

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, 2017

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Of the

Lacey Township School District  
of Ocean County

Lanoka Harbor, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Lacey Township Board of Education  
Finance Department

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# OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## INTRODUCTORY SECTION

# Lacey Township School District

Craig D. Wigley  
Superintendent of Schools

Patrick S. DeGeorge  
Business Administrator/Board Secretary

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November 14, 2017

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

Dear Board Members:

It is with pleasure we submit the comprehensive annual financial report of the Lacey Township Board of Education for the fiscal year ended June 30, 2017, 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

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200 Western Blvd.  
Lanoka Harbor, NJ 08734-1538  
(609) 971-2000 x1002 Fax 609-242-9406

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 2016-2017 fiscal year with an average daily enrollment of 4,134 students, which is 147 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

2012-2013	4,718	-1.42%
2013-2014	4,563	-1.89%
2014-2015	4,415	-3.24%
2015-2016	4,281	-3.04%
2016-2017	4,134	-3.43%

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, 2017.

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, 2017, the District's outstanding debt issues included \$28,095,000 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 Series 1996 Bonds. The Board issued \$10,095,000 of general obligation refunding bonds Series 2005 to retire \$11,290,000 of the Series 1996 Bonds. The refunding resulted in a net economic gain to the District of \$1,195,000, which will be recognized over the life of the reissue.

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

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

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

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.

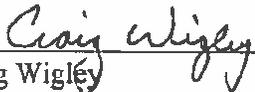
10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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.

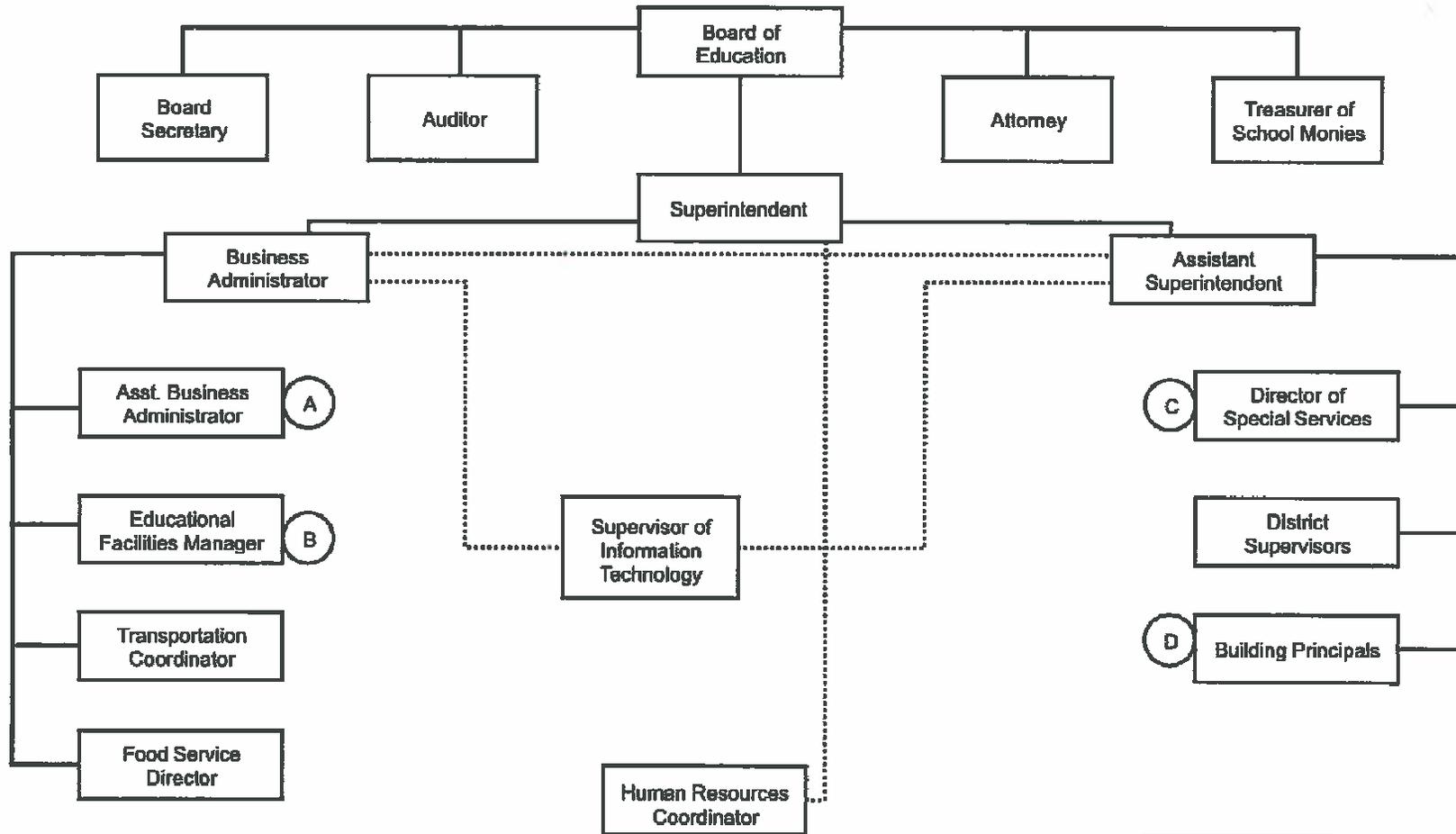
Respectfully submitted,

  
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Craig Wigley  
Superintendent of Schools

  
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Patrick S. DeGeorge  
Business Administrator/  
Board Secretary

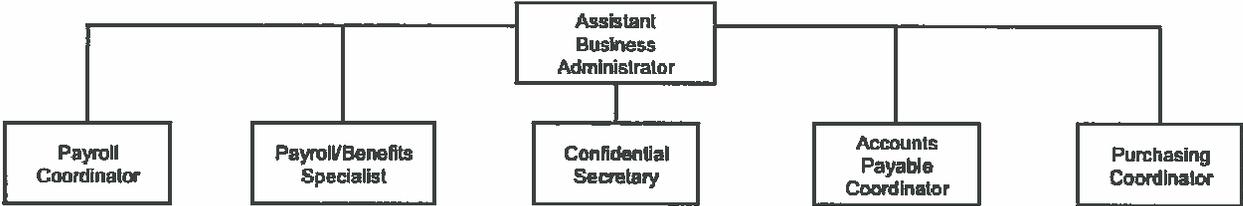
**POLICY 1110  
Organizational Chart**

**Lacey Township School District**

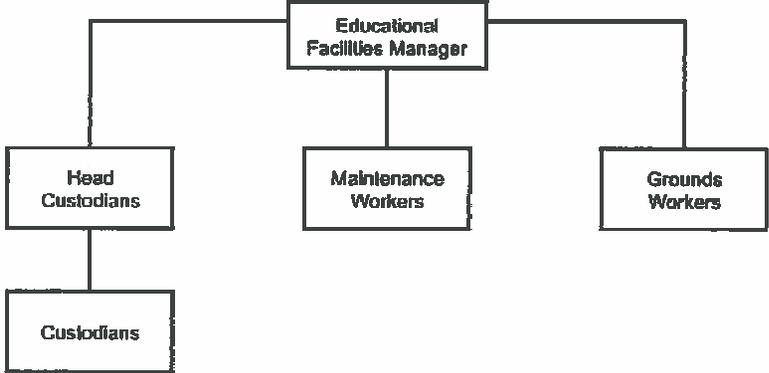


**Revised  
BOE Approved: 10/16/2017**

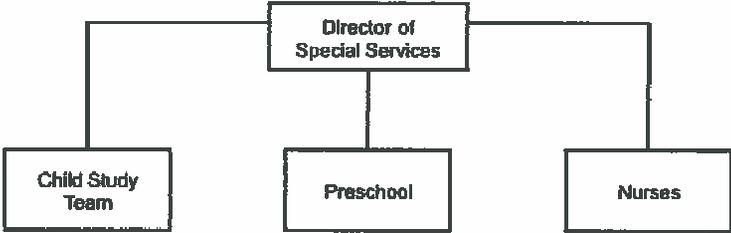
**Lacey Township School District**  
**A**  
**2017-2018**



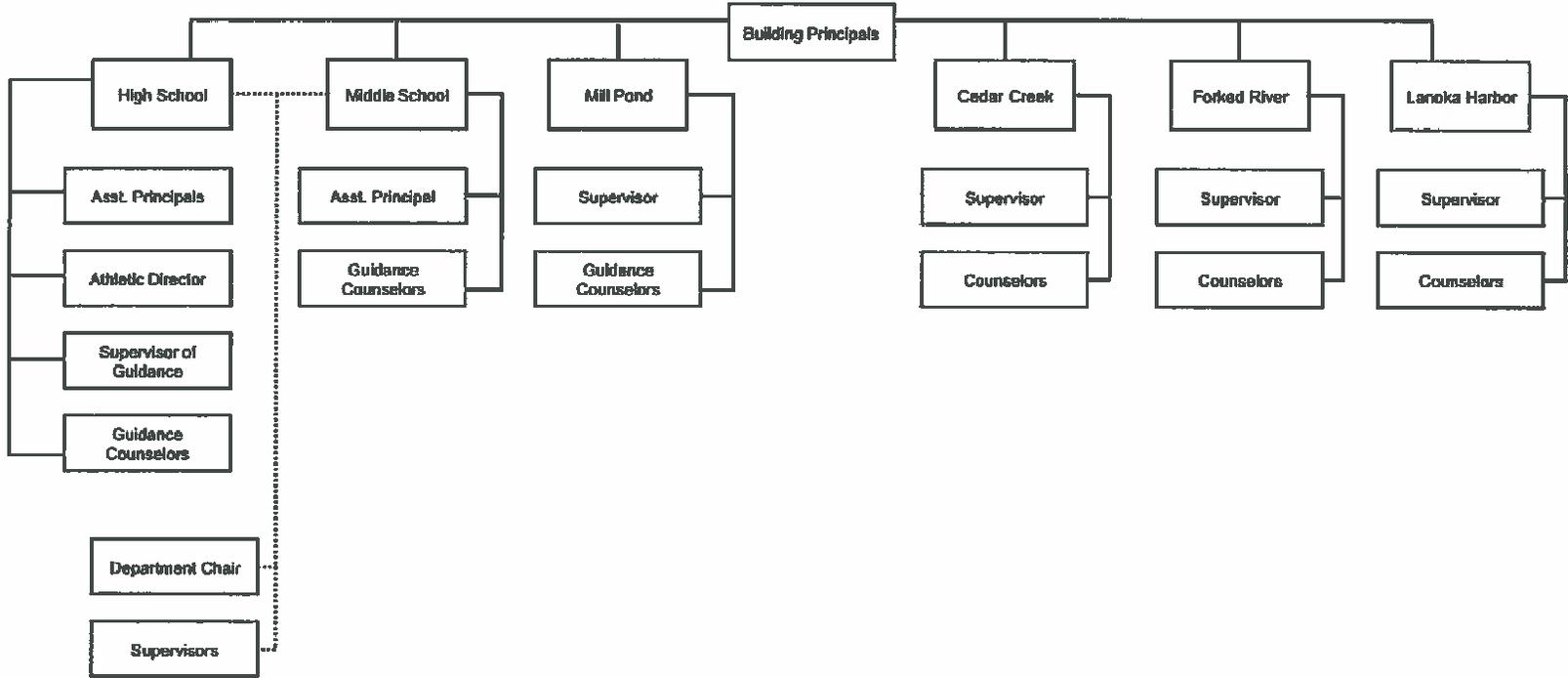
**Lacey Township School District  
B  
2017-2018**



**Lacey Township School District  
C  
2017-2018**



**Lacey Township School District  
D  
2017-2018**



Lacey Township School District  
Lanoka Harbor, New Jersey

Roster of Officials  
June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Bidwell, President	2017
Robert Klaus, Vice President	2018
Regina Discenza	2017
David Silletti	2018
Linda A. Downing	2019
Shawn Giordano	2019
Nicholas Mirandi	2019

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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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 opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lacey Township School District in the County of Ocean, State of New Jersey as of June 30, 2017 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, 2017 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, 2017  
Toms River, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Lacey Township School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
Unaudited

The discussion and analysis of Lacey Township School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

**Financial Highlights**

Key financial highlights for June 30, 2017 are as follows:

In total, net position totaled \$3,360,877, which represents a (18.04) percent increase from June 30, 2016.

General revenues accounted for \$77,487,856 in revenue or 97.87 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,685,090 or 2.13 percent of total revenues of \$79,172,946.

Total assets increased by \$435,469 as current assets increased by \$2,538,489 and capital assets decreased by \$2,103,020.

The School Board had \$77,054,432 in expenses; only \$1,685,090 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$77,487,856 were adequate to provide for these programs.

Among major funds, the General Fund had \$71,722,356 in revenues and \$69,305,171 in expenditures and transfers. The General Fund's balance increased \$2,417,185 over June 30, 2016. The General Fund's balance is \$3,114,690.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the School Board's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School Board's most significant funds with all other non-major funds presented in total in one column. In the case of Lacey Township School District, the General Fund is by far the most significant.

## **Reporting the School Board as a Whole**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2017?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the School Board is divided into two kinds of activities:

**Governmental Activities** - All of the School Board's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Funds are reported as a business activity.

## **Reporting the School Board's Most Significant Funds**

### **Fund Financial Statement**

The Analysis of the School Board's major funds begins on page 31. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

### **Governmental Funds**

The School Board's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2017 and 2016.

Table 1

Net Position as of June 30, 2017 and June 30, 2016

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 3,655,910	\$ 390,292	\$ 4,046,202	\$ 1,240,291	\$ 267,422	\$ 1,507,713
Capital assets, net	42,761,270	74,091	42,835,361	44,868,330	70,051	44,938,381
Total assets	46,417,180	464,383	46,881,563	46,108,621	337,473	46,446,094
Deferred outflow of resources	9,917,820	-	9,917,820	3,966,822	-	3,966,822
<b>Liabilities:</b>						
Current liabilities	718,846	-	718,846	799,247	-	799,247
Net pension liability	-	-	-	-	-	-
Long-term liabilities outstanding	61,233,751	-	61,233,751	57,782,230	-	57,782,230
Total liabilities	61,952,597	-	61,952,597	58,581,477	-	58,581,477
Deferred inflow of resources	4,469,747	-	4,469,747	3,572,914	-	3,572,914
<b>Net position:</b>						
Net investment in capital assets	10,587,219	74,091	10,661,310	10,799,607	70,051	10,869,658
Restricted	3,225,375	-	3,225,375	1,760,939	-	1,760,939
Unrestricted	(23,899,938)	390,292	(23,509,646)	(24,639,494)	267,422	(24,372,072)
Total Net Position	\$ (10,087,344)	\$ 464,383	\$ (9,622,961)	\$ (12,078,948)	\$ 337,473	\$ (11,741,475)

The School Board's combined net position was \$(9,622,961) on June 30, 2017. This is a change of (18.04)% from the previous year.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2017 and 2016.

