

**LOPATCONG TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LOPATCONG TOWNSHIP BOARD OF EDUCATION  
LOPATCONG TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by**

**LOPATCONG TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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**INTRODUCTORY SECTION**

***Board of Education of Lopatcong Township***  
**321 Stonehenge Drive**  
**Phillipsburg, New Jersey 08865**  
**Telephone (908) 213-2995**  
**Fax (908) 213-3675**

**Michele McCann**  
**School Business Administrator**

**Board Meets Second Tuesday**  
**of Each Month**

December 4, 2015

Honorable President and Members of the Board of Education  
 Lopatcong Township School District  
 321 Stonehenge Drive  
 Phillipsburg, NJ 08865

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Lopatcong Township School District for the fiscal year ending June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the 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 report is presented in four sections, Introductory, Financial, Statistical and Single audit. The Introductory Section also includes the Transmission Letter, the District's Organizational Chart and a List of Principle Officials. The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report, therein. The Statistical Section includes financial and demographical 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 of 1996 and the U.S. Office of Management and Budget Circular A-133, "audit of States, Local Governments, and Non-Profit Organizations", and New Jersey OMB Circular 15-08, "single Audit Policy for recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's reports on internal control structure and compliance with applicable law and regulations and findings are included in the Single Audit Section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Lopatcong Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as stated by Statement No. 14. All funds and account groups of the District are included in this report. The Lopatcong Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool to 12 as well as Special Education. The District completed the 2014-2015 fiscal year with an average daily

enrollment of 828.8 students, which is a (3.8%) decrease over the previous year’s enrollment. The following details the change in the student enrollment of the over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2005-2006	889.4	5.7%
2006-2007	918.9	3.3%
2007-2008	902.4	(1.8%)
2008-2009	877.5	(2.8%)
2009-2010	934.7	6.5%
2010-2011	917.5	(1.8%)
2011-2012	885.9	(3.4%)
2012-2013	872.8	(1.5%)
2013-2014	861.0	(1.3%)
2014-2015	828.8	(3.8%)

- ECONOMIC CONDITION AND OUTLOOK:** The Lopatcong Township Board of Education recognizes the ever-changing environment in the financing of education in the State of New Jersey. The School Funding Reform Act of 2008, reduction of State Aid and the potential for failed budgets, do present a challenge now and for future years. The Lopatcong Township Board of Education, along with the staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvement. Students in grades three through eight scored comparably with the District factor group and State averages on the New Jersey State Assessment program in Language Arts and Mathematics.
- MAJOR INITIATIVES:** The main initiative for the 2014-2015 school year was the preparation and implementation of the Partnership for Assessment of Readiness for College and Careers (PARCC). Technical supports and equipment were put in place for proper administration of the test in both schools. Curriculum and assessments were aligned to the Common Core in preparation for understanding the changes in both the question format and the platform. Teachers and administrators were trained, devices were purchased and maintained, students participated in practice sessions and parents were informed.

The District continued to address student achievement through developing and improving assessments aligned to curriculum. Additional time was also spent on analyzing the data to drive instruction. Data teams were established and were beneficial in collecting and utilizing the data to form groups for Basic Skills.

Instruction: Through our new Intervention and Referral Service (I&RS) model, students were tracked and followed to ensure appropriate strategies were utilized and evaluated regularly by the I&RS Team in an effort to better align student’s instruction to their needs.

In addition, to specifically increase student achievement in the area of English Language Arts, both the Elementary and Middle Schools began to revise the ELA curriculum and implement the Readers Workshop Model. With the help of professional development and team time to discuss and review

assessments and strategies, teachers began teaching components of the model with available resources. Grades K-5 received additional Journeys materials to be used in conjunction with Readers Workshop Model.

The Lopatcong School District continues to partner with the local PTA and Athletic Association to increase opportunities for children and families to participate in a wide variety of after-school activities and sporting events.

4. **INTERNAL 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 is compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 the costs and benefits requires estimates and judgements by management.

As a recipient of Federal and State financial assistance, the District, is also responsible that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. The internal control structure is also subject to periodic evaluation by District Management.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including the portion related to federal and state financial assistance programs, 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 Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line by line basis.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted principles, 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 "noted 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 sections of this report. The following schedule represents a summary of the general fund, special revenue fund and debt service fund expenditure.
8. **DEBT ADMINISTRATION:** On June 30, 2015, the District's outstanding debt issue was \$13,250,000 for the construction of the Middle School.

