-
Interest on Long-Term Debt and Other Charges	1,116,628	1,639,666	1,479,852	1,641,437	1,872,412	1,797,008	1,638,517	1,634,313	-	-
Unallocated Amortization	182,486	193,957	193,957	193,956	193,956	193,956	110,535	-	-	-
Unallocated Adjustment to Capital Assets	-	-	2,036,435	160,079	(198,049)	833,756	(672,290)	212,959	-	-
Loss on Disposal of Undepreciated Capital Assets	-	-	-	-	-	-	59,763	-	-	-
Unallocated Depreciation	2,254,418	2,168,212	2,259,730	2,492,389	1,924,170	1,954,712	2,041,518	3,644,911	-	-
Transfer of funds to charter schools	-	-	-	-	-	-	-	-	-	7,461
Special Schools	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	1,557,828	2,011,363
Unallocated employee benefits	-	-	-	-	-	-	-	-	15,237,999	15,747,519
Total governmental activities expenses	60,101,478	63,937,972	69,190,825	67,441,088	68,677,057	72,623,263	74,018,045	76,262,914	73,434,120	75,831,200
Business-type activities:										
Food service	1,434,492	1,479,695	1,499,835	1,494,472	1,503,050	1,483,028	1,471,681	1,477,126	1,442,100	1,363,573
Community Education	327,171	349,394	301,437	313,667	304,361	178,852	179,941	219,506	334,606	287,548
Total business-type activities expense	1,761,663	1,829,089	1,801,272	1,808,139	1,807,411	1,661,880	1,651,622	1,696,632	1,776,706	1,651,121
Total district expenses	\$ 61,863,141	\$ 65,767,061	\$ 70,992,097	\$ 69,249,227	\$ 70,484,468	\$ 74,285,143	\$ 75,669,667	\$ 77,959,546	\$ 75,210,826	\$ 77,482,321
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	6,683,240	7,296,842	5,772,404	5,699,983	6,591,676	6,718,495	8,835,923	7,444,337	2,966,345	4,671,054
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	6,683,240	7,296,842	5,772,404	5,699,983	6,591,676	6,718,495	8,835,923	7,444,337	2,966,345	4,671,054
Business-type activities:										
Charges for services:										
Food service	\$ 1,077,385	\$ 1,018,195	\$ 996,209	\$ 989,830	\$ 952,145	\$ 887,406	\$ 821,382	\$ 806,999	\$ 755,941	\$ 737,288
Community Education	322,074	321,296	242,168	287,856	252,592	221,224	211,497	243,076	271,807	275,787
Operating grants and contributions	409,604	456,904	467,061	543,812	571,845	628,789	652,149	713,433	667,905	631,787
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	1,809,063	1,796,395	1,705,438	1,821,498	1,776,582	1,737,419	1,685,028	1,763,508	1,695,653	1,644,862
Total district program revenues	\$ 8,492,303	\$ 9,093,237	\$ 7,477,842	\$ 7,521,481	\$ 8,368,258	\$ 8,455,914	\$ 10,520,951	\$ 9,207,845	\$ 4,661,998	\$ 6,315,916