Table 2

Changes in Net Position

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ 1,022,023	\$ 1,022,023	\$ -	\$ 1,013,075	\$ 1,013,075
Operating and capital grants and contributions	43,660	619,407	663,067	4,671,054	631,787	5,302,841
General revenues:						
Property taxes	48,130,596	-	48,130,596	46,110,638	-	46,110,638
Federal and state aid Not restricted to specific purposes	28,592,229	-	28,592,229	24,327,929	-	24,327,929
Investment earnings	-	-	-	-	-	-
Miscellaneous	765,031	-	765,031	965,817	-	965,817
<b>Total revenues</b>	<b>77,531,516</b>	<b>1,641,430</b>	<b>79,172,946</b>	<b>76,075,438</b>	<b>1,644,862</b>	<b>77,720,300</b>
<b>Expenses</b>						
Instructional services	30,597,688	-	30,597,688	32,166,543	-	32,166,543
Support services	42,912,051	1,514,520	44,426,571	41,660,755	1,651,121	43,311,876
Interest on long-term liabilities	2,030,173	-	2,030,173	2,011,363	-	2,011,363
<b>Total expenses</b>	<b>75,539,912</b>	<b>1,514,520</b>	<b>77,054,432</b>	<b>75,838,661</b>	<b>1,651,121</b>	<b>77,489,782</b>
Change in net position	1,991,604	126,910	2,118,514	236,777	(6,259)	230,518
Net position - beginning	<u>(12,078,948)</u>	<u>337,473</u>	<u>(11,741,475)</u>	<u>(12,323,186)</u>	<u>343,732</u>	<u>(11,979,454)</u>
Net position (deficit) - ending	<u>\$ (10,087,344)</u>	<u>\$ 464,383</u>	<u>\$ (9,622,961)</u>	<u>\$ (12,086,409)</u>	<u>\$ 337,473</u>	<u>\$ (11,748,936)</u>

The tax levy increase was due in general to cover increased costs in salaries and benefits, utilities and the debt service.

Regular instructional costs decreased due to contractual decreases in salary and benefits as well as program maintenance and enhancements.

Other support services increased primarily due to the additional other purchased professional services from the Special Revenue Fund.

## Expenses for Fiscal Year June 30, 2017

### Business-Type Activities

Revenues for the District's business-type activities (food service program and child care) were comprised of charges for services and royalties.

Total Enterprise Fund revenues exceeded expenses by \$126,910.

Charges for services represent \$1,022,023 of revenue. This represents the amount paid by patrons for daily food service and child care.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$619,407.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2017		2016	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 30,597,688	\$ 30,597,688	\$ 32,166,543	\$ 32,166,543
Support Services:				
Pupils and Instructional Staff	24,957,460	20,375,976	25,898,314	21,227,260
General Administration, School Administration, Business Operation and Maintenance of Facilities	17,954,591	22,492,415	15,762,441	15,762,441
Pupil Transportation	-	-	-	-
Interest and Fiscal Charges	<u>2,030,173</u>	<u>2,030,173</u>	<u>2,011,363</u>	<u>2,011,363</u>
Total Expenses	<u>\$ 75,539,912</u>	<u>\$ 75,496,252</u>	<u>\$ 75,838,661</u>	<u>\$ 71,167,607</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Approximately 90% of the student population participates in extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

## The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Township of Lacey, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined fund balance of \$3,360,877, which is an increase of \$2,473,333. The Reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017.

<u>Revenue</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 48,895,627	63.07 %	\$ 1,819,172	3.72 %
State Sources	26,853,695	34.64	(2,145,288)	(7.99)
Federal Sources	<u>1,782,194</u>	<u>2.30</u>	<u>1,782,194</u>	<u>-</u>
Total	<u>\$ 77,531,516</u>	<u>100.01 %</u>	<u>\$ 1,456,078</u>	<u>(4.27)%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017.

<u>Expenditures</u>	<u>2016-17 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016-17</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 28,228,255	37.61 %	\$ (1,674,974)	(5.93)%
Undistributed Expenditures	42,834,373	57.07	1,246,193	2.91
Capital Outlay	177,544	0.24	(199,509)	(112.37)
Debt Service:				
Principal	2,670,000	3.56	(140,000)	(5.24)
Interest	<u>1,148,011</u>	<u>1.53</u>	<u>(12,850)</u>	<u>(1.12)</u>
Total	<u>\$ 75,058,183</u>	<u>100.01 %</u>	<u>\$ (781,140)</u>	<u>(121.75)%</u>

## General Fund Budgeting Highlights

The School Board's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$3,062,770 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$35,548 better than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$1,500,000, Maintenance Reserve \$- and Emergency Reserve \$-. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding. The district also joined a co-op for energy consumption, which was done after the budget was struck. Through efforts made in finding jointures with other local districts, and increase students on district owned vehicles the district transportation costs were lowered for special needs students.

The revenue situation arose primarily because of tuition received from out of district students.

The excesses will be carried forward into the beginning fund balance from the 2016-2017 fiscal year and will be used to reduce the local tax levy for the 2018-2019 fiscal year.

## Capital Assets and Debt Administration

*Capital Assets.* At the end of the fiscal year June 30, 2017, the School Board had \$42,835,361 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and June 30, 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 163,472	\$ 163,472	\$ -	\$ -	\$ 163,472	\$ 163,472
Construction in Progress	-	-	-	-	-	-
Building and Improvements	34,260,261	35,693,315	-	-	34,260,261	35,693,315
Machinery and Equipment	8,337,537	9,011,543	74,091	70,051	8,411,628	9,081,594
<b>Total</b>	<b>\$ 42,761,270</b>	<b>\$ 44,868,330</b>	<b>\$ 74,091</b>	<b>\$ 70,051</b>	<b>\$ 42,835,361</b>	<b>\$ 44,938,381</b>

During the current fiscal year, \$570,265 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

*Debt Administration.* The District's long-term liabilities are as follows for the governmental activities at June 30, 2017 and June 30, 2016.

	June 30, 2017	June 30, 2016
Bonds Payable (net)	\$ 28,095,000	\$ 23,747,948
Capital Leases payable	256,977	363,811
Pension Liability-PERS	<u>30,245,865</u>	<u>23,747,948</u>
Compensated Absences payable	<u>2,635,909</u>	<u>2,480,471</u>
<b>Total long-term liabilities</b>	<b>\$ <u>61,233,751</u></b>	<b>\$ <u>50,340,178</u></b>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

## Economic Factors and Next Year's Budget

For the 2016-2017 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 36.93% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 63.07% of total revenue is from local tax levy.

The \$(23,899,938) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2016-2017 budget was adopted in March 2016 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Township of Lacy for increased aid.

The School Board anticipates a slight increase in enrollment for the 2017-2018 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

### **Contacting the School School Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Lacey Township School District, 200 Western Boulevard, , NJ, 08734.

## BASIC FINANCIAL STATEMENTS

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**6/30/2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,397,672	\$ 347,489	\$ 2,745,161
Investments	385,410	-	385,410
Receivables - other	28,921	1,278	30,199
Receivables - state	613,741	541	614,282
Receivables - federal	230,166	21,759	251,925
Inventory	-	19,225	19,225
Capital assets, net	42,761,270	74,091	42,835,361
Total assets	<u>46,417,180</u>	<u>464,383</u>	<u>46,881,563</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	9,621,707		9,621,707
Deferred charge on refunding	296,113	-	296,113
Total deferred outflows of resources	<u>9,917,820</u>	<u>-</u>	<u>9,917,820</u>
<b>LIABILITIES</b>			
Accounts payable	788	-	788
Accrued interest	423,813	-	423,813
Other liabilities	5,389	-	5,389
Unearned revenue	288,856	-	288,856
Noncurrent liabilities:			
Due within one year	3,629,700	-	3,629,700
Due beyond one year	57,604,051	-	57,604,051
Total liabilities	<u>61,952,597</u>	<u>-</u>	<u>61,952,597</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - PERS	775,373	-	775,373
Deferred premium on refunding	3,694,374	-	3,694,374
Total deferred inflows of resources	<u>4,469,747</u>	<u>-</u>	<u>4,469,747</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,587,219	74,091	10,661,310
Restricted for:			
Debt service	246,187	-	246,187
Capital projects	1,500,000	-	1,500,000
Other purposes	1,479,188	-	1,479,188
Unrestricted	(23,899,938)	390,292	(23,509,646)
Total net position	<u>\$ (10,087,344)</u>	<u>\$ 464,383</u>	<u>\$ (9,622,961)</u>

See accompanying notes to financial statements.

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

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
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 21,889,525	\$ -	\$ -	\$ -	\$ (21,889,525)	\$ -	\$ (21,889,525)
Special education instruction	7,145,866	-	-	-	(7,145,866)	-	(7,145,866)
Other special instruction	1,562,297	-	-	-	(1,562,297)	-	(1,562,297)
Support services and undistributed costs:							
Instruction	2,884,134	-	-	-	(2,884,134)	-	(2,884,134)
Attendance and social work	197,948	-	-	-	(197,948)	-	(197,948)
Health services	538,336	-	-	-	(538,336)	-	(538,336)
Other support services	3,200,719	-	-	-	(3,200,719)	-	(3,200,719)
Improvement of instruction	1,421,315	-	-	-	(1,421,315)	-	(1,421,315)
Educational media services	420,637	-	-	-	(420,637)	-	(420,637)
Instruction staff training	37,607	-	-	-	(37,607)	-	(37,607)
General administrative services	1,094,239	-	-	-	(1,094,239)	-	(1,094,239)
School administrative services	1,624,392	-	-	-	(1,624,392)	-	(1,624,392)
School central services	487,873	-	-	-	(487,873)	-	(487,873)
School admin info technology	633,422	-	-	-	(633,422)	-	(633,422)
Allowed maintenance for school faci	610,821	-	-	-	(610,821)	-	(610,821)
Other operation & maintenance of p	3,323,839	-	-	-	(3,323,839)	-	(3,323,839)
Care & upkeep of grounds	363,832	-	-	-	(363,832)	-	(363,832)
Security	327,638	-	-	-	(327,638)	-	(327,638)
Student transportation services	3,209,224	-	-	-	(3,209,224)	-	(3,209,224)
Unallocated employee benefits	17,954,591	-	-	-	(17,954,591)	-	(17,954,591)
Non-budgeted expenditures	4,581,484	-	4,581,484	-	-	-	-
Interest expense	2,030,173	-	-	-	(2,030,173)	-	(2,030,173)
Total governmental activities	<u>75,539,912</u>	<u>-</u>	<u>4,581,484</u>	<u>-</u>	<u>(70,958,428)</u>	<u>-</u>	<u>(70,958,428)</u>
Business-type activities:							
Food Service	1,260,465	768,833	619,407	-	-	127,775	127,775
Child Care	254,055	253,190	-	-	-	(865)	(865)
Total business-type activities	<u>1,514,520</u>	<u>1,022,023</u>	<u>619,407</u>	<u>-</u>	<u>-</u>	<u>126,910</u>	<u>126,910</u>
Total primary government	<u>\$ 77,054,432</u>	<u>1,022,023</u>	<u>\$ 5,200,891</u>	<u>\$ -</u>	<u>\$ (70,958,428)</u>	<u>\$ 126,910</u>	<u>\$ (70,831,518)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes levied for general purpose					44,747,538	-	44,747,538
Taxes levied for debt service					3,383,058	-	3,383,058
Federal and state aid					24,054,405	-	24,054,405
Miscellaneous income					765,031	-	765,031
Total general revenues					<u>72,950,032</u>	<u>-</u>	<u>72,950,032</u>
<b>Change in net position</b>					1,991,604	126,910	2,118,514
<b>Net position –beginning</b>					(12,078,948)	337,473	(11,741,475)
<b>Net position –ending</b>					<u>\$ (10,087,344)</u>	<u>464,383</u>	<u>\$ (9,622,961)</u>

See accompanying notes to financial statements.

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,224,415	\$ -	\$ -	\$ 251,576	\$ 2,475,991
Investments	385,410	-	-	-	385,410
Receivables from other funds	-	129,620	-	-	129,620
Receivables from state	613,741	-	-	-	613,741
Receivables from federal	-	230,166	-	-	230,166
Receivables from other governments	28,921	-	-	-	28,921
Other receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 3,252,487</u>	<u>\$ 359,786</u>	<u>\$ -</u>	<u>\$ 251,576</u>	<u>\$ 3,863,849</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash overdraft	\$ -	\$ 78,319	\$ -	\$ -	\$ 78,319
Accounts payable	47	741	-	-	788
Accrued salaries and benefits	-	-	-	-	-
Interfund payable	129,620	-	-	-	129,620
Other current liabilities	-	-	-	5,389	5,389
Payable to state government	-	-	-	-	-
Deferred revenue	8,130	280,726	-	-	288,856
Total liabilities	<u>137,797</u>	<u>359,786</u>	<u>-</u>	<u>5,389</u>	<u>502,972</u>
Fund Balances:					
Restricted for:					
Unexpended additional spending proposal	-	-	-	-	-
Capital reserve account	1,500,000	-	-	-	1,500,000
Maintenance reserve account	-	-	-	-	-
Emergency reserve account	-	-	-	-	-
Excess surplus - current year	1,325,791	-	-	-	1,325,791
Excess surplus - designated for	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-
Debt service fund	-	-	-	246,187	246,187
Capital projects fund	-	-	-	-	-
Other purposes	-	-	-	-	-
Committed to:	-	-	-	-	-
Other purposes	153,397	-	-	-	153,397
Assigned to:	-	-	-	-	-
Debt service fund	-	-	-	-	-
Designated by the BOE for subsequent year's expenditure	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned to:	-	-	-	-	-
General fund	135,502	-	-	-	135,502
Special revenue fund	-	-	-	-	-
Total fund balances	<u>3,114,690</u>	<u>-</u>	<u>-</u>	<u>246,187</u>	<u>3,360,877</u>
Total liabilities and fund balances	<u>\$ 3,252,487</u>	<u>\$ 359,786</u>	<u>\$ -</u>	<u>\$ 251,576</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 \$106,128,892 and the accumulated depreciation is \$63,367,622.	42,761,270
Deferred outflows related to the PERS pension plan	9,621,707
Deferred inflows related to the PERS pension plan	(775,373)
Accrued interest not recorded in current financial statements.	(423,813)
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 \$3,717,559.	(3,694,374)
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.	296,113
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.	<u>(61,233,751)</u>
Net position of governmental activities	<u>\$ (10,087,344)</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 44,747,538	\$ -	\$ -	\$ 3,383,058	\$ 48,130,596
Tuition charges	31,372	-	-	-	31,372
Interest on investments	4,949	-	-	-	4,949
Interest earned on capital reserve funds	-	-	-	-	-
Interest earned on bond ref	-	-	-	-	-
Transportation fees	-	-	-	-	-
Miscellaneous	518,682	195,419	-	14,609	728,710
Total - Local sources	45,302,541	195,419	-	3,397,667	48,895,627
State sources	26,376,155	1,048	-	476,492	26,853,695
Federal sources	43,660	1,738,534	-	-	1,782,194
Total revenues	71,722,356	1,935,001	-	3,874,159	77,531,516
<b>EXPENDITURES</b>					
Current:					
Regular instruction	\$ 18,352,320	\$ 1,261,479	\$ -	\$ -	\$ 19,613,799
Special education instruction	7,065,546	-	-	-	7,065,546
Other special instruction	1,548,910	-	-	-	1,548,910
Undistributed - current:					
Instruction	2,088,178	568,384	-	-	2,656,562
Attendance and social work	197,948	-	-	-	197,948
Health services	538,336	-	-	-	538,336
Other support services	3,125,230	75,489	-	-	3,200,719
Improvement of instruction	1,391,666	29,649	-	-	1,421,315
Educational media services	420,637	-	-	-	420,637
Instruction staff training	37,607	-	-	-	37,607
General administrative services	1,094,239	-	-	-	1,094,239
School administrative services	1,388,634	-	-	-	1,388,634
School central services	487,873	-	-	-	487,873
School admin info technology	633,422	-	-	-	633,422
Required maintenance for school facilities	610,821	-	-	-	610,821
Other operation & maintenance of plant	3,823,394	-	-	-	3,823,394
Care & upkeep of grounds	363,832	-	-	-	363,832
Security	327,638	-	-	-	327,638
Student transportation services	3,209,224	-	-	-	3,209,224
Unallocated employee benefits	17,840,688	-	-	-	17,840,688
Non-budgeted expenditures	4,581,484	-	-	-	4,581,484
Debt service:					
Principal	-	-	-	2,670,000	2,670,000
Interest and other charges	-	-	-	1,148,011	1,148,011
Capital outlay	177,544	-	-	-	177,544
Transfer of funds to charter schools	-	-	-	-	-
Total expenditures	69,305,171	1,935,001	-	3,818,011	75,058,183
Excess (Deficiency) of revenues over expenditures	2,417,185	-	-	56,148	2,473,333
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Bonds	-	-	-	11,595,000	11,595,000
Refunding of bonds	-	-	-	(12,924,140)	(12,924,140)
Premium and costs for bond issuance	-	-	-	1,329,140	1,329,140
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	2,417,185	-	-	56,148	2,473,333
Fund balance—July 1	697,505	-	-	190,039	887,544
Fund balance—June 30	\$ 3,114,690	\$ -	\$ -	\$ 246,187	\$ 3,360,877

See accompanying notes to financial statements.