LOPATCONG BOARD OF EDUCATION  
REVENUE AND EXPENDITURE ANALYSIS  
YEAR ENDED  
JUNE 30, 2015

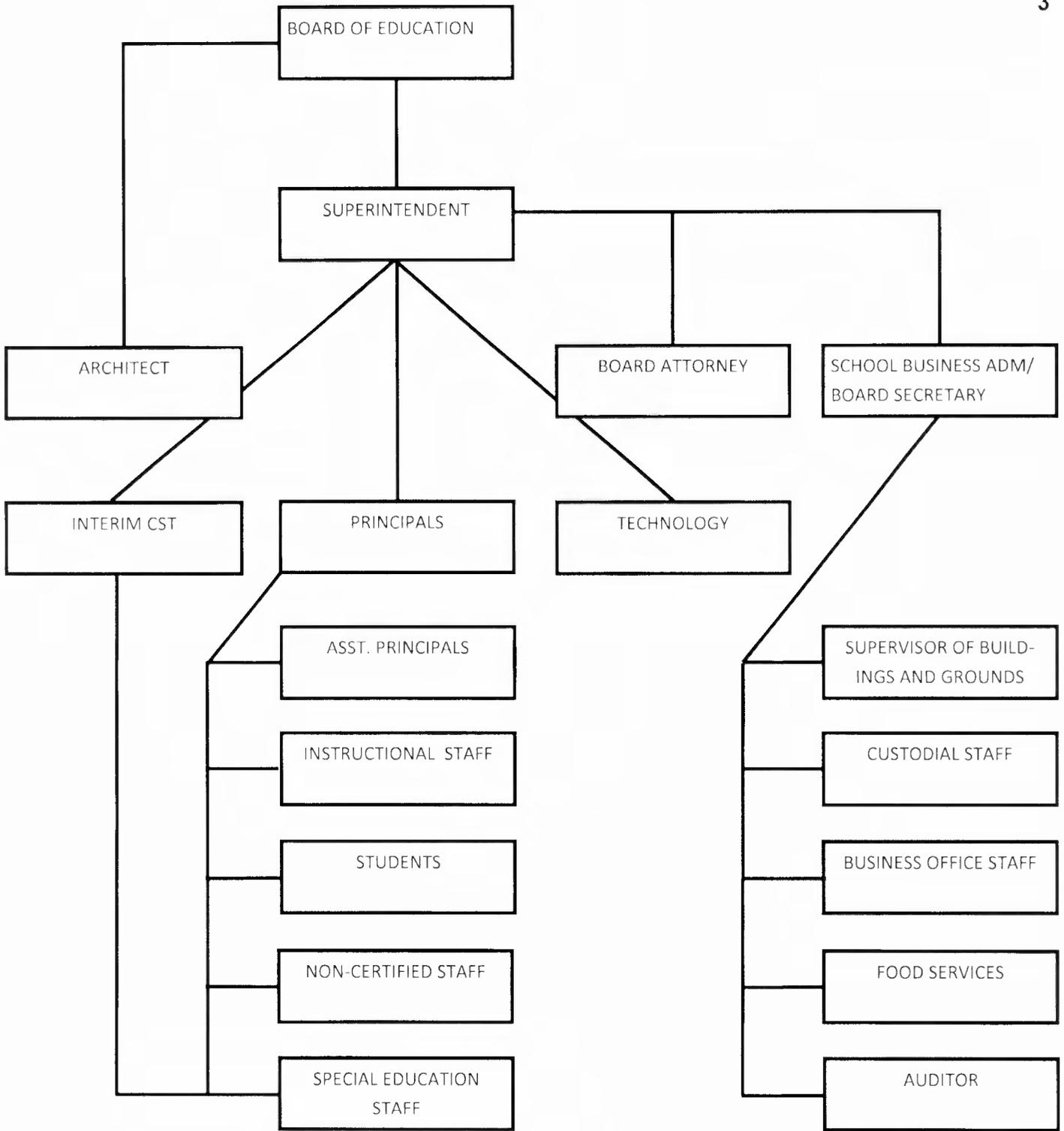
	Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage of Increase (Decrease)
REVENUES				
Local Sources:				
Tax Levy:				
General	\$ 12,201,862	70.24%	\$ 305,750	2.57%
Debt Service	\$ 884,990	5.09%	\$ 72,730	8.95%
Other Revenues	\$ 140,244	0.81%	\$ 11,343	8.80%
State Aid	\$ 3,828,074	22.04%	\$ 29,901	0.79%
Federal Aid	<u>\$ 317,320</u>	<u>1.83%</u>	<u>\$ (90,095)</u>	<u>-22.11%</u>
Total	<u>\$ 17,372,490</u>	<u>100.00%</u>	<u>\$ 329,629</u>	<u>1.93%</u>
EXPENDITURES				
Current Expense	\$ 17,281,645	92.61%	\$ 1,093,812	6.76%
Capital Outlay	\$ -	0.00%	\$ (26,675)	-100.00%
Special Projects	\$ 283,817	1.52%	\$ (127,152)	-30.94%
Debt Service				
Principal	\$ 540,000	2.89%	\$ 20,000	3.85%
Interest	<u>\$ 55,637</u>	<u>2.98%</u>	<u>\$ (18,669)</u>	<u>-3.25%</u>
Total	<u>\$ 18,661,099</u>	<u>100.00%</u>	<u>\$ 941,316</u>	<u>5.31%</u>

9. **CASH MANAGEMENT:** The investment policy of the District is guided in a large part by the State as detailed in “Notes to the Financial Statement” **Note 2**. The District has adopted a cash management plan requiring it to deposit public funds in public depositories protected from loss under provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted 1970 to protect government units from a loss of funds in deposits with failed banking institutions in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where 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 accountants. The Board Audit’s Committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in the statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB Circular 15-08. The auditor’s report on the general purpose financial statements and schedules are included in the Financial Section of the report. The auditor’s reports related specifically to the single audit included the single audit section of this report.
12. **ACKNOWLEDGMENTS:** We would like to express our sincere appreciation to the members of the Lopatcong Township Board of Education for their dedication to providing fiscal accountability to the citizens and taxpayers of the school District, and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the Fiscal and Accounting Staff.