LACEY TOWNSHIP SCHOOL DISTRICT
Changes in Net Assets/Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (53,418,238)	\$ (56,641,130)	\$ (63,418,421)	\$ (61,741,105)	\$ (62,085,381)	\$ (65,904,768)	\$ (65,182,122)	\$ (68,818,577)	\$ (70,467,775)	\$ (71,160,146)
Business-type activities	47,400	(32,694)	(95,834)	13,359	(30,829)	75,539	33,406	66,876	(81,053)	(6,259)
Total district-wide net expense	<u>\$ (53,370,838)</u>	<u>\$ (56,673,824)</u>	<u>\$ (63,514,255)</u>	<u>\$ (61,727,746)</u>	<u>\$ (62,116,210)</u>	<u>\$ (65,829,229)</u>	<u>\$ (65,148,716)</u>	<u>\$ (68,751,701)</u>	<u>\$ (70,548,828)</u>	<u>\$ (71,166,405)</u>
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 34,814,214	\$ 36,892,463	\$ 35,639,904	\$ 37,029,824	\$ 38,379,406	\$ 39,413,121	\$ 40,090,630	\$ 41,210,651	\$ 41,393,480	\$ 42,435,625
Taxes levied for debt service	2,143,562	2,756,498	2,800,396	2,788,058	1,651,730	628,680	1,103,479	2,919,047	3,776,467	3,675,013
Unrestricted grants and contributions	19,676,342	19,959,416	22,121,965	22,643,277	22,349,266	22,879,861	21,160,059	21,549,895	24,173,405	24,327,929
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Tuition Received	193,321	55,754	17,484	22,585	71,270	153,068	97,251	94,567	-	-
Solar Renewable Energy Credits	-	-	-	-	1,067,829	1,284,028	689,549	341,547	605,033	449,764
Cancellation of Stale Receivable Balances	-	-	-	-	-	-	-	(139,283)	-	-
Investment earnings	201,967	147,900	112,589	158,454	67,021	26,905	11,875	5,081	-	-
Miscellaneous income	143,499	242,944	89,773	72,980	287,396	133,125	235,787	394,519	452,925	516,053
Amortization of Bond Premium	71,468	71,467	71,467	71,467	71,467	71,467	-	-	-	-
Transfers	-	(50,000)	(50,000)	-	-	-	-	-	-	-
Total governmental activities	<u>57,244,373</u>	<u>60,076,442</u>	<u>60,803,578</u>	<u>62,786,645</u>	<u>63,945,385</u>	<u>64,590,255</u>	<u>63,388,630</u>	<u>66,376,024</u>	<u>70,401,310</u>	<u>71,404,384</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	50,000	50,000	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 57,244,373</u>	<u>\$ 60,126,442</u>	<u>\$ 60,853,578</u>	<u>\$ 62,786,645</u>	<u>\$ 63,945,385</u>	<u>\$ 64,590,255</u>	<u>\$ 63,388,630</u>	<u>\$ 66,376,024</u>	<u>\$ 70,401,310</u>	<u>\$ 71,404,384</u>
Change in Net Assets/Position										
Governmental activities	\$ 3,826,135	\$ 3,435,312	\$ (2,614,843)	\$ 1,045,540	\$ 1,860,004	\$ (1,314,513)	\$ (1,793,492)	\$ (2,442,553)	\$ (66,465)	\$ 244,238
Business-type activities	47,400	17,306	(45,834)	13,359	(30,829)	75,539	33,406	66,876	(81,053)	(6,259)
Total district	<u>\$ 3,873,535</u>	<u>\$ 3,452,618</u>	<u>\$ (2,660,677)</u>	<u>\$ 1,058,899</u>	<u>\$ 1,829,175</u>	<u>\$ (1,238,974)</u>	<u>\$ (1,760,086)</u>	<u>\$ (2,375,677)</u>	<u>\$ (147,518)</u>	<u>\$ 237,979</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 811,667	\$ 133,986	\$ 177,982	\$ 473,765	\$ 983,462	\$ 568,849	\$ 327,493	\$ -	\$ -	\$ 500,000
Committed	-	-	-	-	-	1,046,367	945,747	248,305	39,228	130,985
Assigned	-	-	-	-	-	1,610,859	478,117	833,910	1,750,000	939,915
Unreserved	(55,923)	1,253,729	2,210,291	1,371,659	(277,953)	-	-	-	(1,145,262)	(873,395)
Total general fund	<u>\$ 755,744</u>	<u>\$ 1,387,715</u>	<u>\$ 2,388,273</u>	<u>\$ 1,845,424</u>	<u>\$ 705,509</u>	<u>\$ 3,226,075</u>	<u>\$ 1,751,357</u>	<u>\$ 1,082,215</u>	<u>\$ 643,966</u>	<u>\$ 697,505</u>
All Other Governmental Funds										
Assigned	\$ 28,240	\$ -	\$ 254,491	\$ 402,359	\$ 3,285,165	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted, Reported in:										
Special revenue fund	(2,201)	(8,268)	-	-	-	-	-	-	-	-
Capital projects fund	93,225	-	18,390,954	8,193,016	3,700,770	3,696,577	946,577	1,577	-	-
Debt service fund	-	-	-	-	1	1	2	2	2	190,039
Total all other governmental funds	<u>\$ 119,264</u>	<u>\$ (8,268)</u>	<u>\$ 18,645,445</u>	<u>\$ 8,595,375</u>	<u>\$ 6,985,936</u>	<u>\$ 3,696,578</u>	<u>\$ 946,579</u>	<u>\$ 1,579</u>	<u>\$ 2</u>	<u>\$ 190,039</u>