**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, 2017**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	<b>\$</b>	<b>2,473,333</b>
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	(2,677,325)	
Capital outlays	<u>570,265</u>	(2,107,060)
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		(113,903)
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.		2,670,000
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.		22,702
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.		(1,495,203)
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.		166,368
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.		(11,595,000)
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.		12,020,000
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.		106,834
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.		(16,154)
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.		(7,562)
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>(132,751)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>1,991,604</u></b>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Child Care</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 158,368	\$ 189,121	\$ 347,489
Investments	-	-	-
Receivables from state	541	-	541
Receivables from federal	21,759	-	21,759
Receivables from other government	-	-	-
Other receivables	1,278	-	1,278
Inventories	19,225	-	19,225
Total current assets	<u>201,171</u>	<u>189,121</u>	<u>390,292</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Furniture, machinery & equipment	448,543	24,558	473,101
Less accumulated depreciation	(374,452)	(24,558)	(399,010)
Total noncurrent assets	<u>74,091</u>	<u>-</u>	<u>74,091</u>
Total assets	<u>\$ 275,262</u>	<u>\$ 189,121</u>	<u>\$ 464,383</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Interfund payable	-	-	-
Accrued salaries and benefits	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	74,091	-	74,091
Restricted for:			
Other	-	-	-
Unrestricted	<u>201,171</u>	<u>189,121</u>	<u>390,292</u>
Total net position	<u>275,262</u>	<u>189,121</u>	<u>464,383</u>
Total liabilities and net position	<u>\$ 275,262</u>	<u>\$ 189,121</u>	<u>\$ 464,383</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, 2017**

	<b>Business-type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Child Care</b>	<b>Total Enterprise</b>
Operating revenues:			
Local sources:			
Daily sales reimbursable programs			
School breakfast	\$ -	\$ -	\$ -
School lunch	736,878	-	736,878
Total daily sales reimbursable programs	<u>736,878</u>	<u>-</u>	<u>736,878</u>
Daily sales non-reimbursable programs	31,955	-	31,955
Child care revenue	-	253,190	253,190
Fitness revenue	-	-	-
Total operating revenues	<u>768,833</u>	<u>253,190</u>	<u>1,022,023</u>
Operating expenses:			
Salaries	603,991	191,844	795,835
Supplies and materials	26,397	13,918	40,315
Utilities	-	42,000	42,000
Other objects	-	3,837	3,837
Depreciation	7,435	2,456	9,891
Cost of sales - reimbursable programs	609,429	-	609,429
Cost of sales - non-reimbursable programs	13,213	-	13,213
Total operating expenses	<u>1,260,465</u>	<u>254,055</u>	<u>1,514,520</u>
Operating income (loss)	<u>(491,632)</u>	<u>(865)</u>	<u>(492,497)</u>
Nonoperating revenues (expenses):			
Interest income	-	-	-
State sources:			
Vending machine grant	-	-	-
State school lunch program	13,813	-	13,813
State school breakfast program	-	-	-
Federal sources:			
School breakfast program	50,604	-	50,604
National school lunch program	435,637	-	435,637
Special milk	235	-	235
Food distribution program	101,201	-	101,201
National school performance based program	17,917	-	17,917
Total nonoperating revenues (expenses)	<u>619,407</u>	<u>-</u>	<u>619,407</u>
Income (loss) before contributions & transfers	<u>127,775</u>	<u>(865)</u>	<u>126,910</u>
Transfers in (out)	-	-	-
Change in net position	<u>127,775</u>	<u>(865)</u>	<u>126,910</u>
Total net position –beginning	147,487	189,986	337,473
Total net position –ending	<u>\$ 275,262</u>	<u>\$ 189,121</u>	<u>\$ 464,383</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, 2017**

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other funds	\$ 872,275	\$ 253,190	\$ 1,125,465
Payments to employees & benefits	(603,991)	(191,844)	(795,835)
Payments to suppliers	(654,016)	(59,755)	(713,771)
Net cash provided by (used for) operating activities	<u>(385,732)</u>	<u>1,591</u>	<u>(384,141)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	14,124	-	14,124
Federal sources	510,093	-	510,093
Board interfund loans	-	-	-
Net cash provided by (used for) non-capital financing activities	<u>524,217</u>	<u>-</u>	<u>524,217</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Change in capital contributions	-	-	-
Purchases of capital assets	(13,931)	-	(13,931)
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(13,931)</u>	<u>-</u>	<u>(13,931)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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	124,554	1,591	126,145
Balances—beginning of year	33,814	187,530	221,344
Balances—end of year	<u>\$ 158,368</u>	<u>\$ 189,121</u>	<u>\$ 347,489</u>
Reconciliation of operating income (loss) to net cash provided by			
(used) in operating activities:			
Operating loss	\$ (491,632)	\$ (865)	\$ (492,497)
Adjustments to reconcile operating income (loss) to			
net cash provided by (used) in operating activities:			
Depreciation and net amortization	7,435	2,456	9,891
Federal commodities	101,201	-	101,201
(Increase) decrease in accounts receivable, net	2,241	-	2,241
(Increase) decrease in inventories	(4,977)	-	(4,977)
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in accrued salaries benefits	-	-	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absences	-	-	-
Total adjustments	<u>105,900</u>	<u>2,456</u>	<u>108,356</u>
Net cash provided by (used for) operating activities	<u>\$ (385,732)</u>	<u>\$ 1,591</u>	<u>\$ (384,141)</u>

See accompanying notes to financial statements.

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 104,371	\$ 10,059	\$ 1,528,417	\$ 1,642,847
Intergovernmental accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>104,371</u>	<u>10,059</u>	<u>1,528,417</u>	<u>1,642,847</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Payroll deductions and withholdings	-	-	1,353,358	1,353,358
Payable to student groups	-	-	175,059	175,059
Accrued wages	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,528,417</u>	<u>1,528,417</u>
<b>NET POSITION</b>				
Held in trust for unemployment claims and other purposes	104,371	-	-	104,371
Reserved for scholarships	-	10,059	-	10,059
Total net position	<u>104,371</u>	<u>10,059</u>	<u>-</u>	<u>114,430</u>
Total liabilities and net position	<u>\$ 104,371</u>	<u>\$ 10,059</u>	<u>\$ 1,528,417</u>	<u>\$ 1,642,847</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, 2017**

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
Plan member	\$ -	\$ 39,889	\$ 39,889
Other	-	-	-
Total contributions	<u>-</u>	<u>39,889</u>	<u>39,889</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	354	132	486
Dividends	-	-	-
Less investment expense	-	-	-
Net investment earnings	<u>354</u>	<u>132</u>	<u>486</u>
Total additions	<u>354</u>	<u>40,021</u>	<u>40,375</u>
<b>DEDUCTIONS</b>			
Quarterly contribution reports	-	-	-
Unemployment claims	-	40,552	40,552
Scholarships awarded	350	-	350
Refunds of contributions	-	-	-
Administrative expenses	-	-	-
Total deductions	<u>350</u>	<u>40,552</u>	<u>40,902</u>
Change in net position	4	(531)	(527)
Net position –beginning of the year	<u>10,055</u>	<u>104,902</u>	<u>114,957</u>
Net position –end of the year	<u>\$ 10,059</u>	<u>\$ 104,371</u>	<u>\$ 114,430</u>

See accompanying notes to financial statements.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**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, 2017.

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, 2017

**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 9.

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, 2017

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).

**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, 2017

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

**E. Fund Accounting**

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, 2017

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

Lacey Township School District  
Notes to Financial Statements  
For the Year Ended June 30, 2017

**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, 2017

**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, 2017 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, 2017

**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, 2017

**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, 2017

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, 2017

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, 2017

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, 2017, and reported at fair value are as follows:

Type Deposits:	Carrying Value
Demand deposits	\$ <u>4,388,008</u>
Total deposits	\$ <u>4,388,008</u>
The District's cash and cash equivalents are reported as follows:	
Governmental Activities	\$ 2,397,672
Business-Type Activities	347,489
Fiduciary Funds	<u>1,642,847</u>
Total Cash and Cash Equivalents	\$ <u>4,388,008</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**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, 2017, the Board's bank balances of \$5,455,193 were exposed to Custodial Credit Risk as follows:

	<u>2017</u>
Insured	\$ 250,000
Uninsured and Uncollateralized	1,753,690
Collateralized in the District's Name under GUDPA	<u>3,451,503</u>
Total	<u>\$ 5,455,193</u>

**3. Investments**

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017 are as follows:

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
SRECs	\$ 385,410	385,410	-	-

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, 2017

**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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance July 1, 2016	\$ 500,000
Add:	
Increase per Resolution	1,000,000
Interest Earnings	-
Deposits	-
Less:	
Withdrawals	-
Ending Balance, June 30, 2017	<u>\$ 1,500,000</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**5. Receivables**

Receivables at June 30, 2017, 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 Statements	District-Wide Financial Statements
State Aid	\$ 613,742	\$ 614,283
Federal Aid	230,166	251,925
Other	<u>28,920</u>	<u>30,198</u>
Gross Receivables	872,828	896,406
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	\$ <u><u>872,828</u></u>	\$ <u><u>896,406</u></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, 2017

7. **Capital Assets**

Capital assets consisted of the following at June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ <u>163,472</u>	<u>-</u>	<u>-</u>	\$ <u>163,472</u>
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	85,005,521	135,697	-	85,141,218
Machinery and Equipment	<u>20,589,511</u>	<u>434,568</u>	<u>(199,877)</u>	<u>20,824,202</u>
Totals at Historical Cost	<u>105,595,032</u>	<u>570,265</u>	<u>(199,877)</u>	<u>105,965,420</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(49,312,206)	(1,568,751)	-	(50,880,957)
Machinery and Equipment	<u>(11,577,968)</u>	<u>(1,108,574)</u>	<u>199,877</u>	<u>(12,486,665)</u>
Total Accumulated Depreciation	<u>(60,890,174)</u>	<u>(2,677,325)</u>	<u>199,877</u>	<u>(63,367,622)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>44,704,858</u>	<u>(2,107,060)</u>	<u>-</u>	<u>42,597,798</u>
Government Activity Capital Assets, Net	<u>\$ 44,868,330</u>	<u>(2,107,060)</u>	<u>-</u>	<u>\$ 42,761,270</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	459,170	13,931	-	473,101
Less Accumulated Depreciation	<u>(389,119)</u>	<u>(9,891)</u>	<u>-</u>	<u>(399,010)</u>
Business-type activities capital assets, Net	<u>\$ 70,051</u>	<u>4,040</u>	<u>-</u>	<u>\$ 74,091</u>

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 2,275,726
Student and Instruction Related Services	227,572
School Administration Services	80,320
Other Special Instruction	13,387
Special Education Instruction	<u>80,320</u>
Total depreciation expense	<u>\$ 2,677,325</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**8. Long Term Obligations**

During the fiscal year ended June 30, 2017, the following changes occurred in the non-current liabilities:

	<u>Balance June 30, 2016</u>	<u>Increases/ Decreases</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>				
Compensated				
Absences Payable	\$ 2,480,471	\$ 155,438	\$ 2,635,909	\$ 775,382
Bonds Payable	31,190,000	(3,095,000)	28,095,000	2,745,000
Capital Leases	363,811	(106,834)	256,977	109,318
Pension liability - PERS	<u>23,747,948</u>	<u>6,497,917</u>	<u>30,245,865</u>	-
Total	<u>\$ 57,782,230</u>	<u>\$ 3,451,521</u>	<u>\$ 61,233,751</u>	<u>\$ 3,629,700</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 Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,745,000	\$ 1,609,975	\$ 4,354,975
2019	2,755,000	1,524,813	4,279,813
2020	2,790,000	974,150	3,764,150
2021	2,860,000	873,800	3,733,800
2022	2,895,000	755,200	3,650,200
2023-2027	11,580,000	1,819,700	13,399,700
2028-2030	<u>2,470,000</u>	<u>201,400</u>	<u>2,671,400</u>
	<u>\$ 28,095,000</u>	<u>\$ 7,759,038</u>	<u>\$ 35,854,038</u>

**B. Bonds Authorized But Not Issued**

As of June 30, 2017, the District had no authorized but not issued bonds.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2017:

Year Ended June 30,	
2018	\$ 115,287
2019	76,410
2020	76,410
2021	-
Total Minimum lease payments	<u>268,107</u>
Less: amounts representing interest	<u>(11,130)</u>
Present Value of lease payments	<u>\$ 256,977</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, 2017, the District recognized pension expense of \$3,147,848 and revenue of \$3,147,848 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, 2017

9. Pension Plans (Cont'd)

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

At June 30, 2017, 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 0.2771662205% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 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	\$ 764,839	\$ 371,168
Changes of assumptions	43,323,063	-
Net difference between projected and actual earnings on pension plan investments	3,958,341	-
Changes in proportion and differences between District contributions and proportionate share of contributions	291,554	169,383
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 48,337,797</u>	<u>\$ 540,551</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$218,036,596.