Respectfully Submitted,



Michele McCann  
School Business Administrator/Board Secretary



**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
ORGANIZATIONAL CHART**

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
PHILLIPSBURG, NEW JERSEY  
JUNE 30, 2015

**ROSTER OF OFFICIALS**

**Members of the Board of Education**

Term Expires

Terry Glennon	President	2016
David Corrado	Vice-President	2015
Bruce Hall		2015
William Taggart III		2015
Yvette Day		2016
Debra Hille		2016
Ernest Gallant		2017
Robert McFarlane		2017
Gena James		2017

**Other Officials**

Rainie Roncoroni	Superintendent of Schools
William Bauer	School Business Administrator/ Board Secretary
Paula A. Hatch	Treasurer
Joseph B. Comegno	Attorney

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS

**Audit Firm**

William M. Colantano, Jr., CPA

**Architect**

Settembrino Architects

**Attorneys**

Joseph B. Comegno II

**Official Depository**

Investors Bank

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

December 4, 2015

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
County of Warren, New Jersey

### **Report on 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 the Board of Education of the Lopatcong Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board'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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 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 the District, as of June 30, 2015, 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 identified 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 District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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 and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.0

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of Lopatcong Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District'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 District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

For all activities general revenue support is 95.4 percent. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

- ◆ Property taxes continue to be the primary source of revenue for the school district making up 62.9 percent of the total revenues.
- ◆ Total assets decreased \$1,604,057. Cash and cash equivalents decreased by \$1,513,177 receivables and other assets increased by \$363,712 and capital assets decreased by \$454,587.
- ◆ Among major funds, the General Fund had \$17,163,075 in revenues and \$18,451,684 in expenditures. The General Fund's balance decreased \$1,334,798 over 2014 after a capital reserve transfer in of \$46,189.

**Using this Generally Accepted Accounting Principles Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lopatcong 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.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental 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 District's most significant funds with all other non-major funds presented in total in one column. In the case of Lopatcong Township School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These 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 District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of New Position and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.2

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, 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 District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

**11.3**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

**TABLE 1  
NET POSITION**

	6/30/2015	6/30/2014	VARIANCE	
			Dollars	%
<b>ASSETS</b>				
Current & Other Assets	\$1,621,669	\$2,313,519	\$(691,850)	(29.90%)
Capital Assets	15,897,245	116,351,832	(454,587)	(2.78%)
Total Assets	<u>\$17,518,914</u>	<u>\$18,665,351</u>	<u>\$(1,146,437)</u>	<u>(6.14%)</u>
<b>LIABILITIES</b>				
Long-Term Liabilities	\$16,619,730	\$16,806,221	(\$186,491)	(1.11%)
Other Liabilities	484,716	403,254	81,462	20.20%
Total Liabilities	<u>\$17,104,446</u>	<u>\$17,209,475</u>	<u>(\$105,029)</u>	<u>(.61%)</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$2,647,245	\$2,561,832	85,413	3.33
Restricted	1,264,361	1,602,787	(338,426)	(21.11%)
Unrestricted	<u>(3,497,138)</u>	<u>(2,708,743)</u>	<u>(788,395)</u>	<u>29.11%</u>
Total Net Position	<u>\$ 414,468</u>	<u>\$1,455,876</u>	<u>(\$1,041,408)</u>	<u>(71.53)%</u>

Total assets decreased \$1,604,052. Cash and cash equivalents decreased by \$1,513,177, receivables and other assets increased by \$363,712 and capital assets decreased by \$454,587. Unrestricted net assets, the part of net assets that can be used to finance day to day activities with out constraints established by grants or legal requirements, of the School District decreased by \$788,395<sup>1</sup>.

<sup>1</sup> Primarily due to unbudgeted expenditures.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

Table 2 shows the changes in net position in fiscal year 2015 with comparisons to 2014.

**TABLE 2  
CHANGES IN NET POSITION**

	6/30/2015	6/30/2014	VARIANCE	
			Dollars	%
<b>REVENUES</b>				
Program Revenues:				
Changes for Services	\$ 326,482	\$304,226	\$ 22,256	7.32
Operating Grants	367,198	497,692	(130,494)	(26.22)
Capital Grants	252,763		252,763	
General Revenues:				
Property Taxes	13,086,852	12,708,372	378,480	2.98
Unrestricted Grants	6,702,924	4,860,063	1,842,861	37.92
Other	40,190	61,354	(21,164)	(34.49)
Total Revenues	<u>\$20,776,409</u>	<u>\$18,334,871</u>	<u>\$2,344,702</u>	12.72
<b>PROGRAM EXPENSES</b>				
Instruction:				
Regular	\$7,462,218	\$6,167,467	\$1,294,751	20.99
Special	2,337,992	2,298,410	39,582	1.72
Other	40,364	53,982	(13,618)	(25.23)
Support Services:				
Tuition	6,451,262	5,289,756	1,161,506	21.96
Student & Instructional Related Services	1,604,246	1,336,677	267,569	20.02
General & School Administrative Services	1,369,273	1,269,802	99,471	7.83
Plant Operations & Maintenance	1,223,862	1,279,279	(55,417)	(4.33)
Transportation	484,092	523,953	(39,861)	(7.61)
Food Service	295,173	295,772	(599)	(.20)
Child Care Program	25,294	31,382	(6,088)	(19.40)
Interest on Long Term Debt	524,041	541,008	(16,967)	(3.14)
Total Expenses	<u>21,817,817</u>	<u>19,087,488</u>	<u>2,730,329</u>	14.30
Inc./(Dec.) in Net Position Before Special Item	(\$1,041,408)	(\$655,781.)	(385,627)	

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.5

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.6 percent of revenues for governmental activities for the Lopatcong Township School District for fiscal year 2015.

Instruction comprises 45.1 percent of district expenses for K-8 students and tuition for high school and grammar students represents 29.6 percent. Support service expenses make up 25.3 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**TABLE 3**

**COST OF GOVERNMENTAL SERVICES**

Table 3 provides a summary of the School District's cost of governmental services in 2015 and 2014.