LACEY TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	36,957,776	39,648,961	38,440,300	39,817,882	40,031,136	40,041,801	41,194,109	44,129,698	45,169,947	46,110,638
Tuition charges	193,321	55,754	17,484	22,585	71,270	153,068	97,251	94,567	167,414	60,875
Interest earnings	201,967	147,900	112,589	158,454	67,021	26,905	11,875	5,081	3,091	3,842
Solar Renewable Energy Credits	-	-	-	-	1,067,829	1,284,028	689,549	341,547	605,033	605,033
Miscellaneous	143,499	257,071	163,457	192,085	363,988	242,060	235,787	394,519	282,420	296,067
Transportation fees	-	-	-	-	-	-	-	-	-	-
State sources	24,704,285	25,609,112	26,098,631	22,958,117	26,141,595	26,818,605	28,235,179	27,277,246	25,357,006	27,071,687
Federal sources	1,655,297	1,647,146	1,722,054	5,266,038	2,722,755	2,670,816	1,760,803	1,716,986	1,782,744	1,927,296
Total revenue	63,856,145	67,365,944	66,554,515	68,415,161	70,465,594	71,237,283	72,224,553	73,959,644	73,367,655	76,075,438
Expenditures										
Instruction										
Regular Instruction	19,952,651	21,069,758	22,775,378	23,301,900	21,415,354	22,709,081	22,199,001	21,656,072	21,892,026	21,350,848
Special education instruction	4,727,849	5,196,187	5,442,477	5,799,390	5,735,472	6,088,388	6,320,828	6,378,308	6,558,936	7,054,651
Other special instruction	1,223,343	1,343,013	1,408,180	1,455,353	1,363,751	1,403,269	1,420,127	1,490,344	1,465,649	1,497,730
Support Services:										
Instruction	1,062,343	1,260,773	1,285,374	1,545,010	1,406,711	1,988,740	1,899,808	1,954,601	2,354,118	2,498,825
Attendance and social work	181,577	193,604	207,893	225,678	228,199	240,966	246,381	247,081	251,700	222,909
Health services	532,282	536,471	573,725	599,143	580,154	614,344	642,853	634,049	600,624	602,206
Other support services	4,013,246	4,066,316	4,185,419	4,480,466	4,636,630	4,694,870	4,930,852	5,268,393	3,377,656	3,408,729
Improvement of instruction	-	-	-	-	-	-	-	-	1,769,130	1,790,641
Educational media services	610,631	560,456	632,666	651,038	539,690	445,656	467,127	420,773	424,491	433,462
Instruction staff training	39,717	34,662	60,883	54,235	14,870	40,490	73,666	77,897	56,423	61,567
General administrative services	1,183,579	1,120,088	1,235,349	1,255,437	1,106,604	1,112,901	998,769	1,012,210	948,532	860,630
School administrative services	1,417,815	1,455,554	1,424,257	1,438,819	1,371,073	1,407,849	1,451,965	1,478,501	1,457,582	1,467,863
School central services	431,576	452,327	504,963	515,023	498,371	517,263	528,064	568,372	554,588	597,772
School admin info technology	-	-	-	-	-	-	-	-	-	-
Allowed maintenance for school facilities	189,266	264,220	318,700	1,566,900	1,535,052	1,867,513	1,818,911	2,066,306	1,903,249	1,938,420
Other operation & maintenance of plant	5,095,791	5,190,010	5,312,073	3,968,696	3,775,506	3,748,573	3,850,358	4,046,738	4,033,168	4,025,826
Student transportation services	2,233,460	2,427,506	2,491,549	2,448,582	2,468,123	2,771,058	2,825,083	2,938,907	2,998,784	2,877,930
Business and other support services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	12,182,168	12,472,167	11,396,320	12,376,717	13,262,203	13,656,604	20,395,173	19,970,627	15,253,093	16,115,424
Non-budgeted expenditures	4,802,258	5,054,045	3,698,021	3,845,322	3,865,599	4,689,961	-	-	2,966,345	4,671,054
Special Schools	-	-	-	-	-	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	420,884	807,115	1,649,024	10,735,063	1,001,740	1,345,989	1,352,167	810,774	668,787	377,053
Debt service:										
Principal	1,917,000	1,905,000	2,185,000	2,245,000	2,651,000	3,280,000	3,330,000	2,795,000	2,755,000	2,810,000
Interest and other charges	1,656,562	1,491,675	1,412,400	1,340,425	2,414,598	1,832,788	1,698,137	1,619,550	1,517,600	1,160,861
Transfer of funds to charter schools	-	-	-	-	-	-	-	-	-	7,461
Total expenditures	63,873,998	66,900,947	68,199,651	79,848,197	69,870,700	74,456,303	76,449,270	75,434,503	73,807,481	75,831,862
Excess (Deficiency) of revenues over (under) expenditures	(17,853)	464,997	(1,645,136)	(11,433,036)	594,894	(3,219,020)	(4,224,717)	(1,474,859)	(439,826)	243,576
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Capital leases (non-budgeted)	-	458,030	-	243,051	245,895	-	-	-	-	-
Proceeds from Bond Issuance	-	-	19,806,000	-	-	-	-	-	-	16,090,000
Refunding of bonds	-	-	-	-	-	-	-	-	-	(18,150,513)
Premium and costs for bond refunding	-	-	-	-	-	-	-	-	-	2,060,513
Transfers in	-	-	-	-	2,230,000	3,280,000	2,750,000	945,000	1,577	-
Transfers out	-	(50,000)	(50,000)	-	(2,230,000)	(3,280,000)	(2,750,000)	(945,000)	(1,577)	-
Cancellation of Stale Receivable Balances	-	-	-	-	-	-	-	(139,283)	-	-
Total other financing sources (uses)	-	408,030	19,756,000	243,051	245,895	-	-	(139,283)	-	-
Net change in fund balances	(17,853)	873,027	18,110,864	(11,189,985)	840,789	(3,219,020)	(4,224,717)	(1,614,142)	(439,826)	243,576
Debt service as a percentage of noncapital expenditures	5.6%	5.1%	5.4%	5.2%	7.4%	7.0%	6.7%	5.9%	5.8%	5.26%

Source: District records

LACEY TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Sale of Equipment	Joint Transportation	Use of Facilities	Prior Year Refunds	Student Fines/Lost Textbooks	Miscellaneous	Totals
2007	186	1,906	13,438	4,269	6,122	515	237,203
2008	2,457	3,651	45,443	237	6,680	67,310	26,436
2009	9	3,571	20,446	4,554	4,446	56,747	125,778
2010	3,325	7,964	16,309	7,388	4,873	33,121	72,980
2011	2,847	20,749	12,610	17,184	6,953	227,053	287,396
2012	-	-	-	-	-	133,125	133,125
2013	-	-	-	-	-	81,082	81,082
2014	-	-	-	-	-	326,352	326,352
2015	4,532	-	-	14,834	4,240	775,861	799,467
2016	22,279	-	-	36,372	3,809	584,569	647,029