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:	
2017	\$ 7,035,963
2018	7,035,960
2019	8,242,493
2020	7,708,554
2021	6,511,598
Thereafter	<u>11,360,218</u>
Total	<u>\$ 47,894,786</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

**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 TPAF's target asset allocation as of June 30, 2016 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 %	0.39 %
US Government Bonds	1.50 %	1.28 %
US Credit Bondst	13.00 %	2.76 %
US Mortgages	2.00 %	2.38 %
US Inflation-Indexed Bonds	1.50 %	1.41 %
US High Yield Bonds	2.00 %	4.70 %
US Equity Market	26.00 %	5.14 %
Foreign-Developed Equity	13.25 %	5.91 %
Emerging Market Equity	6.50 %	8.16 %
Private Real Estate Property	5.25 %	3.64 %
Timber	1.00 %	3.86 %
Farmland	1.00 %	4.39 %
Private Equity	9.00 %	8.97 %
Commodities	0.50 %	2.87 %
Hedge Funds - MultiStrategy	5.00 %	3.70 %
Hedge Funds - Equity Hedge	3.75 %	4.72 %
Hedge Funds - Distressed	3.75 %	3.49 %

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

**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 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 ( 2.22 %)	Current Discount Rate ( 3.22 %)	1% Increase ( 4.22 %)
District's proportionate share of the net pension liability	261,584,426	219,041,435	184,299,594

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

**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, 2017, the District recognized pension expense of \$935,593. 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 0.1021228710% of the total plan. The information below was provided from the State of New Jersey June 30, 2016 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Lacey Township School District  
Notes to Financial Statements  
For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 562,481	\$ -
Changes of assumptions	6,265,328	-
Net difference between projected and actual earnings on pension plan investments	1,153,302	-
Changes in proportion and differences between District contributions and proportionate share of contributions	692,731	775,373
District contributions subsequent to the measurement date	<u>947,865</u>	<u>-</u>
Total	<u>\$ 9,621,707</u>	<u>\$ 775,373</u>

The District's proportionate share of the pension liability at June 30, 2016 as it relates to the District is \$30,245,865 and has been recorded on the district-wide financials.

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:	
2017	\$ 1,796,875
2018	1,796,875
2019	2,081,740
2020	1,748,966
2021	556,656
Thereafter	-
Total	<u>\$ 7,981,112</u>

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

**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, 2016 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 %	0.87 %
U.S. Treasuries	1.50 %	1.74 %
Investment Grade Credit	8.00 %	1.79 %
Mortgages	2.00 %	1.67 %
High Yield Bonds	2.00 %	4.56 %
Inflation-Indexed Bonds	1.50 %	3.44 %
Broad US Equities	26.00 %	8.53 %
Developed Foreign Equities	13.25 %	6.83 %
Emerging Market Equities	6.50 %	9.95 %
Private Equity	9.00 %	12.40 %
Hedge Funds/Absolute Return	12.50 %	4.68 %
Real Estate (Property)	2.00 %	6.91 %
Commodities	0.50 %	5.45 %
Global Debt ex US	5.00 %	(0.25)%
REIT	5.25 %	5.63 %

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

**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, 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 ( 2.98 %)	Current Discount Rate ( 3.98 %)	1% Increase ( 4.98 %)
District's proportionate share of the net pension liability	37,062,778	30,245,865	24,617,913

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

**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).

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

9. Pension Plans (Cont'd)

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

Year Funding June 30,	<u>Three-Year Trend Information for PERS</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2017	\$ 935,593	100 %	\$ -
2016	883,741	100 %	-
2015	895,190	100 %	-

Year Funding June 30,	<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2017	\$ 5,778,171	100 %	\$ -
2016	4,861,435	100 %	-
2015	2,383,907	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, 2017

**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 \$5,778,171. 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 \$1,951,161 during the fiscal year ended June 30, 2017 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, 2017 were \$32,370. The District's liability for unpaid contributions at June 30, 2017 were \$1,543.

**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.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**10. Post-Retirement Benefits (Cont'd)**

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

**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
New York Life	Ameriprise

**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>
2016 / 2017	\$ 39,889	\$ 132	\$ 40,552	\$ 104,371
2015 / 2016	39,675	118	7,314	104,902
2014 / 2015	39,723	98	48,938	72,423

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 129,620
Special Revenue Fund	129,620	-
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	-
	<u>\$ 129,620</u>	<u>\$ 129,620</u>

The interfund from General Fund to the Special Revenue was due to cash collected in the General Fund to be remitted to the Special Revenue Fund.

**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 \$3,114,690 General Fund balance at June 30, 2017, \$153,397 of encumbrances is committed to other purposes, \$1,500,000 is restricted for capital reserve, \$- is restricted for maintenance reserve, \$- is restricted for emergency reserve, \$1,325,791 is restricted for excess surplus, \$- is restricted for excess surplus for subsequent year expenditures, \$- has been classified as assigned fund balance designated for subsequent year expenditures, and \$135,502 is unassigned.

Lacey Township School District

Notes to Financial Statements

For the Year Ended June 30, 2017

**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, 2017 is \$1,325,791. The excess fund balance at June 30, 2016 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 2016-17 withholding of state aid.

**16. Uncertain Tax Positions**

The school district had no unrecognized tax benefits at June 30, 2017. 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, 2014.

**17. Subsequent Events**

Management has evaluated subsequent events through November 14, 2017, the date the financial statements were available to be issued.