	<b>TOTAL COST OF SERVICES</b>		<b>NET COST OF SERVICES</b>	
	<b>6/30/2015</b>	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
Instruction	\$9,840,574	\$8,519,859	\$9,453,956	\$8,314,044
Support Services:				
Tuition	6,451,262	5,289,756	6,336,262	5,104,357
Student & Instructional Related Services	1,604,246	1,336,677	1,501,482	1,249,148
General & School Admin. Services	1,369,273	1,269,802	1,338,485	1,269,802
Plant Operations & Maint	1,223,862	1,269,279	1,222,236	1,279,279
Pupil Transportation	484,092	523,953	484,092	523,953
Food Services	295,173	295,772	24,735	12,343
Child Care Program	25,294	31,382	(13,915)	(8,364)
Interest on Long-Term Debt	524,041	541,008	524,041	541,008
Total Expenses	<u>\$21,817,817</u>	<u>\$19,087,488</u>	<u>\$20,871,374</u>	<u>\$18,285,570</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

Instructional expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student.

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

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 a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, 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 School District.

The dependence upon tax revenues is apparent. For all activities general revenue support is 95.4 percent. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

**The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,795,161 and expenditures of \$19,877,196. The net negative change in fund balance for the year was most significant in the General Fund, reflecting a decrease of \$1,334,798.

**General Fund Budgeting Highlights**

The School District'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.

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

11.7

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed.

The School District uses program based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$16,000,375, \$34,637 under original budgeted estimates of \$16,035,012. This difference was due primarily to a shortfall in extraordinary state aid and school choice aid.

The General fund expenditures and other financing uses of the School District exceeded revenues by \$1,281,401. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$15,897,245 invested in land, building, furniture and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

**TABLE 4  
CAPITAL ASSETS AT YEAR END (Net of Depreciation)**

	6/30/2015	6/30/2014	VARIANCE	
			\$	%
Land	\$144,255	\$144,255		0.00%
Construction in Progress	46,189		46,189	
Land Improvements	105,038	120,045	(15,007)	(12.50)
Building & Improvements	15,447,217	15,887,532	(440,315)	(2.77)
Furniture & Equipment	154,546	200,000	(45,454)	(22.73)
	<u>\$15,897,245</u>	<u>\$16,351,832</u>	<u>(\$454,587)</u>	<u>(2.78%)</u>

**LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LOPATCONG TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

Overall capital assets decreased \$454,587 from fiscal 2014 to fiscal year 2015. Increases in capital assets were offset by depreciation expenses for the year.

**Debt Administration**

At June 30, 2015, the School District had \$16,619,730 in long term liabilities. Of this amount, \$327,015 is for compensated absences, \$2,660,383 for PERS net pension liability, and the balance \$13,632,332 is for bonds and unamortized bond premiums for school construction. Table 5 provides a summary of the District's outstanding bonded debt at 6/30/2015 with comparisons to 6/30/2014.

**TABLE 5  
OUTSTANDING DEBT AT YEAR END**

	6/30/2015	6/30/2014	VARIANCE	
			Dollars	%
Construction of Middle School and Refunding of 2000 School Bonds	\$13,250,000	\$13,790,000	(\$540,000)	(3.92%)
	<u>\$13,250,000</u>	<u>\$13,790,000</u>	<u>(\$540,000)</u>	<u>(3.92%)</u>

**For the Future**

Lopatcong Township is a sending district to Phillipsburg High School for grades 9-12. A challenge that faces the district over the next couple of years are the decreases in tuition adjustments, and the increases in tuition charged each year, resulting in large increases to the tuition line item of the budget. This budgeted expenditure is within the state mandated 2% cap.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact the School Business Administrator/Board Secretary at Lopatcong Township Board of Education, 321 Stonehenge Drive, Phillipsburg, NJ 08865 or via phone at (908) 213-2995 x2500.

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents		\$ 76,096	\$ 76,096
Receivables, Net	\$ 618,664	2,901	621,565
Inventory		6,349	6,349
Internal Balances	(7,775)	7,775	
Due from Other Funds	42,768		42,768
Restricted Assets-Cash	326,437		326,437
Capital Assets, Net (Note 4):			
Land and Construction in Progress	190,444		190,444
Other Capital Projects, Net of Depreciation	15,642,728	64,073	15,706,801
Total Assets	<u>16,813,266</u>	<u>157,194</u>	<u>16,970,460</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount of Pension Activity	548,454	-	548,454
<b>LIABILITIES</b>			
Accounts Payable	66,859	72	66,931
Payable to Other Governments	852		852
Accrued Interest	250,757		250,757
Unearned Revenue	3,158	4,474	7,632
Long-Term Liabilities (Note 5):			
Due Within One Year	603,381		603,381
Due Beyond One Year	16,016,349		16,016,349
Total Liabilities	<u>16,941,356</u>	<u>4,546</u>	<u>16,945,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount of Pension Activity	158,544	-	158,544
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,583,172	64,073	2,647,245
Restricted For:			
Capital Project	252,763		252,763
Capital Reserve	802,955		802,955
Maintenance Reserve	13,500		13,500
Emergency Reserve	103,143		103,143
Tuition Reserve	92,000		92,000
Unrestricted	(3,585,713)	88,575	(3,497,138)
<b>TOTAL NET POSITION</b>	<u>\$ 261,820</u>	<u>\$ 152,648</u>	<u>\$ 414,468</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 4,251,978	\$ 3,210,240	\$ 49,225		\$ 145,540	\$ (7,267,453)		\$ (7,267,453)
Special Education	897,824	696,902	49,365	\$ 66,721	28,461	(1,450,179)		(1,450,179)
Other Special Instruction	411,318	331,948		31,938	14,079	(697,249)		(697,249)
Other Instruction	37,907	2,457			1,289	(39,075)		(39,075)
Support Services:								
Tuition	6,451,262			115,000		(6,336,262)		(6,336,262)
Students & Instruction Related Services	952,942	651,304		70,158	32,606	(1,501,482)		(1,501,482)
General & Business Administrative Services	522,401	226,776			17,870	(731,307)		(731,307)
School Administrative Services	377,782	242,314			12,918	(607,178)		(607,178)
Plant Operations & Maintenance	981,612	242,250	1,626			(1,222,236)		(1,222,236)
Pupil Transportation	484,092					(484,092)		(484,092)
Interest on Long-term Debt	524,041					(524,041)		(524,041)
Total Government Activities	15,893,159	5,604,191	100,216	283,817	252,763	(20,860,554)	\$ -	(20,860,554)
Business-Type Activities:								
Food Service	295,173		187,057	83,381			(24,735)	(24,735)
Child Care Program	25,294		39,209				13,915	13,915
Total Business-Type Activities	320,467	-	226,266	83,381	-	-	(10,820)	(10,820)
Total Primary Government	\$ 16,213,626	\$ 5,604,191	\$ 326,482	\$ 367,198	\$ 252,763	(20,860,554)	(10,820)	(20,871,374)
			General Revenues & Transfers					
			Property Taxes Levied for General Purposes			12,201,862		12,201,862
			Property Taxes Levied for Debt Service			884,990		884,990
			Federal & State Aid Not Restricted			6,702,924		6,702,924
			Investment Earnings			7,558	162	7,720
			Miscellaneous Income			32,470		32,470
			Total General Revenues & Transfers			19,829,804	162	19,829,966
			Change in Net Position			(1,030,750)	(10,658)	(1,041,408)
			Net Position-Beginning			1,292,570	163,306	1,455,876
			Net Position-Ending			\$ 261,820	\$ 152,648	\$ 414,468