Source: District records

LACEY TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2007	43,873,700	1,480,007,500	1,604,500	848,500	124,644,200	65,312,100	1,295,000	1,717,585,500	3,218,580	1,714,366,920	4,186,989,695	2.271
2008	42,485,300	1,503,942,000	1,526,600	914,900	126,610,300	65,983,700	1,719,300	1,743,182,100	2,938,874	1,740,243,226	4,186,989,695	2.271
2009	38,150,700	1,522,697,000	1,485,700	914,300	135,219,600	66,638,700	2,143,500	1,767,249,500	1,919,933	1,765,329,567	4,421,896,274	2.173
2010	145,748,200	3,608,130,300	3,742,800	946,100	303,242,600	223,661,100	5,172,700	4,290,643,800	8,008,576	4,282,635,224	4,445,884,025	0.926
2011	126,311,200	3,614,292,600	3,097,300	945,100	340,414,600	223,441,800	5,172,700	4,313,675,300	7,969,581	4,305,705,719	4,250,453,976	0.926
2012	121,820,400	3,620,835,200	3,096,600	945,700	340,944,500	222,691,800	5,172,700	4,315,506,900	7,164,737	4,308,342,163	4,069,866,421	0.957
2013	117,660,700	3,577,090,600	4,662,100	965,800	337,470,300	222,691,800	5,172,700	4,265,714,000	7,009,567	4,258,704,433	3,957,650,065	1.033
2014	107,786,900	3,556,920,000	3,893,800	996,700	336,213,100	222,393,200	5,172,700	4,233,376,400	5,123,899	4,228,252,501	3,915,633,894	1.070
2015	99,467,900	3,158,811,800	4,202,300	1,000,000	319,523,800	190,066,500	4,759,000	3,777,831,300	-	3,777,831,300	3,782,292,706	1.221
2016	98,051,800	3,179,379,400	4,242,300	957,200	320,674,300	190,066,500	4,759,000	3,798,130,500	-	3,798,130,500	3,850,550,781	1.267

Source: Municipal Tax Assessor

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 the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

c Based on county abstract of ratables column 11 net valuation for county tax apportionment

N/A At the time of CAFR completion, this data was not yet available

LACEY TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

	LACEY TOWNSHIP School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Municipal ^c	Ocean County ^c	
Fiscal Year Ended June 30,						
2006	2.1470	-	2.1470	0.2650	0.7110	3.1230
2007	2.2710	-	2.2710	0.2990	0.7150	3.2850
2008	2.2710	-	2.2710	0.2992	0.7150	3.2852
2009	2.1730	-	2.1730	0.3480	0.7400	3.2610
2010	0.9260	-	0.9260	0.1660	0.3070	1.3990
2011	0.9260	-	0.9260	0.2070	0.3240	1.4570
2012	0.9570	-	0.9570	0.2270	0.3001	1.4841
2013	1.0330	-	1.0330	0.2520	0.3490	1.6340
2014	1.0660	-	1.0660	0.2800	0.3610	1.7070
2015	1.2210	-	1.2210	3.0800	0.4010	4.7020
2016	1.2670	-	1.2670	0.3480	0.4060	2.0210

Source: Municipal Tax Collector

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 calcu

- 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.
- c** Municipal and county tax rate from local tax assessor

LACEY TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Exelon Generation Co, LLC	2,217,218.00	1	3.02%	59,015,800.00	1	3.2290%
JCP & L	50,059,100.00	2	1.33%	22,827,800.00	2	1.2490%
PR Lacey LLC	29,860,800.00	3	0.79%	1,898,100.00	10	0.1040%
Piedmont Associates	20,656,100.00	4	0.55%	7,065,900.00	3	0.3430%
Toll Land XI, LP	17,219,000.00	5	0.46%	-		0.0000%
Wal-Mart R.E. Business Trust	17,205,400.00	6	0.42%	-		0.0000%
Forked River Residences, LLC	9,580,100.00	7	0.25%	-		0.0000%
Forked River Power, LLC	7,554,000.00	8	0.20%	-		0.0000%
Taxpayer #1	6,947,100.00	9	0.19%	2,143,900.00	8	0.1170%
Cav-Burt, LLC	5,302,300.00	10	0.14%	-		0.0000%
NJ Bell/Verizon	-		0.00%	4,468,580.00	4	2.4500%
Geriatric & Medical Services	-		0.00%	2,701,300.00	5	1.4800%
Partners Limited, LLC	-		0.00%	2,640,500.00	6	1.4500%
WaWa, Inc	-		0.00%	2,538,600.00	7	1.3900%
Taxpayer #2	-		0.00%	2,136,900.00	9	0.1170%
Total	\$ 166,601,118		7.35%	\$ 107,437,380		11.93%

Source: Municipal Tax Assessor

**LACEY TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years**

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	
2006	33,352,243	34,811,383	104.37%	-
2007	34,811,383	36,957,776	106.17%	-
2008	36,957,776	39,648,961	107.28%	-
2009	39,648,961	32,500,316	81.97%	-
2010	38,440,300	39,817,882	103.58%	(1,377,582)
2011	39,817,882	36,832,843	92.50%	-
2012	40,031,136	36,757,377	91.82%	3,273,759
2013	41,194,109	38,353,214	93.10%	2,840,895
2014	44,129,698	44,129,698	100.00%	-
2015	45,169,947	45,169,947	100.00%	-
2016	46,110,638	46,110,638	100.00%	-