**18. Tax Abatement**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 44,747,538	\$ -	\$ 44,747,538	44,747,538	\$ -
Tuition - from other LEA's within the state	-	-	-	31,372	31,372
Interest income	-	-	-	4,949	4,949
Miscellaneous	300,000	-	300,000	275,968	(24,032)
<b>Total - local sources</b>	<b>45,047,538</b>	<b>-</b>	<b>45,047,538</b>	<b>45,059,827</b>	<b>12,289</b>
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	300,000	215,203	515,203	515,203	-
Non-public transportation	-	1,566	1,566	1,566	-
PARCC readiness aid	44,380	-	44,380	44,380	-
Per pupil growth aid	44,380	-	44,380	44,380	-
Professional learning community aid	40,780	-	40,780	40,780	-
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	7,450	7,450
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	2,622,873	2,622,873
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	3,147,848	3,147,848
TPAF social security (reimbursed - Non-budgeted)	-	-	-	1,951,161	1,951,161
<b>Total state sources</b>	<b>21,576,520</b>	<b>216,769</b>	<b>21,793,289</b>	<b>29,522,621</b>	<b>7,729,332</b>
Federal sources:					
Medicaid reimbursement	91,497	-	91,497	43,351	(48,146)
Other federal aids-ARRA/SEMI	-	-	-	309	309
<b>Total Federal sources</b>	<b>91,497</b>	<b>-</b>	<b>91,497</b>	<b>43,660</b>	<b>(47,837)</b>
<b>Total revenues</b>	<b>66,715,555</b>	<b>216,769</b>	<b>66,932,324</b>	<b>74,626,108</b>	<b>7,693,784</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool/Kindergarten - Salaries of teachers	842,750	-	842,750	801,613	41,137
Grades 1-5 - Salaries of teachers	6,762,036	(13,000)	6,749,036	6,492,521	256,515
Grades 6-8 - Salaries of teachers	3,918,741	(63,400)	3,855,341	3,582,034	273,307
Grades 9-12 - Salaries of teachers	6,376,670	(358,715)	6,017,955	5,694,691	323,264
<b>Regular Programs - Undistributed Instruction</b>					
Purchased professional-educational services	71,970	22,503	94,473	71,342	23,131
Other salaries for instruction	251,880	-	251,880	247,186	4,694
Other purchased services (400-500 series)	696,607	(134,728)	561,879	497,748	64,131
General supplies	1,153,465	(70,413)	1,083,052	921,696	161,356
Textbooks	12,800	200	13,000	10,433	2,567
Other objects	29,000	11,489	40,489	33,056	7,433
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>20,115,919</b>	<b>(606,064)</b>	<b>19,509,855</b>	<b>18,352,320</b>	<b>1,157,535</b>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of teachers	\$ 1,410,394	\$ (51,100)	\$ 1,359,294	1,238,789	\$ 120,505
Other salaries for instruction	310,291	8,400	318,691	318,647	44
General supplies	17,000	631	17,631	12,572	5,059
Textbooks	1,820	-	1,820	1,214	606
Other objects	1,620	(510)	1,110	283	827
<b>Total Learning and/or Language Disabilities</b>	<u>1,741,125</u>	<u>(42,579)</u>	<u>1,698,546</u>	<u>1,571,505</u>	<u>127,041</u>
<b>Behavioral Disabilities</b>					
Salaries of teachers	198,952	-	198,952	185,804	13,148
Other salaries for instruction	99,465	-	99,465	96,311	3,154
Other purchased services (400-500 series)	-	-	-	-	-
General supplies	3,450	-	3,450	1,452	1,998
Textbooks	400	-	400	-	400
Other objects	2,900	22	2,922	1,249	1,673
<b>Total Behavioral Disabilities</b>	<u>305,167</u>	<u>22</u>	<u>305,189</u>	<u>284,816</u>	<u>20,373</u>
<b>Multiple Disabilities:</b>					
Salaries of teachers	489,328	4,080	493,408	493,408	-
Other salaries for instruction	239,611	(4,080)	235,531	229,442	6,089
General supplies	7,500	(731)	6,769	5,344	1,425
Textbooks	300	-	300	-	300
Other objects	880	1,014	1,894	1,309	585
<b>Total Multiple Disabilities</b>	<u>737,619</u>	<u>283</u>	<u>737,902</u>	<u>729,503</u>	<u>8,399</u>
<b>Resource Room/Resource Center:</b>					
Salaries of teachers	3,007,448	229,420	3,236,868	3,236,867	1
Other salaries for instruction	334,022	(3,000)	331,022	318,289	12,733
Other purchased services (400-500 series)	1,000	-	1,000	576	424
General supplies	12,900	500	13,400	10,819	2,581
Textbooks	500	-	500	399	101
Other objects	1,200	(450)	750	205	545
<b>Total Resource Room/Resource Center</b>	<u>3,357,070</u>	<u>226,470</u>	<u>3,583,540</u>	<u>3,567,155</u>	<u>16,385</u>
<b>Autism:</b>					
Salaries of teachers	261,604	42,500	304,104	304,012	92
Other salaries for instruction	208,596	18,100	226,696	226,651	45
Other purchased services (400-500 series)	-	-	-	-	-
General supplies	5,000	650	5,650	3,383	2,267
Other objects	2,550	(76)	2,474	877	1,597
Textbooks	1,200	(700)	500	110	390
<b>Total Autism</b>	<u>478,950</u>	<u>60,474</u>	<u>539,424</u>	<u>535,033</u>	<u>4,391</u>
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of teachers	222,829	24,600	247,429	247,406	23
Other salaries for instruction	94,512	31,000	125,512	125,439	73
General supplies	2,500	2,000	4,500	4,073	427
Other objects	700	-	700	616	84
<b>Total Preschool Disabilities - Full-Time</b>	<u>320,541</u>	<u>57,600</u>	<u>378,141</u>	<u>377,534</u>	<u>607</u>
<b>TOTAL SPECIAL EDUCATION- INSTRUCTION</b>	<u>6,940,472</u>	<u>302,270</u>	<u>7,242,742</u>	<u>7,065,546</u>	<u>177,196</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>Bilingual Education - Instruction</b>					
Salaries of teachers	\$ 174,919	\$ -	\$ 174,919	170,388	\$ 4,531
General supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
<b>Total Bilingual Education - Instruction</b>	<u>174,919</u>	<u>-</u>	<u>174,919</u>	<u>170,388</u>	<u>4,531</u>
<b>School-Spon. Cocurricular Actvts. - Instruction</b>					
Salaries	371,054	24,800	395,854	395,293	561
Supplies and materials	25,934	(1,241)	24,693	11,095	13,598
Other objects	11,050	330	11,380	9,240	2,140
<b>Total School-Spon. Cocurricular Actvts. - Instruction</b>	<u>408,038</u>	<u>23,889</u>	<u>431,927</u>	<u>415,628</u>	<u>16,299</u>
<b>School-Spon. Athletics - Instruction</b>					
Salaries	846,824	(22,000)	824,824	737,297	87,527
Purchased services (300-500 series)	133,900	42	133,942	97,952	35,990
Supplies and materials	117,359	(7,080)	110,279	91,668	18,611
Other objects	38,100	6,111	44,211	35,977	8,234
<b>Total School-Spon. Cocurricular Actvts. - Instruction</b>	<u>1,136,183</u>	<u>(22,927)</u>	<u>1,113,256</u>	<u>962,894</u>	<u>150,362</u>
<b>Total Instruction</b>	<u>28,775,531</u>	<u>(302,832)</u>	<u>28,472,699</u>	<u>26,966,776</u>	<u>1,505,923</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to other LEAs within the state - Regular	-	10,350	10,350	8,050	2,300
Tuition to other LEAs within the state - Special	200,000	(71,710)	128,290	122,318	5,972
Tuition to Co. Voc. School Dist. - reg.	90,000	20,000	110,000	108,460	1,540
Tuition to Co.Spec. Serv. & Reg. Day schools	400,000	92,560	492,560	344,926	147,634
Tuition to Private Sch for Disbl w/i State	1,450,000	(53,739)	1,396,261	1,307,633	88,628
Tuition - State Facilities	89,387	-	89,387	89,387	-
Tuition - Other	150,000	(30,350)	119,650	107,404	12,246
<b>Total Undistributed Expenditures - Instruction</b>	<u>2,379,387</u>	<u>(32,889)</u>	<u>2,346,498</u>	<u>2,088,178</u>	<u>258,320</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	199,585	-	199,585	197,948	1,637
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>199,585</u>	<u>-</u>	<u>199,585</u>	<u>197,948</u>	<u>1,637</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	437,746	33,000	470,746	470,687	59
Purchased professional and technical services	43,397	-	43,397	41,897	1,500
Other purchased services (400-500 series)	35,000	-	35,000	15,816	19,184
Supplies and materials	13,500	403	13,903	9,936	3,967
<b>Total Undistributed Expenditures - Health Services</b>	<u>529,643</u>	<u>33,403</u>	<u>563,046</u>	<u>538,336</u>	<u>24,710</u>
<b>Undist. Expend. - Other Support Services - Students - Related Service</b>					
Salaries	388,852	-	388,852	388,783	69
Purchased professional - educational services	16,000	20,195	36,195	36,195	-
Supplies and materials	1,000	-	1,000	1,000	-
<b>Total Undist. Expend. - Other Support Services - Students - Related Service</b>	<u>405,852</u>	<u>20,195</u>	<u>426,047</u>	<u>425,978</u>	<u>69</u>
<b>Undist. Expend. - Other Support Services - Students - Extraordinary Services</b>					
Salaries	185,000	(8,800)	176,200	176,118	82
<b>Total Undist. Expend. - Other Support Services Students - Extraordinary Services</b>	<u>185,000</u>	<u>(8,800)</u>	<u>176,200</u>	<u>176,118</u>	<u>82</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Other Support Services Students-Regular</b>					
Salaries of other professional staff	\$ 1,069,128	\$ -	\$ 1,069,128	1,049,668	\$ 19,460
Salaries of secretarial and clerical assistants	121,050	-	121,050	110,980	10,070
Purchased professional - educational services	72,300	40,574	112,874	105,135	7,739
Supplies and materials	4,750	-	4,750	1,182	3,568
<b>Total Undist. Expend. - Other Support Services - Students-Regular</b>	<b>1,267,228</b>	<b>40,574</b>	<b>1,307,802</b>	<b>1,266,965</b>	<b>40,837</b>
<b>Undist. Expend. - Other Support Services - Students-Special</b>					
Salaries of other professional staff	870,223	7,000	877,223	877,069	154
Salaries of secretarial and clerical assistants	103,817	(7,000)	96,817	95,302	1,515
Purchased professional - educational services	250,600	103,260	353,860	283,798	70,062
<b>Total Undist. Expend. - Other Support Services - Students-Special</b>	<b>1,224,640</b>	<b>103,260</b>	<b>1,327,900</b>	<b>1,256,169</b>	<b>71,731</b>
<b>Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.</b>					
Salaries superv. of instruction	1,081,580	(7,300)	1,074,280	1,021,266	53,014
Salaries other prof. staff	138,917	3,500	142,417	142,368	49
Salaries secr. & clerical asst.	99,345	(27,098)	72,247	72,191	56
Other salaries	-	-	-	-	-
Purchased professional - educational services	170,800	-	170,800	120,189	50,611
Supplies and materials	38,500	2,300	40,800	35,652	5,148
<b>Total Undist. Expend.-Imprvmt of Instr. Svcs-Other Support Services-Instr.</b>	<b>1,529,142</b>	<b>(28,598)</b>	<b>1,500,544</b>	<b>1,391,666</b>	<b>108,878</b>
<b>Undist. Expend. - Educational Media Services/School Library</b>					
Salaries	421,190	-	421,190	385,256	35,934
Purchased prof & tech svc.	24,883	(1,200)	23,683	23,086	597
Supplies and materials	15,130	-	15,130	12,295	2,835
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<b>461,203</b>	<b>(1,200)</b>	<b>460,003</b>	<b>420,637</b>	<b>39,366</b>
<b>Undist. Expend. - Instruction Staff Training Services</b>					
Other purchased services (400-500 series)	56,500	(10,563)	45,937	37,607	8,330
<b>Total Undist. Expend. - Instruction Staff Training Services</b>	<b>56,500</b>	<b>(10,563)</b>	<b>45,937</b>	<b>37,607</b>	<b>8,330</b>
<b>Undist. Expend. - Support Service - General Administration</b>					
Salaries	470,317	20,900	491,217	491,125	92
Legal services	120,000	30,000	150,000	135,420	14,580
Audit fees	24,000	-	24,000	24,000	-
Other purchased professional services	22,200	-	22,200	22,200	-
Communications/telephone	60,000	171,127	231,127	79,757	151,370
BOE Other Purchased Services	3,500	(1,700)	1,800	-	1,800
Misc. purch. serv.(400-500)	8,778	279,000	287,778	287,762	16
General supplies	12,500	4,066	16,566	15,702	864
BOE membership dues & fees	29,600	1,334	30,934	30,934	-
Miscellaneous expenditures	6,325	1,200	7,525	7,339	186
<b>Total Undist. Expend. - Support Service - General Administration</b>	<b>757,220</b>	<b>505,927</b>	<b>1,263,147</b>	<b>1,094,239</b>	<b>168,908</b>
<b>Undist. Expend. - Support Service - School Administration</b>					
Salaries of principals/assistant principals	1,038,765	26,500	1,065,265	1,065,175	90
Salaries of secretarial and clerical assistants	299,234	-	299,234	291,503	7,731
Supplies and materials	45,160	1,510	46,670	31,956	14,714
<b>Total Undist. Expend. - Support Service - School Administration</b>	<b>1,383,159</b>	<b>28,010</b>	<b>1,411,169</b>	<b>1,388,634</b>	<b>22,535</b>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures- Central Services</b>					
Salaries	\$ 438,759	\$ (3,200)	\$ 435,559	434,073	\$ 1,486
Purchased Technical Services	5,000	(800)	4,200	2,690	1,510
Purchase professional services	34,270	2,394	36,664	35,235	1,429
Supplies and materials	8,000	5,000	13,000	12,610	390
Miscellaneous expenditures	3,600	-	3,600	3,265	335
<b>Total Central Services</b>	<u>489,629</u>	<u>3,394</u>	<u>493,023</u>	<u>487,873</u>	<u>5,150</u>
<b>Administration Information Technology</b>					
Salaries	-	450,633	450,633	450,576	57
Purchased Technical Services	-	182,846	182,846	182,846	-
<b>Total Admin info tech</b>	<u>-</u>	<u>633,479</u>	<u>633,479</u>	<u>633,422</u>	<u>57</u>
<b>Required Maint for School Facilities</b>					
Salaries	755,970	(416,635)	339,335	321,872	17,463
Cleaning, repair and maintenance services	283,735	(2,197)	281,538	177,539	103,999
General supplies	177,012	3,444	180,456	111,410	69,046
<b>Total Required Maintenance for School Facilities</b>	<u>1,216,717</u>	<u>(415,388)</u>	<u>801,329</u>	<u>610,821</u>	<u>190,508</u>
<b>Custodial Services</b>					
Salaries	2,271,932	11,500	2,283,432	2,283,350	82
Purchased professional and technical services	4,500	-	4,500	4,303	197
Cleaning, repair and maintenance services	289,000	(165,774)	123,226	98,816	24,410
Rental of land and building other than lease	4,000	13,950	17,950	11,932	6,018
Other purchased property services	78,356	-	78,356	61,025	17,331
Insurance	636,579	(264,000)	372,579	362,315	10,264
General supplies	100,000	-	100,000	95,419	4,581
Energy (natural gas)	274,000	3,500	277,500	277,472	28
Energy (electricity)	658,000	(5,500)	652,500	628,762	23,738
<b>Total Custodial services</b>	<u>4,316,367</u>	<u>(406,324)</u>	<u>3,910,043</u>	<u>3,823,394</u>	<u>86,649</u>
<b>Care and Upkeep of Grounds</b>					
Salaries	358,655	-	358,655	319,056	39,599
General Supplies	80,000	-	80,000	44,776	35,224
<b>Total Care and Upkeep of Grounds</b>	<u>438,655</u>	<u>-</u>	<u>438,655</u>	<u>363,832</u>	<u>74,823</u>
<b>Security</b>					
Salaries	324,857	-	324,857	323,171	1,686
General Supplies	-	26,909	26,909	4,467	22,442
<b>Total Security</b>	<u>324,857</u>	<u>26,909</u>	<u>351,766</u>	<u>327,638</u>	<u>24,128</u>
<b>Total Oper. And Maintenance of Plant Services</b>	<u>6,296,596</u>	<u>(794,803)</u>	<u>5,501,793</u>	<u>5,125,685</u>	<u>376,108</u>
<b>Student Transportation Services</b>					
Salaries of non-instructional aides	60,592	-	60,592	44,084	16,508
Salaries for pupil transportation (between home and school) - regular	999,754	(25,900)	973,854	973,762	92
Salaries for pupil transportation (other than between home and school)	416,000	(4,100)	411,900	401,723	10,177
Cleaning, repair and maint. services	14,000	3,200	17,200	16,360	840
Lease purchase payments - School buses	212,407	43,600	256,007	256,007	-
Contract serv.(spl. ed. students) - ESCs & CTSA's	900,000	69,300	969,300	968,882	418
Contr serv. - aid in lieu pymts-NonPub Sch	18,000	4,000	22,000	21,962	38
Misc. purchased services - transportation	150,000	(20,600)	129,400	129,139	261
General supplies	6,700	(1,200)	5,500	3,868	1,632
Transportation supplies	435,000	(44,500)	390,500	373,371	17,129
Other objects	19,100	1,200	20,300	20,066	234
<b>Total Student Transportation Services</b>	<u>3,231,553</u>	<u>25,000</u>	<u>3,256,553</u>	<u>3,209,224</u>	<u>47,329</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>Personal Services- Employee Benefits</b>					
Social security contributions	\$ 860,000	\$ 9,200	\$ 869,200	869,191	\$ 9
Other retirement contributions - PERS	933,926	1,700	935,626	935,593	33
Workmen's compensation	592,737	(9,000)	583,737	583,701	36
Health benefits	14,520,458	(111,900)	14,408,558	14,088,161	320,397
Tuition reimbursement	94,950	-	94,950	56,024	38,926
Other employee benefits	1,320,179	-	1,320,179	1,308,018	12,161
<b>Total Personal Services-Employee Benefits</b>	<u>18,322,250</u>	<u>(110,000)</u>	<u>18,212,250</u>	<u>17,840,688</u>	<u>371,562</u>
On-behalf TPAF LTDI (non-budgeted)	-	-	-	7,450	(7,450)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	2,622,873	(2,622,873)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	3,147,848	(3,147,848)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	1,951,161	(1,951,161)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,729,332</u>	<u>(7,729,332)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>18,322,250</u>	<u>(110,000)</u>	<u>18,212,250</u>	<u>25,570,020</u>	<u>(7,357,770)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>38,718,587</u>	<u>406,389</u>	<u>39,124,976</u>	<u>45,308,699</u>	<u>(6,183,723)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>67,494,118</u>	<u>103,557</u>	<u>67,597,675</u>	<u>72,275,475</u>	<u>(4,677,800)</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Transfers/ Encumbrances	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Grades 1-5	\$ -	\$ -	\$ -	-	\$ -
Grades 6-8	-	-	-	-	-
Grades 9-12	-	-	-	-	-
<b>Undist.Exp.-Req. Maint. Schl Facilities</b>					
Support services-students - regular education	-	-	-	-	-
Undist. exp.- req. maint. schl facilities	-	24,430	24,430	16,192	8,238
Undist. exp. - custodial services	-	-	-	-	-
<b>Undist.Exp.-Care and Upkeep of Grnds</b>					
Undist. exp. - Care and Upkeep of Grnds	-	3,000	3,000	-	3,000
<b>Undistributed exp.-Non-instructional services</b>					
Student transportation - non-instructional equip.	-	-	-	-	-
<b>Total Equipment</b>	<u>-</u>	<u>27,430</u>	<u>27,430</u>	<u>16,192</u>	<u>11,238</u>
<b>Facilities Acquisition and Construction Services</b>					
Construction services	-	-	-	-	-
Assessment for debt service on SDA funding	161,352	-	161,352	161,352	-
<b>Total</b>	<u>161,352</u>	<u>-</u>	<u>161,352</u>	<u>161,352</u>	<u>-</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>161,352</u>	<u>27,430</u>	<u>188,782</u>	<u>177,544</u>	<u>11,238</u>
Transfer of Funds to Charter Schools	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>67,655,470</u>	<u>130,987</u>	<u>67,786,457</u>	<u>72,453,019</u>	<u>(4,666,562)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(939,915)</u>	<u>85,782</u>	<u>(854,133)</u>	<u>2,173,089</u>	<u>3,027,222</u>
<b>Fund Balance, July 1</b>	2,617,342	-	2,617,342	2,617,342	-
<b>Fund Balance, June 30</b>	<u>\$ 1,677,427</u>	<u>\$ 85,782</u>	<u>\$ 1,763,209</u>	<u>4,790,431</u>	<u>\$ 3,027,222</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Maintenance reserve				-	
Emergency reserve				-	
Excess surplus - current year				1,325,791	
Excess surplus-designated for subsequent year's expenditures				-	
Capital reserve				1,500,000	
<b>Committed Fund Balance:</b>					
Other purposes				-	
Year-end encumbrances				153,397	
<b>Assigned Fund Balance:</b>					
Designated for subsequent year's expenditures				-	
<b>Unrestricted/undesignated</b>				<u>1,811,243</u>	
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Unsold SRECs recognized on GAAP basis				385,410	
Last state aid payment not recognized on GAAP basis				<u>(2,061,151)</u>	
<b>Fund balance per governmental funds (GAAP)</b>				<u>\$ 135,502</u>	

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources		\$ 296,966	\$ 296,966	\$ 195,419	\$ (101,547)
State sources	-	1,789	1,789	1,048	(741)
Federal sources	1,365,599	401,883	1,767,482	1,710,644	(56,838)
<b>Total Revenues</b>	1,365,599	700,638	2,066,237	1,907,111	(159,126)
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Personal services - salaries	280,000	195,672	475,672	457,453	18,219
Purchased professional and technical services	100,000	20,000	120,000	120,000	-
Travel	-	-	-	-	-
General supplies	80,000	254,187	334,187	197,942	136,245
Tuition	510,000	(100,000)	410,000	410,000	-
Other objects	-	8,840	8,840	5,946	2,894
<b>Total instruction</b>	970,000	378,699	1,348,699	1,191,341	157,358
<b>Support services:</b>					
Personal services - salaries	-	47,740	47,740	47,740	-
Purchased professional and technical services	317,474	203,170	520,644	520,644	-
Other purchased services	-	-	-	-	-
Employee benefits	55,627	50,416	106,043	106,043	-
Travel	22,498	(10,879)	11,619	11,619	-
Supplies - materials	-	29,724	29,724	29,724	-
<b>Total support services</b>	395,599	320,171	715,770	715,770	-
<b>EXPENDITURES:</b>					
<b>Facilities acquisition and const. serv.:</b>					
Instructional equipment	-	1,768	1,768	-	1,768
<b>Total facilities acquisition and const. serv.</b>	-	1,768	1,768	-	1,768
<b>Total expenditures</b>	1,365,599	700,638	2,066,237	1,907,111	159,126
<b>Other financing sources (uses)</b>					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
<b>Total outflows</b>	1,365,599	700,638	2,066,237	1,907,111	159,126
<b>Excess (deficiency) of revenues</b>					
<b>Over (under) expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Last state aid payment not recognized on GAAP basis				\$ -	
<b>Fund balance per governmental funds (GAAP)</b>				\$ -	

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2017**

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

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 74,626,108		[C-2] \$ 1,907,111
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-		27,890
Unsold SRECs reported at fair market value for GAAP statements in the current year, subsequently recognized for budgetary purposes	385,410		
Unsold SRECs reported at fair market value for GAAP statements in the prior year, previously recognized for budgetary purposes	(142,696)		
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(3,147,848)		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,061,151)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,062,533		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 71,722,356		[B-2] \$ 1,935,001
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 72,453,019		[C-2] \$ 1,907,111
Differences - budget to GAAP:			
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(3,147,848)		-
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.	-		27,890
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	[B-2] \$ 69,305,171		[B-2] \$ 1,935,001

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, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.1079429365%	0.1017494056%	0.1021228710%
District's proportionate share of the net pension liability	\$ 21,084,642	\$ 23,747,948	\$ 30,245,865
District's covered-employee payroll	6,984,405	7,070,140	7,215,297
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	301.88%	335.89%	419.19%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%

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, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 889,866	\$ 883,741	\$ 911,962
Contributions in relation to the contractually required contribution	<u>895,190</u>	<u>883,741</u>	<u>935,593</u>
Contribution deficiency (excess)	<u>\$ (5,324)</u>	<u>\$ -</u>	<u>\$ (23,631)</u>
District's covered-employee payroll	\$ 6,984,405	\$ 7,070,140	\$ 7,215,297
Contributions as a percentage of covered-employee payroll	12.74%	12.50%	12.64%