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
<b>ASSETS</b>					
Due from Other Funds	\$ 229,967				\$ 229,967
Receivables from Other Governments:					
State	148,534		\$ 252,763		401,297
Federal		\$ 200,990			200,990
Other Receivables	16,377				16,377
Restricted Cash & Equivalents	317,199		9,238		326,437
<b>TOTAL ASSETS</b>	<b>\$ 712,077</b>	<b>\$ 200,990</b>	<b>\$ 262,001</b>	<b>\$ -</b>	<b>\$ 1,175,068</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 47,840	\$ 9,781	\$ 9,238		\$ 66,859
Due to Other Funds	7,775	187,199			194,974
Due to Other Governments:					
State		852			852
Unearned Revenue		3,158			3,158
<b>Total Liabilities</b>	<b>55,615</b>	<b>200,990</b>	<b>9,238</b>	<b>\$ -</b>	<b>265,843</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Committed Fund Balance:					
Capital Reserve Account	\$ 802,955				\$ 802,955
Emergency Reserve Account	103,143				103,143
Maintenance Reserve Account	13,500				13,500
Tuition Reserve	92,000				92,000
Capital Projects			\$ 252,763		252,763
Unassigned Fund Balance	(355,136)				(355,136)
Total Fund Balances	<u>656,462</u>	<u>\$ -</u>	<u>252,763</u>	<u>\$ -</u>	<u>909,225</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 712,077</u>	<u>\$ 200,990</u>	<u>\$ 262,001</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 23,732,152	
<u>7,898,980</u>	
	15,833,172

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds

389,910

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

(16,619,730)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(250,757)

Total Net Position of Governmental Activities

\$ 261,820

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 12,201,862			\$ 884,990	\$ 13,086,852
Tuition Charges-Individuals	49,225				49,225
Tuition Charges-Other LEAs	49,365				49,365
Interest on Investments	7,558				7,558
Miscellaneous	34,096				34,096
<b>Total</b>	<b>12,342,106</b>	<b>\$ -</b>	<b>\$ -</b>	<b>884,990</b>	<b>13,227,096</b>
State Sources	4,784,662	2,804	252,763	210,516	5,250,745
Federal Sources	36,307	281,013			317,320
<b>Total Revenues</b>	<b>17,163,075</b>	<b>283,817</b>	<b>252,763</b>	<b>1,095,506</b>	<b>18,795,161</b>
<b>EXPENDITURES</b>					
Current:					
Instructional:					
Regular Instruction	4,251,978				4,251,978
Special Education Instruction	831,103	66,721			897,824
Other Special Instruction	379,380	31,938			411,318
Other Instruction	37,907				37,907
Support Service & Undistributed Costs:					
Tuition	6,336,262	115,000			6,451,262
Student and Instruction Related Services	882,784	70,158			952,942
General and Business Administrative Services	522,401				522,401
School Administrative Services	377,782				377,782
Plant Operations & Maintenance	981,612				981,612
Pupil Transportation	484,092				484,092
Unallocated Benefits	3,366,252				3,366,252

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Fund
EXPENDITURES (Cont'd)					
Capital Outlay			\$ 46,189		\$ 46,189
Debt Service:					
Principal				\$ 540,000	540,000
Interest & Other Charges	\$ 131			555,506	555,637
Total Expenditures	<u>18,451,684</u>	<u>\$ 283,817</u>	<u>46,189</u>	<u>1,095,506</u>	<u>19,877,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,288,609)</u>	<u>-</u>	<u>206,574</u>	<u>-</u>	<u>(1,082,035)</u>
Other Financing Sources (Uses):					
Operating Transfer In			46,189		46,189
Operating Transfer Out	(46,189)				(46,189)
Total Other Financing Sources (Uses)	<u>(46,189)</u>	<u>-</u>	<u>46,189</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,334,798)</u>	<u>-</u>	<u>252,763</u>	<u>-</u>	<u>(1,082,035)</u>
Fund Balances, July 1	<u>1,991,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,991,260</u>
Fund Balances, June 30	<u>\$ 656,462</u>	<u>\$ -</u>	<u>\$ 252,763</u>	<u>\$ -</u>	<u>\$ 909,225</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG 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, 2015