Source: Municipal Chief Financial Officer

LACEY TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	38,937,000	-	370,685	-	-	39,307,685	4.18%	1,499.00
2007	37,030,000	-	219,788	-	-	37,249,788	3.81%	1,417.00
2008	35,115,000	-	443,319	-	-	35,558,319	N/A	1,348.00
2009	52,736,000	-	243,150	-	-	52,979,150	N/A	1,994.00
2010	50,491,000	-	265,103	-	-	50,756,103	N/A	1,709.00
2011	47,840,000	-	338,189	-	-	48,178,189	N/A	1,734.00
2012	44,560,000	-	246,541	-	-	44,806,541	N/A	N/A
2013	41,230,000	-	150,929	-	-	41,380,929	N/A	N/A
2014	38,435,000	-	51,180	-	-	38,486,180	N/A	N/A
2015	35,680,000	-	111,672	-	-	35,791,672	N/A	N/A
2016	31,190,000	-	363,811	-	-	31,553,811	N/A	N/A

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

LACEY TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2006	38,937,000	-	37,817,000	2.26%	1,499.00
2007	37,020,000	-	38,937,000	2.15%	1,417.00
2008	35,115,000	-	37,020,000	2.01%	1,348.00
2009	52,736,000	-	35,115,000	2.98%	1,994.00
2010	50,491,000	-	50,491,000	1.18%	1,709.00
2011	47,840,000	-	47,840,000	1.11%	1,734.00
2012	44,560,000	-	44,560,000	1.03%	N/A
2013	41,230,000	-	41,230,000	N/A	N/A
2014	38,435,000	-	38,435,000	N/A	N/A
2015	35,680,000	-	35,680,000	1.06%	N/A
2016	31,190,000	-	31,190,000	1.23%	N/A

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

a Use Estimated County equalized value from J-6

b Population data can be found in Exhibit NJ J-14.

**LACEY TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lacey Township's Share (100%)	\$ 16,792,323	100.00% d	\$ 16,792,323
Other debt	-	-	-
County of Ocean - Borough's Share (XXX%)	a \$ 462,467,711	4.17%	<u>\$ 19,284,904</u>
Subtotal, overlapping debt			36,077,227
Lacey Township School District Direct Debt			<u>31,190,000</u>
Total direct and overlapping debt			<u><u>\$ 67,267,227</u></u>

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

LACEY TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis	
	2016	\$ 3,798,130,500 c
	2015	3,782,292,706 c
	2014	3,915,633,894 c
	[A]	<u>\$ 11,496,057,100</u>
Average equalized valuation	[A/3]	\$ 3,832,019,033.33
Debt limit (4 % of average eq	[B]	153,280,761 a
	[C]	<u>\$ 31,190,000</u>
	[B-C]	<u>\$ 122,090,761</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 122,895,000	\$ 144,487,000	\$ 163,084,000	\$ 174,064,000	\$ 174,910,000	\$ 170,216,059	\$ 163,706,273	\$ 159,242,005	\$ 155,348,203	\$ 153,280,761
Total net debt applicable to limit	<u>37,020,000</u>	<u>35,115,000</u>	<u>52,736,000</u>	<u>50,491,000</u>	<u>47,840,000</u>	<u>44,560,000</u>	<u>41,230,000</u>	<u>38,435,000</u>	<u>35,680,000</u>	<u>31,190,000</u>
Legal debt margin	<u>\$ 85,875,000</u>	<u>\$ 109,372,000</u>	<u>\$ 110,348,000</u>	<u>\$ 123,573,000</u>	<u>\$ 127,070,000</u>	<u>\$ 125,656,059</u>	<u>\$ 122,476,273</u>	<u>\$ 120,807,005</u>	<u>\$ 119,668,203</u>	<u>\$ 122,090,761</u>
Total net debt applicable to the limit as a percentage of debt limit	30.12%	24.30%	32.34%	29.01%	27.35%	26.18%	25.19%	24.14%	22.97%	20.35%

Source:

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

c from Ocean County Abstract of ratables net valuation for county tax apportionment column 11

LACEY TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	26,319		39,214	5.40%
2008	26,402		40,975	6.30%
2009	26,566		39,331	10.10%
2010	29,696		40,291	10.50%
2011	27,781		40,724	10.10%
2012	27,825		43,016	10.20%
2013	28,015		43,214	8.70%
2014	28,211		N/A	7.00%
2015	N/A		N/A	N/A
2016	-		-	0.00%

Source:

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

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

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

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

LACEY TOWNSHIP SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	-		0%	-		0.00%
	-		-	-		0.00%
	-		0%	-		0.00%
	-		0%	-		0.00%
	-		0%	-		0.00%
	-		0%	-		0.00%
	-		0.00%	-		0.00%

Source: Municipal Tax Collector

Municipality didn't have the information available a time to publication of this report.