\* 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, 2017**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.2761674482%	0.2777601437%	0.2771662205%
District's proportionate share of the net pension liability	\$ 147,602,513	\$ 175,556,272	\$ 218,036,596
District's covered-employee payroll	28,536,671	28,541,864	27,558,762
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	517.24%	615.08%	791.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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, 2017

Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2065. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.65 %

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

## 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, 2017

	Title I 16/17	Title II Part A 16/17	IDEA-Part B Preschool 16/17	IDEA-Part B-Basic Reg Prog 16/17
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	<u>550,636</u>	<u>126,906</u>	<u>32,861</u>	<u>1,000,241</u>
<b>Total revenues</b>	<u>550,636</u>	<u>126,906</u>	<u>32,861</u>	<u>1,000,241</u>
<b>Expenditures:</b>				
Instruction:				
Salaries	384,105	61,342	-	-
Purchased services	-	-	-	120,000
Other purchased services	-	-	-	-
General supplies	56,969	-	-	30,000
Tuition	-	-	-	410,000
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total instruction</b>	<u>441,074</u>	<u>61,342</u>	<u>-</u>	<u>560,000</u>
<b>Support services:</b>				
Other support services - students - special:				
Salaries	-	1,951	-	-
Prof. and tech. services	17,481	39,061	32,861	431,241
Other purchased services	-	-	-	-
Employee benefits	89,570	13,000	-	-
Travel	1,073	4,546	-	6,000
Supplies and materials	<u>1,438</u>	<u>7,006</u>	<u>-</u>	<u>3,000</u>
<b>Total other support services - students - special</b>	<u>109,562</u>	<u>65,564</u>	<u>32,861</u>	<u>440,241</u>
<b>Total support services</b>	<u>109,562</u>	<u>65,564</u>	<u>32,861</u>	<u>440,241</u>
<b>Equipment:</b>				
Regular programs instruction	-	-	-	-
Non-instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 550,636</u>	<u>\$ 126,906</u>	<u>\$ 32,861</u>	<u>\$ 1,000,241</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

(Continued from prior page)

	Nonpublic Textbook	Nonpublic Security Aid	Nonpublic Technology	Other	Total 2017
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 195,419	\$ 195,419
State sources	443	397	208	-	1,048
Federal sources	-	-	-	-	1,710,644
<b>Total revenues</b>	<b>443</b>	<b>397</b>	<b>208</b>	<b>195,419</b>	<b>1,907,111</b>
<b>Expenditures:</b>					
Instruction:					
Salaries	-	-	-	12,006	457,453
Purchased services	-	-	-	-	120,000
Other purchased services	-	-	-	-	-
General supplies	443	397	208	109,925	197,942
Tuition	-	-	-	-	410,000
Other objects	-	-	-	5,946	5,946
<b>Total instruction</b>	<b>443</b>	<b>397</b>	<b>208</b>	<b>127,877</b>	<b>1,191,341</b>
<b>Support services:</b>					
Other support services - students - special:					
Salaries	-	-	-	45,789	47,740
Prof. and tech. services	-	-	-	-	520,644
Other purchased services	-	-	-	-	-
Employee benefits	-	-	-	3,473	106,043
Travel	-	-	-	-	11,619
Supplies and materials	-	-	-	18,280	29,724
<b>Total other support services - students - special</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,542</b>	<b>715,770</b>
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,542</b>	<b>715,770</b>
<b>Equipment:</b>					
Instruction equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
<b>Total equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 443</b>	<b>\$ 397</b>	<b>\$ 208</b>	<b>\$ 195,419</b>	<b>\$ 1,907,111</b>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Child Care</b>	<b>Total Enterprise</b>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 158,368	\$ 189,121	\$ 347,489
Accounts receivable:			
State	541	-	541
Federal	21,759	-	21,759
Other	1,278	-	1,278
Inventories	19,225	-	19,225
<b>Total current assets</b>	<u>201,171</u>	<u>189,121</u>	<u>390,292</u>
<b>Fixed assets:</b>			
Equipment	448,543	24,558	473,101
Accumulated depreciation	<u>(374,452)</u>	<u>(24,558)</u>	<u>(399,010)</u>
<b>Total fixed assets</b>	<u>74,091</u>	<u>-</u>	<u>74,091</u>
<b>Total assets</b>	<u><u>\$ 275,262</u></u>	<u><u>\$ 189,121</u></u>	<u><u>\$ 464,383</u></u>
<b>Liabilities and Fund Equity:</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Deferred revenue	-	-	-
Compensated absences	-	-	-
Interfund payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position :</b>			
Net investment in capital assets	74,091	-	74,091
Restricted for other purposes	-	-	-
Unrestricted net position	<u>201,171</u>	<u>189,121</u>	<u>390,292</u>
<b>Total fund equity</b>	<u>275,262</u>	<u>189,121</u>	<u>464,383</u>
<b>Total liabilities and fund equity</b>	<u><u>\$ 275,262</u></u>	<u><u>\$ 189,121</u></u>	<u><u>\$ 464,383</u></u>

LACEY TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combined Statement of Revenues, Expenses and  
Changes in Net Position  
For the Fiscal Year ended June 30, 2017

Business-type Activities -  
Enterprise Funds

	Food Service	Child Care	Total Enterprise
<b>Operating revenues:</b>			
<b>Local sources:</b>			
Daily sales-reimbursable programs:			
School lunch program	\$ 736,878	\$ -	\$ 736,878
Total daily sales-reimbursable programs	736,878	-	736,878
Daily sales non-reimbursable programs	31,955	-	31,955
Child Care Revenue	-	253,190	253,190
Fitness Revenues	-	-	-
<b>Total operating revenues</b>	<b>768,833</b>	<b>253,190</b>	<b>1,022,023</b>
<b>Operating expenses:</b>			
Salaries	603,991	191,844	795,835
Supplies and materials	26,397	13,918	40,315
Utilities	-	42,000	42,000
Miscellaneous	-	3,837	3,837
Depreciation	7,435	2,456	9,891
Cost of sales - reimbursable programs	609,429	-	609,429
Cost of sales - non-reimbursable programs	13,213	-	13,213
<b>Total operating expenses</b>	<b>1,260,465</b>	<b>254,055</b>	<b>1,514,520</b>
<b>Operating income (loss)</b>	<b>(491,632)</b>	<b>(865)</b>	<b>(492,497)</b>
<b>Nonoperating revenues:</b>			
State sources:			
State school lunch program	13,813	-	13,813
Federal sources:			
School breakfast program	50,604	-	50,604
National school lunch program	435,637	-	435,637
Special milk program	235	-	235
Food distribution program	101,201	-	101,201
National School Performance Based Program	17,917	-	17,917
<b>Total nonoperating revenues</b>	<b>619,407</b>	<b>-</b>	<b>619,407</b>
Change in net position before transfers	127,775	(865)	126,910
Transfers in (out)	-	-	-
Change in net position	127,775	(865)	126,910
Total unrestricted net position - beginning	147,487	189,986	337,473
Total unrestricted net position - ending	<u>\$ 275,262</u>	<u>\$ 189,121</u>	<u>\$ 464,383</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Food Services Enterprise Fund  
 Combining Statement of Cash Flows  
 for the Fiscal Year ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Food Service	Child Care	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and other funds	\$ 872,275	\$ 253,190	\$ 1,125,465
Payments to employees & benefits	(603,991)	(191,844)	(795,835)
Payments to suppliers	(654,016)	(59,755)	(713,771)
<b>Net cash provided by (used in) operating activities</b>	<u>(385,732)</u>	<u>1,591</u>	<u>(384,141)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	14,124	-	14,124
Federal sources	510,093	-	510,093
<b>Net cash provided by non-capital financing activities</b>	<u>524,217</u>	<u>-</u>	<u>524,217</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(13,931)	-	(13,931)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(13,931)</u>	<u>-</u>	<u>(13,931)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	-	-	-
Proceeds from sale/maturities of investments	-	-	-
<b>Net cash provided by (used for) investing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	124,554	1,591	126,145
<b>Balances—beginning of year</b>	33,814	187,530	221,344
<b>Balances—end of year</b>	<u>\$ 158,368</u>	<u>\$ 189,121</u>	<u>\$ 347,489</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:</b>			
Operating income (loss)	\$ (491,632)	\$ (865)	\$ (492,497)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation and net amortization	7,435	2,456	9,891
Federal commodities	101,201	-	101,201
(Increase) decrease in accounts receivable, net	2,241	-	2,241
(Increase) decrease in inventories	(4,977)	-	(4,977)
Increase (decrease) in accounts payable	-	-	-
Total adjustments	<u>105,900</u>	<u>2,456</u>	<u>108,356</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (385,732)</u>	<u>\$ 1,591</u>	<u>\$ (384,141)</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 175,059	\$ 1,353,358	\$ 10,059	\$ 104,371	\$ 1,642,847
Total assets	<u>175,059</u>	<u>1,353,358</u>	<u>10,059</u>	<u>104,371</u>	<u>1,642,847</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings	-	1,353,358	-	-	1,353,358
Payable to student groups	175,059	-	-	-	175,059
Total liabilities	<u>175,059</u>	<u>1,353,358</u>	<u>-</u>	<u>-</u>	<u>1,528,417</u>
<b>Fund Balances</b>					
Reserved for :					
Scholarships	-	-	10,059	-	10,059
Held in trust for: Unemployment Claims	-	-	-	104,371	104,371
Total fund balances	<u>-</u>	<u>-</u>	<u>10,059</u>	<u>104,371</u>	<u>114,430</u>
Total liabilities and fund balances	<u>\$ 175,059</u>	<u>\$ 1,353,358</u>	<u>\$ 10,059</u>	<u>\$ 104,371</u>	<u>\$ 1,642,847</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Scholarship Funds	Unemployment Compensation Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Plan member	\$ -	\$ 39,889	\$ 39,889
Other	-	-	-
Total Contributions	<u>-</u>	<u>39,889</u>	<u>39,889</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	-	-	-
Interest	354	132	486
Dividends	-	-	-
Less investment expense	-	-	-
Net investment earnings	<u>354</u>	<u>132</u>	<u>486</u>
Total additions	<u>354</u>	<u>40,021</u>	<u>40,375</u>
<b>DEDUCTIONS</b>			
Quarterly contribution reports	-	-	-
Unemployment claims	-	40,552	40,552
Scholarships awarded	350	-	350
Refunds of contributions	-	-	-
Administrative expenses	-	-	-
Total deductions	<u>350</u>	<u>40,552</u>	<u>40,902</u>
Change in net position	4	(531)	(527)
Net position –beginning of the year	<u>10,055</u>	<u>104,902</u>	<u>114,957</u>
Net position –end of the year	<u>\$ 10,059</u>	<u>\$ 104,371</u>	<u>\$ 114,430</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS</b>				
Elementary School	\$ 110	2,050	1,879	\$ 281
Middle School	11,101	36,006	33,411	13,696
High School	149,957	328,452	317,327	161,082
<b>Total Assets</b>	<u>\$ 161,168</u>	<u>366,508</u>	<u>352,617</u>	<u>\$ 175,059</u>
<b>LIABILITIES</b>				
Payable to Student Groups	\$ 161,168	366,508	352,617	\$ 175,059
<b>Total Liabilities</b>	<u>\$ 161,168</u>	<u>366,508</u>	<u>352,617</u>	<u>\$ 175,059</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 925,652	\$ 58,031,493	\$ 57,603,787	\$ 1,353,358
<b>Total assets</b>	<u>\$ 925,652</u>	<u>\$ 58,031,493</u>	<u>\$ 57,603,787</u>	<u>\$ 1,353,358</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 925,652	\$ 35,022,825	\$ 34,595,119	\$ 1,353,358
Accrued salaries and wages	<u>-</u>	<u>23,008,668</u>	<u>23,008,668</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ 925,652</u>	<u>\$ 58,031,493</u>	<u>\$ 57,603,787</u>	<u>\$ 1,353,358</u>

LACEY TOWNSHIP SCHOOL DISTRICT  
 Long-Term Debt  
 Schedule of Serial Bonds  
 June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Refinanced</u>	<u>Balance June 30, 2017</u>
Installation of Solar Panels and Various Elem School Renovations	4/28/2009	\$ 19,806,000	1/15/2018	1,125,000	3.250%	\$ 15,165,000	\$ -	\$ (850,000)	\$ (12,020,000)	\$ 2,295,000
			1/15/2019	1,170,000	3.250%					
Refunding School Bonds Series 2016A		12,020,000	1/15/2018	-						
			1/15/2019	-						
			1/15/2020	1,125,000						
			1/15/2021	1,220,000						
			1/15/2022	1,265,000						
			1/15/2023	1,325,000						
			1/15/2024	1,385,000						
			1/15/2025	1,440,000						
			1/15/2026	660,000						
			1/15/2027	660,000						
			1/15/2028	760,000						
			1/15/2029	855,000						
			1/15/2030	855,000						
					-	11,595,000	(45,000)	-	11,550,000	
Refunding School Bonds Series 2016	1/13/2016	16,090,000	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%					
					<u>\$ 31,190,000</u>	<u>\$ 11,595,000</u>	<u>\$ (2,670,000)</u>	<u>\$ (12,020,000)</u>	<u>\$ 28,095,000</u>	

**LACEY TOWNSHIP SCHOOL DISTRICT  
Long-Term Debt  
Schedule of Obligations Under Capital Leases  
Year Ended June 30, 2017**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance 06/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/17</u>
School Buses	185,730	\$ 75,118	-	37,126	\$ 37,992
School Buses	261,087	206,845	-	49,939	156,906
School Buses	103,500	81,848	-	19,769	62,079
		<u>\$ 363,811</u>	<u>-</u>	<u>106,834</u>	<u>\$ 256,977</u>

**LACEY TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative) Final to Actual</b>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,383,058	\$ -	\$ 3,383,058	\$ 3,383,058	\$ -
Miscellaneous	-	-	-	14,609	14,609
State Sources:					
Debt Service Aid Type II	476,492	-	476,492	476,492	-
Debt Service Aid Type I	-	-	-	-	-
<b>Total Revenues</b>	<b>3,859,550</b>	<b>-</b>	<b>3,859,550</b>	<b>3,874,159</b>	<b>14,609</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,234,550	(46,000)	1,188,550	1,148,011	(40,539)
Redemption of Principal	2,625,000	46,000	2,671,000	2,670,000	(1,000)
Total Regular Debt Service	3,859,550	-	3,859,550	3,818,011	(41,539)
<b>Total Expenditures</b>	<b>3,859,550</b>	<b>-</b>	<b>3,859,550</b>	<b>3,818,011</b>	<b>(41,539)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	56,148	56,148
Other Financing Sources:					
Bond premium	-	-	-	1,495,508	1,495,508
Bond refunding costs	-	-	-	(166,368)	(166,368)
Payoff old bonds & interest	-	-	-	(12,924,140)	(12,924,140)
Issue new bonds	-	-	-	11,595,000	11,595,000
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	56,148	56,148
Fund Balance, July 1	190,039	-	190,039	190,039	-
Fund Balance, June 30	<u>\$ 190,039</u>	<u>\$ -</u>	<u>\$ 190,039</u>	<u>\$ 246,187</u>	<u>\$ 56,148</u>