Total Net Changes in Fund Balances-Governmental Fund (From B-2) \$ (1,082,035)

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital Outlays	\$ 46,189	
Depreciation Expenses	<u>488,166</u>	(441,977)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:

Debt Principal Payments	540,000
-------------------------	---------

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:

Amortization of Bond Premium	23,896
------------------------------	--------

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

(57,183)

In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

7,700

In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

(21,151)

Change in Net Position of Governmental Activities

\$ (1,030,750)

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FUND NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015

	Food Services	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 36,430	\$ 39,666	\$ 76,096
Accounts Receivable:			
Intergovernmental-Federal	2,245		2,245
Intergovernmental-State	249		249
Other		407	407
Due from Other Funds	7,775		7,775
Inventories	6,349		6,349
Total Current Assets	<u>53,048</u>	<u>40,073</u>	<u>93,121</u>
Fixed Assets:			
Capital Assets	256,890		256,890
Accumulated Depreciation	192,817		192,817
Total Fixed Assets	<u>64,073</u>	<u>-</u>	<u>64,073</u>
Total Assets	<u>117,121</u>	<u>40,073</u>	<u>157,194</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	72		72
Unearned Revenue	4,474		4,474
Total Current Liabilities	<u>4,546</u>	<u>-</u>	<u>4,546</u>
NET POSITION			
Net Investment in Capital Assets	64,073		64,073
Unrestricted	48,502	40,073	88,575
TOTAL NET POSITION	<u>\$ 112,575</u>	<u>\$ 40,073</u>	<u>\$ 152,648</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 102,113		\$ 102,113
Daily Sales-Nonreimbursable Programs	84,944		84,944
Child Care Revenues		\$ 39,209	39,209
Total Operating Revenues	<u>187,057</u>	<u>39,209</u>	<u>226,266</u>
Operating Expenses:			
Costs of Sales-Reimbursable Programs	62,882		62,882
Costs of Sales-Nonreimbursable Programs	52,310		52,310
Salaries	118,214	23,268	141,482
Employee Benefits	12,077		12,077
Repairs & Maintenance	815		815
Insurance	7,378		7,378
Management Fees	8,467		8,467
Other Purchased Services	5,419	374	5,793
General Supplies	12,541	1,652	14,193
Depreciation	15,070		15,070
Total Operating Expenses	<u>295,173</u>	<u>25,294</u>	<u>320,467</u>
Operating Income (Loss)	<u>(108,116)</u>	<u>13,915</u>	<u>(94,201)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	2,639		2,639
Federal Sources:			
National School Lunch Program:			
Cash Assistance	63,235		63,235
Noncash Assistance (Commodities)	17,507		17,507
Interest Earned on Investments	162		162
Total Nonoperating Revenues (Expenses)	<u>83,543</u>	<u>-</u>	<u>83,543</u>
Change in Net Position	(24,573)	13,915	(10,658)
Total Net Position, Beginning	<u>137,148</u>	<u>26,158</u>	<u>163,306</u>
Total Net Position, Ending	<u>\$ 112,575</u>	<u>\$ 40,073</u>	<u>\$ 152,648</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 185,610	\$ 39,422	\$ 225,032
Payments to Employees	(39,573)	(23,268)	(62,841)
Payments to Food Services Management Co	(229,827)		(229,827)
Payments to Vendors	(5,136)	(2,776)	(7,912)
Net Cash Provided by (Used For) Operating Activities	<u>(88,926)</u>	<u>13,378</u>	<u>(75,548)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	2,720		2,720
Federal Sources	65,102		65,102
Interfund Activity	30,138		30,138
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>97,960</u>	<u>-</u>	<u>97,960</u>
Cash Flows from Financing Activities:			
Purchase of Equipment	(2,460)		(2,460)
	<u>(2,460)</u>	<u>-</u>	<u>(2,460)</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	162		162
	<u>162</u>	<u>-</u>	<u>162</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,736	13,378	20,114
Cash and Cash Equivalents, July 1, 2014	<u>29,694</u>	<u>26,288</u>	<u>55,982</u>
Cash and Cash Equivalents, June 30, 2015	<u>\$ 36,430</u>	<u>\$ 39,666</u>	<u>\$ 76,096</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (108,116)	\$ 13,915	\$ (94,201)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	15,070		15,070
Federal Food Donation Program	17,507		17,507
(Increase) Decrease in Accounts Receivable		213	213
(Increase) Decrease in Inventory	(1,068)		(1,068)
Increase (Decrease) in Unearned Revenue	(744)		(744)
Increase (Decrease) in Accounts Payable	(11,575)	(750)	(12,325)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (88,926)</u>	<u>\$ 13,378</u>	<u>\$ (75,548)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 32,999	\$ 49,583	\$ 282,914
TOTAL ASSETS	<u>32,999</u>	<u>\$ 49,583</u>	<u>\$ 282,914</u>
LIABILITIES			
Due to Other Funds			\$ 42,768
Due to Student Groups		\$ 49,583	
Payroll Deductions & Withholdings			<u>240,146</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 49,583</u>	<u>\$ 282,914</u>
NET POSITION	<u>\$ 32,999</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 12,150
Investment Earnings-Interest	115
Total Additions	12,265
DEDUCTIONS	
Unemployment Claims	16,312
Change in Net Position	(4,047)
Net Position, Beginning of the Year	37,046
Net Position, End of the Year	\$ 32,999

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Lopatcong Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

**A. Reporting Entity**

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2015 of 855 students.

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

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

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

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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

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

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the Special Revenue Fund.

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.

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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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 Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; 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 Food Service Fund and child care program.