LACEY TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Nine Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction									
Regular	319	323	325	290	285	283.0	283.0	283.0	276.0
Special education	125	104	114	119	123	128.0	128.0	141.0	143.0
Other special education									
Vocational									
Other instruction	2	4	6	5	5	4.0	4.0	4.0	4.0
Nonpublic school programs									
Adult/continuing education programs									
Support Services:									
Student & instruction related services	82	82	85	80	77	82.0	82.0	80.0	82.0
General administration	16	17	17	17	13	11.0	11.0	13.0	13.0
School administrative services	19	19	17	17	18	17.0	17.0	17.0	16.0
Other administrative services									
Central services									
Administrative Information Technology									
Plant operations and maintenance	67	69	69	101	110	113.0	113.0	122.0	124.0
Pupil transportation	42	45	43	45	37	41.0	41.0	44.0	46.0
Other support services									
Special Schools									
Food Service									
Child Care									
Total	<u><u>672.0</u></u>	<u><u>663.0</u></u>	<u><u>676.0</u></u>	<u><u>674.0</u></u>	<u><u>668.0</u></u>	<u><u>679.0</u></u>	<u><u>679.0</u></u>	<u><u>704.0</u></u>	<u><u>704.0</u></u>

Source: District Personnel Records

LACEY TOWNSHIP SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	4,948	59,879,552	12,102	4.46%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	4,909	62,697,157	12,772	5.54%	378	13	14	13	4,890	4,544	N/A	N/A
2009	4,789	62,953,227	13,145	2.92%	N/A	11	12	10	4,742	4,472	N/A	94.31%
2010	4,773	65,527,709	13,729	4.44%	359	11	12	11	4,719	4,379	-0.49%	92.80%
2011	4,783	63,803,362	13,340	-2.84%	357	11	13	11	4,672	4,335	-1.00%	92.79%
2012	4,718	67,997,526	14,412	8.04%	355	11	12	11	4,604	4,294	-1.46%	93.27%
2013	4,651	70,068,966	15,065	4.53%	N/A	N/A	N/A	N/A	4,524	4,201	-1.74%	92.86%
2014	4,563	70,209,179	15,387	2.13%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	4,415	65,899,752	14,926	-2.99%	366	12	11	11	4,299	4,000	N/A	93.04%
2016	4,281	71,476,487	16,696	8.51%	360	12	12	11	4,142	3,858	-3.65%	93.14%

Sources: District records

Note: Enrollment based on annual June 30 Superintendent's Report.

- a Operating expenditures equal total expenditures less debt service and capital outlay per schedule B -2
- 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)

LACEY TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Forked River Elementary (1959)										
Square Feet	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800
Capacity (students)	675	675	675	675	675	675	675	675	675	675
Enrollment	575	538	501	528	549	545	540	540	493	452
Lanoka Harbor Elementary (1969)										
Square Feet	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	676	632	606	607	589	579	593	593	543	504
Cedar Creek Elementary (1990)										
Square Feet	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420
Capacity (Students)	700	700	700	700	700	700	700	700	700	700
Enrollment	628	609	547	613	613	619	599	599	559	536
Mill Pond Elementary (1980)										
Square Feet	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250
Capacity (Students)	975	975	975	975	975	975	975	975	975	975
Enrollment	771	772	772	758	730	707	679	679	763	786
Middle School										
Lacey Twp Middle School (2000)										
Square Feet	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	803	775	756	763	777	738	707	707	648	645
High School										
Lacey Township High School (1981)										
Square Feet	276,175	276,175	276,175	276,175	276,175	276,175	276,175	276,175	276,175	276,175
Capacity (students)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,563	1,583	1,507	1,504	1,453	1,460	1,460	1,460	1,337	1,279
Other										
Board Office (1989)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Grounds Department (1995) (b)										
Square Feet	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960
Number of Schools at June 30, 2015										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 2										
Source: District Facilities Office										

LACEY TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

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

* School Facilities Project # (s)	Lacey Township High School	Lacey Township Middle School	Mill Pond Elementary	Cedar Creek Elementary	Lanoka Harbor Elementary	Forked River Elementary	Total
2007	75,798	25,628	27,824	16,951	13,360	27,692	187,253
2008	78,189	42,726	40,572	38,463	31,565	32,243	263,758
2009	81,672	57,229	53,750	35,265	37,389	43,634	308,939
2010	365,855	264,228	312,107	187,114	219,024	218,572	1,566,900
2011	365,774	222,803	303,717	184,507	226,243	232,008	1,535,052
2012	320,586	208,213	245,120	217,307	160,050	179,605	1,330,881
2013	604,141	231,075	328,916	202,064	209,615	243,100	1,818,911
2014	500,583	323,937	388,381	272,051	285,149	296,205	2,066,306
2015	464,905	310,394	352,461	241,171	266,732	267,586	1,903,249
2016	848,588	311,487	297,451	189,969	154,219	136,706	1,938,420
Total School Facilities	<u>\$ 3,706,091</u>	<u>\$ 1,997,720</u>	<u>\$ 2,350,299</u>	<u>\$ 1,584,862</u>	<u>\$ 1,603,346</u>	<u>\$ 1,677,351</u>	<u>\$ 12,919,669</u>