## STATISTICAL SECTION

Lacey Township School District  
Statistical Section

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<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	98-103
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	104-107
<b>Debt Capacity</b>	
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.	108-111
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	112-113
<b>Operating Information</b>	
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.	114-118

**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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 10,587,219
Restricted	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	3,225,375
Unrestricted	(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)	(23,899,938)
<b>Total governmental activities net assets/position</b>	<b>11,939,499</b>	<b>11,074,393</b>	<b>10,883,964</b>	<b>12,988,679</b>	<b>11,674,166</b>	<b>9,880,674</b>	<b>7,287,317</b>	<b>(14,447,775)</b>	<b>(12,078,948)</b>	<b>(10,087,344)</b>
<b>Business-type activities</b>										
Net investment in capital assets	-	-	-	-	47,092	82,277	82,673	73,961	70,051	74,091
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	183,443	130,742	144,829	248,964	277,411	275,632	342,112	269,771	267,422	390,292
<b>Total business-type activities net assets/position</b>	<b>183,443</b>	<b>130,742</b>	<b>144,829</b>	<b>248,964</b>	<b>324,503</b>	<b>357,909</b>	<b>424,785</b>	<b>343,732</b>	<b>337,473</b>	<b>464,383</b>
<b>District-wide</b>										
Net investment in capital assets	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	10,661,310
Restricted	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	3,225,375
Unrestricted	(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)	(23,509,646)
<b>Total district net assets/position</b>	<b>\$ 12,122,942</b>	<b>\$ 11,205,135</b>	<b>\$ 11,028,793</b>	<b>\$ 13,237,643</b>	<b>\$ 11,998,669</b>	<b>\$ 10,238,583</b>	<b>\$ 7,712,102</b>	<b>\$ (14,104,043)</b>	<b>\$ (11,741,475)</b>	<b>\$ (9,622,961)</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 21,889,525
Special education	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	7,145,866
Other special education	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	1,562,297
Support Services:										
Tuition	1,062,343	1,260,773	1,285,374	1,545,010	1,988,740	1,899,808	1,954,601	-	-	-
Instruction	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	2,884,134
Attendance and social work	-	-	-	-	-	-	-	251,700	222,909	197,948
Health services	-	-	-	-	-	-	-	600,624	602,206	538,336
Improvement of instr. services	-	-	-	-	-	-	-	1,769,130	1,790,641	1,421,315
Educational media services	-	-	-	-	-	-	-	424,491	433,462	420,637
Instruction staff training	-	-	-	-	-	-	-	56,423	61,567	37,607
School administrative services	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	1,624,392
General administration	1,183,579	1,120,088	1,235,349	1,255,437	1,112,901	998,769	1,012,210	948,532	860,630	1,094,239
Central services	431,576	452,327	504,963	515,023	517,263	528,064	568,372	554,588	597,772	487,873
Plant operations and maintenance	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	4,626,130
Administrative information technology	-	-	-	-	-	-	-	-	-	633,422
Pupil transportation	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	3,209,224
Other support services	-	-	-	-	-	-	-	3,377,656	3,408,729	3,200,719
Business and other support services	-	-	-	-	-	-	-	-	-	-
Non-budgeted expenditures	4,802,258	5,054,045	3,698,021	3,845,322	-	-	-	2,966,345	4,671,054	4,581,484
Unallocated Employee Benefit/Compensation Absences	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	1,639,666	1,479,852	1,641,437	1,872,412	1,797,008	1,638,517	1,634,313	-	-	-
Unallocated Amortization	193,957	193,957	193,956	193,956	193,957	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	2,168,212	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	2,030,173
Unallocated employee benefits	-	-	-	-	-	-	-	15,237,999	15,747,519	17,954,591
Total governmental activities expenses	<u>63,937,972</u>	<u>69,190,825</u>	<u>67,441,088</u>	<u>68,677,057</u>	<u>72,623,263</u>	<u>74,018,045</u>	<u>76,262,914</u>	<u>73,434,120</u>	<u>75,831,200</u>	<u>75,539,912</u>
Business-type activities:										
Food service	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	1,260,465
Community Education	349,394	301,437	313,667	304,361	178,852	179,941	219,506	334,606	287,548	254,055
Total business-type activities expense	<u>1,829,089</u>	<u>1,801,272</u>	<u>1,808,139</u>	<u>1,807,411</u>	<u>1,661,880</u>	<u>1,651,622</u>	<u>1,696,632</u>	<u>1,776,706</u>	<u>1,651,121</u>	<u>1,514,520</u>
Total district expenses	<u>\$ 65,767,061</u>	<u>\$ 70,992,097</u>	<u>\$ 69,249,227</u>	<u>\$ 70,484,468</u>	<u>\$ 74,285,143</u>	<u>\$ 75,669,667</u>	<u>\$ 77,959,546</u>	<u>\$ 75,210,826</u>	<u>\$ 77,482,321</u>	<u>\$ 77,054,432</u>
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	4,581,484
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>7,296,842</u>	<u>5,772,404</u>	<u>5,699,983</u>	<u>6,591,676</u>	<u>6,718,495</u>	<u>8,835,923</u>	<u>7,444,337</u>	<u>2,966,345</u>	<u>4,671,054</u>	<u>4,581,484</u>
Business-type activities:										
Charges for services										
Food service	\$ 1,018,195	\$ 996,209	\$ 989,830	\$ 952,145	\$ 887,406	\$ 821,382	\$ 806,999	\$ 755,941	\$ 737,288	\$ 768,833
Community Education	321,296	242,168	287,856	252,592	221,224	211,497	243,076	271,807	275,787	253,190
Operating grants and contributions	456,904	467,061	543,812	571,845	628,789	652,149	713,433	667,905	631,787	619,407
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>1,796,395</u>	<u>1,705,438</u>	<u>1,821,498</u>	<u>1,776,582</u>	<u>1,737,419</u>	<u>1,685,028</u>	<u>1,763,508</u>	<u>1,695,653</u>	<u>1,644,862</u>	<u>1,641,430</u>
Total district program revenues	<u>\$ 9,093,237</u>	<u>\$ 7,477,842</u>	<u>\$ 7,521,481</u>	<u>\$ 8,368,258</u>	<u>\$ 8,455,914</u>	<u>\$ 10,520,951</u>	<u>\$ 9,207,845</u>	<u>\$ 4,661,998</u>	<u>\$ 6,315,916</u>	<u>\$ 6,222,914</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (70,958,428)
Business-type activities	(32,694)	(95,834)	13,359	(30,829)	75,539	33,406	66,876	(81,053)	(6,259)	126,910
Total district-wide net expense	<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>	<u>\$ (70,831,518)</u>
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 44,747,538
Taxes levied for debt service	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	3,383,058
Unrestricted grants and contributions	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	24,054,405
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Tuition Received	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	449,764
Cancellation of State Receivable Balances	-	-	-	-	-	-	(139,283)	-	-	-
Investment earnings	147,900	112,589	158,454	67,021	26,905	11,875	5,081	-	-	-
Miscellaneous income	242,944	89,773	72,980	287,396	133,125	235,787	394,519	452,925	516,053	315,267
Amortization of Bond Premium	71,467	71,467	71,467	71,467	71,467	-	-	-	-	-
Transfers	(50,000)	(50,000)	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>72,950,032</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	50,000	50,000	-	-	-	-	-	-	-	-
Total business-type activities	<u>50,000</u>	<u>50,000</u>	<u>-</u>							
Total district-wide	<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>	<u>\$ 72,950,032</u>
<b>Change in Net Assets/Position</b>										
Governmental activities	\$ 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	\$ 1,991,604
Business-type activities	17,306	(45,834)	13,359	(30,829)	75,539	33,406	66,876	(81,053)	(6,259)	126,910
Total district	<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>	<u>\$ 2,118,514</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 133,986	\$ 177,982	\$ 473,765	\$ 983,462	\$ 568,849	\$ 327,493	\$ -	\$ -	\$ 500,000	\$ 2,825,791
Committed	-	-	-	-	1,046,367	945,747	248,305	39,228	130,985	153,397
Assigned	-	-	-	-	1,610,859	478,117	833,910	1,750,000	939,915	-
Unreserved	1,253,729	2,210,291	1,371,659	(277,953)	-	-	-	(1,145,262)	(873,395)	135,502
Total general fund	<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>	<u>\$ 3,114,690</u>
All Other Governmental Funds										
Assigned	\$ -	\$ 254,491	\$ 402,359	\$ 3,285,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted, Reported in:										
Special revenue fund	(8,268)	-	-	-	-	-	-	-	-	-
Capital projects fund	-	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	246,187
Total all other governmental funds	<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>	<u>\$ 246,187</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	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	48,130,596
Tuition charges	55,754	17,484	22,585	71,270	153,068	97,251	94,567	167,414	60,875	31,372
Interest earnings	147,900	112,589	158,454	67,021	26,905	11,875	5,081	3,091	3,842	4,949
Solar Renewable Energy Credits	-	-	-	1,067,829	1,284,028	689,549	341,547	605,033	605,033	605,034
Miscellaneous	257,071	163,457	192,085	363,988	242,060	235,787	394,519	282,420	296,067	123,676
Transportation fees	-	-	-	-	-	-	-	-	-	-
State sources	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	26,853,695
Federal sources	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	1,782,194
<b>Total revenue</b>	<b>67,365,944</b>	<b>66,554,515</b>	<b>68,415,161</b>	<b>70,465,594</b>	<b>71,237,283</b>	<b>72,224,553</b>	<b>73,959,644</b>	<b>73,367,655</b>	<b>76,075,438</b>	<b>77,531,516</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	19,613,799
Special education instruction	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	7,065,546
Other special instruction	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	1,548,910
<b>Support Services:</b>										
Instruction	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	2,656,562
Attendance and social work	193,604	207,893	225,678	228,199	240,966	246,381	247,081	251,700	222,909	197,948
Health services	536,471	573,725	599,143	580,154	614,344	642,853	634,049	600,624	602,206	538,336
Other support services	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	3,200,719
Improvement of instruction	-	-	-	-	-	-	-	1,769,130	1,790,641	1,421,315
Educational media services	560,456	632,666	651,038	539,690	445,656	467,127	420,773	424,491	433,462	420,637
Instruction staff training	34,662	60,883	54,235	14,870	40,490	73,666	77,897	56,423	61,567	37,607
General administrative services	1,120,088	1,235,349	1,255,437	1,106,604	1,112,901	998,769	1,012,210	948,532	860,630	1,094,239
School administrative services	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	1,388,634
School central services	452,327	504,963	515,023	498,371	517,263	528,064	568,372	554,588	597,772	487,873
School admin info technology	-	-	-	-	-	-	-	-	-	633,422
Allowed maintenance for school facilities	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	610,821
Other operation & maintenance of plant	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	4,514,864
Student transportation services	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	3,209,224
Business and other support services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	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	17,840,688
Non-budgeted expenditures	5,054,045	3,698,021	3,845,322	3,865,599	4,689,961	-	-	2,966,345	4,671,054	4,581,484
<b>Special Schools</b>										
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	807,115	1,649,024	10,735,063	1,001,740	1,345,989	1,352,167	810,774	668,787	377,053	177,544
<b>Debt service:</b>										
Principal	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	2,670,000
Interest and other charges	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	1,148,011
Transfer of funds to charter schools	-	-	-	-	-	-	-	-	7,461	-
<b>Total expenditures</b>	<b>66,900,947</b>	<b>68,199,651</b>	<b>79,848,197</b>	<b>69,870,700</b>	<b>74,456,303</b>	<b>76,449,270</b>	<b>75,434,503</b>	<b>73,807,481</b>	<b>75,831,862</b>	<b>75,058,183</b>
Excess (Deficiency) of revenues over (under) expenditures	464,997	(1,645,136)	(11,433,036)	594,894	(3,219,020)	(4,224,717)	(1,474,859)	(439,826)	243,576	2,473,333
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Capital leases (non-budgeted)	458,030	-	243,051	245,895	-	-	-	-	-	-
Proceeds from Bond Issuance	-	19,806,000	-	-	-	-	-	-	16,090,000	11,595,000
Refunding of bonds	-	-	-	-	-	-	-	-	(18,150,513)	(12,924,140)
Premium and costs for bond refunding	-	-	-	-	-	-	-	-	2,060,513	1,329,140
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 State Receivable Balances	-	-	-	-	-	-	(139,283)	-	-	-
<b>Total other financing sources (uses)</b>	<b>408,030</b>	<b>19,756,000</b>	<b>243,051</b>	<b>245,895</b>	<b>-</b>	<b>-</b>	<b>(139,283)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>873,027</b>	<b>18,110,864</b>	<b>(11,189,985)</b>	<b>840,789</b>	<b>(3,219,020)</b>	<b>(4,224,717)</b>	<b>(1,614,142)</b>	<b>(439,826)</b>	<b>243,576</b>	<b>2,473,333</b>
Debt service as a percentage of noncapital expenditures	5.1%	5.4%	5.2%	7.4%	7.0%	6.7%	5.9%	5.8%	5.26%	5.10%

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	Solar Panels	Student Fines/Lost Textbooks	Miscellaneous	Totals
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
2017	2,096	-	1,110	6,383	-	2,250	264,129	275,968

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 <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
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
2017	97,817,900	3,199,509,750	4,049,800	957,200	319,895,555	190,585,300	4,759,000	3,817,574,505	-	3,817,574,505	3,785,195,332	1.279

**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)*

Fiscal Year Ended June 30,	LACEY TOWNSHIP School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipal <sup>c</sup>	Ocean County <sup>c</sup>	
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
2017	1.2790	-	1.2790	0.3570	0.3930	2.0290

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**

	2017			2008		
	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	111,054,400.00	1	2.91%	59,015,800.00	1	3.18%
JCP & L	50,059,100.00	2	1.31%	22,827,800.00	2	1.23%
Piedmont Associates	20,656,100.00	3	0.54%	7,065,900.00	3	0.38%
BRE RC Sunrise NJ LLC	18,017,200.00	4	0.47%	-		0.00%
Wal-Mart R.E. Business Trust	17,492,100.00	5	0.46%	-		0.00%
Toll Land XI, LP	15,333,700.00	6	0.40%	-		0.00%
Kohls	11,843,600.00	7	0.31%	-		0.00%
Taxpayer #1	6,754,600.00	8	0.18%	3,415,800.00	5	0.18%
Cav-Burt, LLC	5,302,300.00	9	0.14%	-		0.00%
Fieldcrest, LLC	5,019,400.00	10	0.13%	-		0.00%
PR Lacey LLC	-		0.00%	6,902,700.00	4	0.37%
NJ Bell/Verizon	-		0.00%	3,169,933.00	6	0.17%
WaWa, Inc	-		0.00%	2,538,600.00	7	0.14%
Gerorgetown Village	-		0.00%	2,143,500.00	9	0.12%
Laurel Blvd Assoc, LLC	-		0.00%	2,116,200.00	10	0.11%
Taxpayer #2			0.00%	2,143,900.00	8	0.12%
Total	\$ 261,532,500		6.85%	\$ 111,340,133		6.00%

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		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2017	48,130,596	48,130,596	100.00%	-

Source: Municipal Chief Financial Officer

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

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipa- tion Notes (BANs)	Capital Leases			
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
2017	28,095,000	-	256,977	-	-	28,351,977	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**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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
2017	28,095,000	-	28,095,000	0.00%	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.