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

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	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

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

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. 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, if necessary are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal yearend as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned 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.

F. Tuition Receivable

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.

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicle	5

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and 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 Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-Spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)**

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

**NOTE 3. DEPOSITS AND 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. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized 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. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

NJSA 17:9-41 e.t. 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 saving 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.

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash		\$ 768,029
	<u>Ref.</u>	
Unrestricted Cash:		
Enterprise Fund, Statement of Net Position	B-4	\$ 76,096
Fiduciary Funds, Statement of Net Position	B-7	365,496
Restricted Cash:		
Governmental Funds, Balance Sheet	B-1	<u>326,437</u>
Total Cash		<u>\$ 768,029</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$768,029 and the bank balance is \$1,917,984. Of the bank balance, \$250,000 is covered by federal depositary insurance and \$1,667,984 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:

- deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
- Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district had no investments.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 144,255			\$ 144,255
Construction in Progress		\$ 46,189		46,189
Total	<u>144,255</u>	<u>46,189</u>	<u>\$ -0-</u>	<u>190,444</u>
Capital Assets, Being Depreciated:				
Land Improvements	365,042			365,042
Building & Improvements	22,626,431			22,626,431
Furniture & Equipment	550,235			550,235
Total	<u>23,541,708</u>	<u>-0-</u>	<u>-0-</u>	<u>23,541,708</u>
Accumulated Depreciation:				
Land Improvements	244,997	15,007		260,004
Building & Improvements	6,738,899	440,315		7,179,214
Furniture & Equipment	426,918	32,844		459,762
Total	<u>7,410,814</u>	<u>488,166</u>	<u>-0-</u>	<u>7,898,980</u>
Total Capital Assets, Being Depreciated, Net	<u>16,130,894</u>	<u>(488,166)</u>	<u>-0-</u>	<u>15,642,728</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,275,149</u>	<u>\$ (441,977)</u>	<u>\$ 843,908</u>	<u>\$ 15,833,172</u>
Business-Type Activities:				
Furniture & Equipment	\$ 254,430	\$ 2,460		\$ 256,890
Less: Accum Depreciation	177,747	15,070		192,817
Business-Type Activities Capital Assets, Net	<u>\$ 76,683</u>	<u>\$ (12,610)</u>	<u>\$ -0-</u>	<u>\$ 64,073</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 275,552
Special Education	53,907
Other Special Instruction	26,656
Co-Curricular Activities	2,457
Support Services:	
Student & Instruction	61,756
General & Business Admin	33,855
School Administration	24,482
Plant & Maintenance	9,501
Total Depreciation Expense, Governmental Activities	<u>\$ 488,166</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2015 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 13,790,000		\$ 540,000	\$ 13,250,000	\$ 565,000
Bond Premium	406,228		23,896	382,332	23,896
PERS Net Pension Liability	2,304,129	\$ 356,254		2,660,383	
Compensated Absences Payable	<u>305,864</u>	<u>45,068</u>	<u>23,917</u>	<u>327,015</u>	<u>14,485</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 16,806,221</u>	<u>\$ 401,322</u>	<u>\$ 587,813</u>	<u>\$ 16,619,730</u>	<u>\$ 603,381</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 565,000	\$ 535,806	\$ 1,100,806
2017	575,000	513,225	1,088,225
2018	605,000	488,331	1,093,331
2019	635,000	458,844	1,093,844
2020-2024	3,745,000	1,807,319	5,552,319
2025-2029	4,790,000	952,953	5,742,953
2030-2031	<u>2,335,000</u>	<u>101,794</u>	<u>2,436,794</u>
	<u>\$ 13,250,000</u>	<u>\$ 4,858,272</u>	<u>\$ 18,108,272</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds – General obligation school building bonds payable at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$9,600,000-2011 general obligation school building/refunding bonds, due in annual installments of \$130,000 to \$905,000, beginning July 15, 2011 through July 15, 2026, interest of 2.00% to 5.00%	\$ 7,900,000
\$15,895,000-2001 general obligation school building/refunding bonds, due in annual installments of \$75,000 to \$1,195,000 beginning January 15, 2002 through July 15, 2030 Interest of 4.000% to 5.125%	5,350,000
	\$ 13,250,000

The general obligation bonded debt of the District is limited by state law to 4.00% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2015 is \$33,945,782. General obligation debt at June 30, 2015 is \$13,250,000, resulting in a legal debt margin of \$20,695,782.

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system 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 Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public Employees' Retirement System (PERS)

**Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**Allocation Methodology and Reconciliation to Financial Statements**

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

**Contributions**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

**Collective Net Pension Liability and Actuarial Information**

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 5,551,810	\$ 4,493,523
Plan Fiduciary Net Position	<u>2,891,427</u>	<u>2,189,394</u>
Net Pension Liability	<u>\$ 2,660,383</u>	<u>\$ 2,304,129</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases (Based on Age):	
2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 2,660,383
At a 1% Lower Rate (4.39%)	3,346,852
At a 1% Higher Rate (6.39%)	2,083,923
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 2,304,129
At a 1% Lower Rate (4.55%)	2,868,336
At a 1% Higher Rate (6.55%)	1,831,397

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	83,657	
Net difference between projected and actual earnings on pension plan investments		158,544

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 347,657	
District contributions subsequent to the measurement date	<u>117,140</u>	
Total	<u>\$ 548,454</u>	<u>\$ 158,544</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$117,140 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 99,035	\$ 15,378	\$ 83,657
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	198,180	39,636	<u>158,544</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (74,887)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2015	\$ (24,258)
2016	(24,258)
2017	(24,258)
2018	(24,258)
2019	15,379
Thereafter	<u>6,766</u>
Total	<u>\$ (74,887)</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