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

Source: District records

LACEY TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building & Contents (ALL LOCATIONS)	\$ 161,779,300	\$ 5,000
Equipment Breakdown	\$ 100,000,000	\$ 5,000
Computers - EDP Blanket	\$ 2,000,000	\$ 1,000
General Liability	\$ 16,000,000	
General Automobile Liability	\$ 16,000,000	
Auto Physical Liability		\$ 1,000
Employee Benefit Liability	\$ 16,000,000	\$ 1,000
Crime - Employee Dishonesty	\$ 100,000	\$ 500
School Leaders Errors & Omissions	\$ 16,000,000	\$ 10,000
Workers' Compensation:		
Employers Liability	\$ 2,000,000	
Terrorism	\$ 1,000,000	
 Surety Bonds:		
Board Secretary	\$ 340,000	\$ 500
 Student Accident Insurance (2)		
Accident Medical Benefit	\$ 5,000,000	\$ 25,000
Catastrophic Cash Benefit	\$ 1,000,000	\$ 25,000

(1) New Jersey School Boards Assoc Insurance Group

(2) Axis Global Accident & Health

SINGLE AUDIT SECTION

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Lacey Township School District in the County of Ocean, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Board of Education of the Lacey Township School District basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered of the Lacey Township School District in the County of Ocean, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Board of Education of the Lacey Township School District in the County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Board of Education of the Lacey Township School District 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 School 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted

Jump, Perry and Company, LLP
Toms River, NJ



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 14, 2016

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Lacey Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Lacey Township School District's major federal programs for the year ended June 30, 2016. Lacey Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Lacey Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

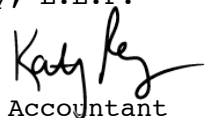
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Respectfully submitted,

Jump, Perry and Company, L.L.P.
Toms River, NJ

Kathryn Perry, Partner 
Licensed Public School Accountant
No. CS 20CS00226400

November 14, 2016

LACEY TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2016	Accounts Receivable at June 30, 2016	Due to Grantor at June 30, 2016
General Fund									
U.S. Department of Agriculture Passed-through State Department of Education:									
Medical Assistance Program	93.778	9/1/15-8/31/16	\$ 88,968	\$ -	\$ 88,968	\$ (88,968)	\$ -	\$ -	\$ -
Total General Fund				-	88,968	(88,968)	-	-	-
U.S. Department of Education Passed-through State Department of Education:									
I.D.E.A. Part B Preschool	84.173	7/1/14-6/30/15	31,894	-	-	-	-	-	-
I.D.E.A. Part B Preschool	84.173	7/1/15-6/30/16	32,691	-	32,691	(32,691)	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	7/1/14-6/30/15	1,050,200	(24,872)	24,872	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	7/1/15-6/30/16	1,058,455	-	1,029,889	(1,058,455)	-	(28,566)	-
N.C.L.B. Title I	84.010	7/1/14-6/30/15	352,620	(81,088)	81,088	-	-	-	-
N.C.L.B. Title I	84.010	7/1/15-6/30/16	383,091	-	255,843	(383,091)	-	(127,248)	-
N.C.L.B. Title II - Part A	84.367A	7/1/14-6/30/15	134,215	(28,578)	28,578	-	-	-	-
N.C.L.B. Title II - Part A	84.367A	7/1/15-6/30/16	132,350	-	71,561	(132,350)	-	(60,789)	-
Total Special Revenue Fund				(134,538)	1,524,522	(1,606,587)	-	(216,603)	-
U.S. Department of Agriculture Passed-through State Department of Education:									
Food distribution Program	10.565	7/1/15-6/30/16	101,832	-	101,832	(101,832)	-	-	-
National School Lunch Program	10.555	7/1/14-6/30/15	465,257	(31,808)	31,808	-	-	-	-
National School Lunch Program	10.555	7/1/15-6/30/16	446,350	-	423,062	(446,350)	-	(23,288)	-
National Performance Based Lunch	10.555	7/1/14-6/30/15	20,817	(1,439)	1,439	-	-	-	-
National Performance Based Lunch	10.555	7/1/15-6/30/16	19,184	-	18,283	(19,184)	-	(901)	-
National School Breakfast Program	10.553	7/1/14-6/30/15	53,987	(4,969)	4,969	-	-	-	-
National School Breakfast Program	10.553	7/1/15-6/30/16	49,451	-	46,190	(49,451)	-	(3,261)	-
School Milk Program	10.556	7/1/14-6/30/15	190	(15)	15	-	-	-	-
School Milk Program	10.556	7/1/15-6/30/16	202	-	193	(202)	-	(9)	-
Total Enterprise (Food Service) Fund				(38,231)	627,791	(617,019)	-	(27,459)	-
Total Expenditures of Federal Awards				\$ (172,769)	\$ 2,241,281	\$ (2,312,574)	\$ -	\$ (244,062)	\$ -

See accompanying notes to schedules of expenditures.