Exhibit J-12

LACEY TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lacey Township's Share (100%)	\$ 16,874,354	100.00%	\$ 16,874,354
Other debt	-	-	-
County of Ocean - Borough's Share (XXX%)	a \$ 457,267,841	4.03%	<u>\$ 18,427,894</u>
Subtotal, overlapping debt			35,302,248
<b>Lacey Township School District Direct Debt</b>			<u>28,095,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 63,397,248</u></u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.  
 Debt outstanding data provided by each governmental unit. Pt Boro county debt from Steven Marrus County of Ocean  
 a= June 30 2011 county of ocean total net debt      b = as provided by OCUA Santo Manilito allocated based on flow gallons

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

Equalized valuation basis	
2017	\$ 3,817,574,505 c
2016	3,782,292,706 c
2015	3,915,633,894 c
<b>[A]</b>	<u>\$ 11,515,501,105</u>
Average equalized valuation of taxable	<b>[A/3]</b> \$ 3,838,500,368
Debt limit (4 % of average equalization \	<b>[B]</b> 153,540,015 a
	<b>[C]</b> <u>\$ 28,095,000</u>
	<b>[B-C]</b> <u>\$ 125,445,015</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 153,540,015
Total net debt applicable to limit	<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>	<u>28,095,000</u>
Legal debt margin	<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>	<u>\$ 125,445,015</u>
Total net debt applicable to the limit as a percentage of debt limit	24.30%	32.34%	29.01%	27.35%	26.18%	25.19%	24.14%	22.97%	20.35%	18.30%

**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 <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	26,402		41,284	6.30%
2009	26,566		39,766	10.10%
2010	27,672		39,793	10.50%
2011	27,722		41,475	10.10%
2012	27,946		42,603	10.20%
2013	28,090		42,946	8.70%
2014	28,307		44,453	7.00%
2015	28,451		46,109	5.50%
2016	28,569		N/A	5.10%
2017	N/A		N/A	N/A

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

NOT AVAILABLE

Exhibit J-15

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

Employer	2017			2008		
	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%
	-		0.00%	-		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 Ten 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>	<u>2017</u>
Instruction										
Regular	319	323	325	290	285	283.0	283.0	283.0	276.0	254.0
Special education	125	104	114	119	123	128.0	128.0	141.0	143.0	144.0
Other special education										
Vocational										
Other instruction	2	4	6	5	5	4.0	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	72.0
General administration	16	17	17	17	13	11.0	11.0	13.0	13.0	12.0
School administrative services	19	19	17	17	18	17.0	17.0	17.0	16.0	17.0
Other administrative services										7.0
Central services										
Administrative Information Technology										
Plant operations and maintenance	67	69	69	101	110	113.0	113.0	122.0	124.0	114.0
Pupil transportation	42	45	43	45	37	41.0	41.0	44.0	46.0	46.0
Other support services										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<u>672.0</u>	<u>663.0</u>	<u>676.0</u>	<u>674.0</u>	<u>668.0</u>	<u>679.0</u>	<u>679.0</u>	<u>704.0</u>	<u>704.0</u>	<u>670.0</u>

**Source:** District Personnel Records

LACEY TOWNSHIP SCHOOL DISTRICT  
 Operating Statistics,  
 Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2017	4,134	69,305,171	16,765	8.96%	346	12	12	11	4,013	3,741	-6.65%	93.22%

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**

	<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>	<u>2017</u>
<b>District Building</b>										
<b>Elementary</b>										
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	538	501	528	549	545	540	540	493	452	407
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	632	606	607	589	579	593	593	543	504	479
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	609	547	613	613	619	599	599	559	536	526
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	772	772	758	730	707	679	679	763	786	775
<b>Middle School</b>										
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	775	756	763	777	738	707	707	648	645	672
<b>High School</b>										
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	1,583	1,507	1,504	1,453	1,460	1,460	1,460	1,337	1,279	1,185
<b>Other</b>										
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, 2017										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 2										
<b>Source:</b> 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
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
2017	244,228	104,326	84,348	72,324	56,867	48,728	610,821
<b>Total School Facilities</b>	<b>\$ 3,950,319</b>	<b>\$ 2,102,046</b>	<b>\$ 2,434,647</b>	<b>\$ 1,657,186</b>	<b>\$ 1,660,213</b>	<b>\$ 1,726,079</b>	<b>\$ 13,343,237</b>

\* 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, 2017**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy (1):</b>		
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		
Auto Physical Liability	16,000,000	-
Employee Benefit Liability	16,000,000	-
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, 2017, 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, 2017.

**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, 2017

**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, 2017. 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, 2017.

## 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.

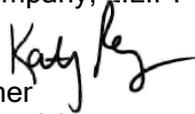
A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2017

LACEY TOWNSHIP SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2017	Accounts Receivable at June 30, 2017	Due to Grantor at June 30, 2017
<b>General Fund</b>									
U.S. Department of Agriculture Passed-through State Department of Education:									
Medical Assistance Program	93.778	9/1/16-8/31/17	\$ 43,351	\$ -	\$ 43,351	\$ (43,351)	\$ -	\$ -	\$ -
Medical Assistance Program	ARRA 93.778	4/1/09-12/31/09	309	-	309	(309)	-	-	-
<b>Total General Fund</b>				<b>-</b>	<b>43,660</b>	<b>(43,660)</b>	<b>-</b>	<b>-</b>	<b>-</b>
U.S. Department of Education Passed-through State Department of Education:									
I.D.E.A. Part B Preschool	84.173	7/1/16-6/30/17	32,861	-	32,861	(32,861)	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	7/1/15-6/30/16	1,058,455	(28,566)	28,566	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	7/1/16-6/30/17	1,000,241	-	940,473	(1,000,241)	-	(59,768)	-
N.C.L.B. Title I	84.010	7/1/15-6/30/16	383,091	(127,248)	127,248	-	-	-	-
N.C.L.B. Title I	84.010	7/1/16-6/30/17	564,502	-	403,917	(550,636)	-	(146,719)	-
N.C.L.B. Title II - Part A	84.367A	7/1/15-6/30/16	132,350	(60,789)	60,789	-	-	-	-
N.C.L.B. Title II - Part A	84.367A	7/1/16-6/30/17	126,906	-	103,227	(126,906)	-	(23,679)	-
<b>Total Special Revenue Fund</b>				<b>(216,603)</b>	<b>1,697,081</b>	<b>(1,710,644)</b>	<b>-</b>	<b>(230,166)</b>	<b>-</b>
U.S. Department of Agriculture Passed-through State Department of Education:									
Food distribution Program	10.565	7/1/16-6/30/17	101,201	-	101,201	(101,201)	-	-	-
National School Lunch Program	10.555	7/1/15-6/30/16	446,350	(23,288)	23,288	-	-	-	-
National School Lunch Program	10.555	7/1/16-6/30/17	435,637	-	418,802	(435,637)	-	(16,835)	-
National Performance Based Lunch	10.555	7/1/15-6/30/16	19,184	(901)	901	-	-	-	-
National Performance Based Lunch	10.555	7/1/16-6/30/17	17,917	-	17,214	(17,917)	-	(703)	-
National School Breakfast Program	10.553	7/1/15-6/30/16	49,451	(3,261)	3,261	-	-	-	-
National School Breakfast Program	10.553	7/1/16-6/30/17	50,604	-	46,392	(50,604)	-	(4,212)	-
School Milk Program	10.556	7/1/15-6/30/16	202	(9)	9	-	-	-	-
School Milk Program	10.556	7/1/16-6/30/17	235	-	226	(235)	-	(9)	-
<b>Total Enterprise (Food Service) Fund</b>				<b>(27,459)</b>	<b>611,294</b>	<b>(605,594)</b>	<b>-</b>	<b>(21,759)</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ (244,062)</b>	<b>\$ 2,352,035</b>	<b>\$ (2,359,898)</b>	<b>\$ -</b>	<b>\$ (251,925)</b>	<b>\$ -</b>

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, 2017

MEMO

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2017	(Accounts Receivable) at June 30, 2017	Due to Grantor at June 30, 2017	Budgetary Receivable	Cumulative Total Expenditures
<b>New Jersey Department of Education</b>											
<b>General Fund:</b>											
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	\$ 654,072	\$ (654,072)	\$ 654,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	515,203	-	-	(515,203)	-	(515,203)	-	-	(515,203)
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	2,504,516	(657,263)	657,263	-	-	-	-	-	-
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	2,504,516	-	2,003,613	(2,504,516)	-	-	-	(500,903)	(2,504,516)
Nonpublic Transportation Aid	16-495-034-5120-045	7/1/15-6/30/16	2,292	(2,292)	2,292	-	-	-	-	-	-
Nonpublic Transportation Aid	17-495-034-5120-015	7/1/16-6/30/17	1,566	-	-	(1,566)	-	(1,566)	-	-	(1,566)
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	17,753,571	(1,307,506)	1,307,506	-	-	-	-	-	-
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	17,753,571	-	16,397,009	(17,753,571)	-	-	(1,356,562)	-	(17,753,571)
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	483,794	(48,379)	48,379	-	-	-	-	-	-
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	483,794	-	387,035	(483,794)	-	-	(96,759)	-	(483,794)
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	333,156	(33,315)	33,315	-	-	-	-	-	-
Categorical Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	333,156	-	266,526	(333,156)	-	-	(66,630)	-	(333,156)
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	71,943	(7,194)	7,194	-	-	-	-	-	-
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	71,943	-	57,554	(71,943)	-	-	(14,389)	-	(71,943)
Per pupil growth aid	16-495-034-5120-097	7/1/15-6/30/16	44,380	(4,438)	4,438	-	-	-	-	-	-
Per pupil growth aid	17-495-034-5120-097	7/1/16-6/30/17	44,380	-	35,504	(44,380)	-	-	(8,876)	-	(44,380)
PARCC readiness	16-495-034-5120-098	7/1/15-6/30/16	44,380	(4,438)	4,438	-	-	-	-	-	-
PARCC readiness	17-495-034-5120-098	7/1/16-6/30/17	44,380	-	35,504	(44,380)	-	-	(8,876)	-	(44,380)
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	40,780	-	32,624	(40,780)	-	-	(8,156)	-	(40,780)
On-Behalf TPAF Pension Contributions	17-495-034-5095-002	7/1/16-6/30/17	3,147,848	-	3,147,848	(3,147,848)	-	-	-	-	(3,147,848)
On-Behalf TPAF Post-Retirement Medical	17-495-034-5095-001	7/1/16-6/30/17	2,622,873	-	2,622,873	(2,622,873)	-	-	-	-	(2,622,873)
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5095-004	7/1/16-6/30/17	7,450	-	7,450	(7,450)	-	-	-	-	(7,450)
Reimbursed TPAF Social Security Tax											
Contribution	17-495-034-5094-003	7/1/16-6/30/17	1,951,161	-	1,854,189	(1,951,161)	-	(96,972)	-	-	(1,951,161)
<b>Total General Fund</b>				<b>(2,718,897)</b>	<b>29,566,626</b>	<b>(29,522,621)</b>		<b>(613,741)</b>		<b>(2,061,151)</b>	<b>(29,522,621)</b>
<b>Special Revenue Fund:</b>											
<b>Nonpublic Aid:</b>											
Security Aid	17-100-034-5120-070	7/1/16-6/30/17	397	-	397	(397)	-	-	-	-	(397)
Technology	17-100-034-5120-070	7/1/16-6/30/17	208	-	208	(208)	-	-	-	-	(208)
Textbooks	17-100-034-5120-064	7/1/16-6/30/17	443	-	443	(443)	-	-	-	-	(443)
<b>Total Special Revenue Fund</b>					<b>1,048</b>	<b>(1,048)</b>					<b>(1,048)</b>
<b>Debt Service Fund</b>											
Debt Service Aid Type II	17-495-034-5120-075	7/1/16-6/30/17	476,492	-	476,492	(476,492)	-	-	-	-	(476,492)
<b>Total Debt Service Fund</b>					<b>476,492</b>	<b>(476,492)</b>					<b>(476,492)</b>
<b>Enterprise Fund:</b>											
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	14,768	(852)	852	-	-	-	-	-	-
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	13,813	-	13,272	(13,813)	-	(541)	-	-	(13,813)
<b>Total Enterprise Fund</b>				<b>(852)</b>	<b>14,124</b>	<b>(13,813)</b>		<b>(541)</b>			<b>(13,813)</b>
<b>Total Expenditures of State Awards</b>				<b>(2,719,749)</b>	<b>30,058,290</b>	<b>(30,013,974)</b>		<b>(614,282)</b>		<b>(2,061,151)</b>	<b>(30,013,974)</b>
<b>Less: State Financial Assistance Not Subject to Single Audit Determination</b>											
On-Behalf TPAF Pension Contributions (Non-Budgeted)			5,778,171	-	(5,778,171)	5,778,171	-	-	-	-	5,778,171
<b>Total State Awards Subject to Single Audit</b>				<b>\$ (2,719,749)</b>	<b>\$ 24,280,119</b>	<b>\$ (24,235,803)</b>		<b>\$ (614,282)</b>		<b>\$ (2,061,151)</b>	<b>\$ (24,235,803)</b>

See accompanying notes to schedules of expenditures.

## Lacey Township School District

## Notes to Schedules of Awards and Financial Assistance

June 30, 2017

## 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, 2017

## 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 \$(3,146,466) for the general fund and \$27,890 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>Total</u>
General Fund	\$ 43,660	26,376,155	26,419,815
Special Revenue Fund	1,738,534	1,048	1,739,582
Debt Service Fund	-	476,492	476,492
Food Service Fund	<u>605,594</u>	<u>13,813</u>	<u>619,407</u>
Total awards and financial assistance	\$ <u>2,387,788</u>	<u>26,867,508</u>	\$ <u>29,255,296</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, 2017.

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, 2017

**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                     no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     none reported

Noncompliance material to general-purpose  
financial statements noted?                     yes                     no

Federal Awards Section - N/A

Internal Control over major programs: N/A

- 1) Material weakness(es) identified?     yes                     no
- 2) Significant deficiencies identified  
that are not considered to be  
material weaknesses?                     yes                     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     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?                     yes     no

Lacey Township School District

Schedule of Findings and Questioned Costs (continued)

June 30, 2017

**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
495-034-5120-101	Professional Learning Community Aid

**Section II - Financial Statement Findings**

No matters were reported for the period ended June 30, 2017.

**Section III - State Award Findings and Questioned Costs**

No matters were reported for the period ended June 30, 2017.

Lacey Township School District  
Summary Schedule of Prior Audit Findings  
June 30, 2017

There were no prior year findings for the period ended June 30, 2016.