LACEY TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 for the Fiscal Year ended June 30, 2016

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2016	(Accounts Receivable) at June 30, 2016	Due to Grantor at June 30, 2016	MEMO	
										Budgetary Receivable	Cumulative Total Expenditures
New Jersey Department of Education											
General Fund:											
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	\$ 671,556	\$ (671,556)	\$ 671,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	654,072	-	-	(654,072)	-	(654,072)	-	-	(654,072)
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	2,504,516	(250,451)	250,451	-	-	-	-	-	-
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	2,504,516	-	1,847,253	(2,504,516)	-	-	-	(657,263)	(2,504,516)
Nonpublic Transportation Aid	15-495-034-5120-045	7/1/14-6/30/15	3,883	(3,883)	3,883	-	-	-	-	-	-
Nonpublic Transportation Aid	16-495-034-5120-015	7/1/15-6/30/16	2,292	-	-	(2,292)	-	(2,292)	-	-	(2,292)
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	17,758,571	(1,775,042)	1,775,042	-	-	-	-	-	-
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	17,753,571	-	16,446,065	(17,753,571)	-	-	-	(1,307,506)	(17,753,571)
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	483,794	(3,794)	3,794	-	-	-	-	-	-
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	483,794	-	435,415	(483,794)	-	-	-	(48,379)	(483,794)
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	333,156	(33,156)	33,156	-	-	-	-	-	-
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	333,156	-	299,841	(333,156)	-	-	-	(33,315)	(333,156)
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	71,943	(13,858)	13,858	-	-	-	-	-	-
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	71,943	-	64,749	(71,943)	-	-	-	(7,194)	(71,943)
Per pupil growth aid	15-495-034-5120-097	7/1/15-6/30/16	44,380	(4,438)	4,438	-	-	-	-	-	-
Per pupil growth aid	16-495-034-5120-097	7/1/15-6/30/16	44,380	-	39,942	(44,380)	-	-	-	(4,438)	(44,380)
PARCC readiness	15-495-034-5120-098	7/1/15-6/30/16	44,380	(4,438)	4,438	-	-	-	-	-	-
PARCC readiness	16-495-034-5120-098	7/1/15-6/30/16	44,380	-	39,942	(44,380)	-	-	-	(4,438)	(44,380)
On-Behalf TPAF Payments	16-495-034-5095-002	7/1/15-6/30/16	4,861,435	-	4,861,435	(4,861,435)	-	-	-	-	(4,861,435)
Reimbursed TPAF Social Security Tax Contribution	15-495-034-5094-002	7/1/14-6/30/15	2,084,111	(101,725)	101,725	-	-	-	-	-	-
Reimbursed TPAF Social Security Tax Contribution	16-495-034-5094-002	7/1/15-6/30/16	2,028,719	-	2,028,719	(2,028,719)	-	-	-	-	(2,028,719)
Total General Fund				(2,862,341)	28,925,702	(28,782,258)	-	(656,364)	-	(2,062,533)	(28,826,638)
Debt Service Fund											
Debt Service Aid Type II	16-495-034-5120-125	7/1/15-6/30/16	485,885	-	485,885	(485,885)	-	-	-	-	-
Total Debt Service Fund				-	485,885	(485,885)	-	-	-	-	-
Enterprise Fund:											
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	16,465	(1,575)	1,575	-	-	-	-	-	-
National School Lunch Program	15-100-010-3350-023	7/1/15-6/30/16	14,768	-	13,916	(14,768)	-	(852)	-	-	-
Total Enterprise Fund				(1,575)	15,491	(14,768)	-	(852)	-	-	-
Total Expenditures of State Awards				(2,863,916)	28,941,193	(29,282,911)	-	(657,216)	-	(2,062,533)	(28,826,638)
Less: State Financial Assistance Not Subject to Single Audit Determination											
On-Behalf TPAF Pension Contributions (Non-B)	16-495-034-5095-002		4,861,435	-	(4,861,435)	4,861,435	-	-	-	-	4,861,435
Total State Awards Subject to Single Audit				\$ (2,863,916)	\$ 24,079,758	\$ (24,421,476)	\$ -	\$ (657,216)	\$ -	\$ (2,062,533)	\$ (23,965,203)

See accompanying notes to schedules of expenditures.

Lacey Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2016

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Board of Education, Lacey Township School District. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

3. Relationship to General Purpose Financial Statements

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 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 last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Lacey Township School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2016

3. Relationship to General Purpose Financial Statements (continued)

Relationship to Basic Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,196,456) for the general fund and \$231,741 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>TPAF</u>	<u>Total</u>
General Fund	\$ 88,968	26,585,802	(4,861,435)	21,813,335
Special Revenue Fund	1,838,328	-	-	1,838,328
Debt Service Fund	-	485,885	-	485,885
Food Service Fund	<u>617,019</u>	<u>14,768</u>	<u>-</u>	<u>631,787</u>
Total awards and financial assistance	<u>\$ 2,544,315</u>	<u>27,086,455</u>	<u>(4,861,435)</u>	<u>\$ 24,769,335</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2016.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Lacey Township School District
 Schedule of Findings and Questioned Costs
 June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes X none reported
- Noncompliance material to general-purpose
financial statements noted? yes X no

Federal Awards Section - N/A

Internal Control over major programs: N/A

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Part B Basic Regular
84.173	IDEA Part B Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Lacey Township School District
 Schedule of Findings and Questioned Costs (continued)
 June 30, 2016

Section I – Summary of Auditor’s Results (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs:
\$750,000

Auditee qualified as low-risk auditee? X yes none reported

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

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
State Aid-Public (Cluster)	
495-034-5120-089	Special Education Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2016.

Section III – State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2016.

Lacey Township School District
Summary Schedule of Prior Audit Findings
June 30, 2016

There were no prior year findings for the period ended June 30, 2015.