**Pension Expense**

For the year ended June 30, 2015, the District recognized net pension expense of \$174,323 which represents the District's proportionate share of allocable plan pension expense of \$136,777 plus the net amortization of deferred amounts from changes in proportion of \$63,907 plus pension expense related to specific liabilities of individual employees totaling \$2,776 and less other adjustments to the net pension liability of \$29,137. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 124,473
Interest on Total Pension Liability	293,685
Member Contributions	(68,167)
Administrative Expense	2,076
Expected Investment Return Net of Investment Expense	(190,187)
Pension Expense Related to Specific Liabilities of Individual Employers	(845)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	15,378
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	(39,636)
Pension Expense	<u>\$ 136,777</u>

B. Teacher's Pension and Annuity Fund (TPAF)

**Plan Description**

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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 (Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

The following represents the membership tiers for TPAF:

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

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

**Special Funding Situation**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
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**NOTE 6. PENSION PLANS** (Cont'd)

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

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 31,062,221	\$29,906,072
Employer Pension Expense & Related Revenue	1,671,439	N/A
Non-Employer Contribution	246,879	383,249
Allocable Proportionate Percentage	.0581180770%	.0591739949%

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 for 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcprp](http://www.prudential.com/njdcprp).

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. PENSION PLANS** (Cont'd)

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 770,787	100%
06/30/14	648,987	100%
06/30/13	814,706	100%

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 117,140	100%
06/30/14	101,150	100%
06/30/13	104,107	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$472,898 to the TPAF for post-retirement medical benefits and \$19,993 for the non-contributory insurance premiums and \$277,896 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$399,121 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 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. In fiscal year 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at ([www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)).

**Funding Policy**-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 8. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, 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:

AXA Equitable  
 Ameriprise Financial  
 Lincoln Investments

**NOTE 9. INVENTORY**

Inventory in the Food Service Fund June 30, 2015 consisted of the following:

Food	\$	4,402
Supplies		<u>1,947</u>
 Total	 \$	 <u><u>6,349</u></u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 10. CONTINGENT LIABILITIES**

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

**NOTE 11. INTERFUND RECEIVABLE AND PAYABLES**

The composition of interfund balances as of June 30, 2015 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 229,967	\$ 7,775
Special Revenue Fund		187,199
Payroll Agency Fund		42,768
Food Services Fund	<u>7,775</u>	<u>          </u>
	<u>\$ 237,742</u>	<u>\$ 237,742</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014  
(Continued)

**NOTE 11. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)**

The balances due by the Special Revenue Fund in a total of \$187,199 represent required advances due to the delayed receipt of grant revenues. The amounts due to the Food Service Fund by the General Fund represents school lunch aid received but not transferred to the Food Service Fund by year end and the amount due from the Payroll Agency Fund to the General Fund represents Health Benefit deduction not transferred at year end.

**NOTE 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 omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 115	\$ 12,150	\$ 16,312	\$ 32,999
2013-2014	-0-	161	12,240	25,566	37,046
2012-2013	-0-	161	11,850	25,469	50,211

**NOTE 13. LEGAL RESERVE ACCOUNTS**

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

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve 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. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 13. LEGAL RESERVE ACCOUNTS (Cont'd)**

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With- drawal	With- drawal	Ending Balance
Capital	\$ 849,144				\$ 46,189	\$ 802,955
Emergency	103,143					103,143
Maintenance	158,500				145,000	13,500
Tuition	492,000				400,000	92,000
Totals	<u>\$ 1,602,787</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 591,189</u>	<u>\$ 1,011,598</u>

**NOTE 14. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Restricted:		
Excess Surplus-Designated for Subsequent Year's Expenditures-Represents amount appropriated in the succeeding Year's budget to reduce tax requirements		\$ 201,105
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 802,955	849,144
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	13,500	158,500
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	103,143	103,143
Tuition Reserve-Represents funds accumulated to finance For a foreseeable future tuition adjustment pursuant to NJAC 6A:23A-17.1(f)	92,000	492,000
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,		8,747

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)**

	2015	2014
Assigned: (cont'd)		
Designated Surplus-Designated for Subsequent Year's Expenditures-Represents amount appropriated in the succeeding Year's budget to reduce tax requirements		\$ 186,469
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	\$ (14,226)	325,854
Total Fund Balance	\$ 997,372	\$ 2,324,962

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 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, 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, 2015 is \$-0-.

**NOTE 16. FUND BALANCE RESERVED FOR TUITION**

Pursuant to NJAC 6A:23-3.1 (f), the District has reserved fund balance for tuition applicable to a formal sending/receiving relationship. The following is a summary of the tuition reserve:

<u>Year Ending</u>	<u>Balance</u>
	<u>6/30/2015</u>
06/30/2014	\$ <u>92,000</u>

**NOTE 17: SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 4, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**NOTE 18: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 18: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

**NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION**

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	Governmental Activities
Net Position, June 30, 2014 as Originally Stated	\$ 3,505,860
Add: Deferred Outflow of Resources for Pension Activity	90,839
Less: PERS Net Pension Liability as of June 30, 2014	<u>(2,304,129)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 1,292,570</u>

**NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION**

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$3,585,713 on schedule A-1 "Statement of Net Position". The deficit balance is primarily the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 12,201,862		\$ 12,201,862	\$ 12,201,862	
Tuition from Individuals	47,500		47,500	49,225	\$ 1,725
Tuition from Other LEAs within the State	45,000		45,000	49,365	4,365
Rents and Royalties				1,626	1,626
Private Contributions				12,056	12,056
Interest Income				7,558	7,558
Interest on Emergency Reserve Funds	65		65		(65)
Interest on Capital Reserve Funds	66		66		(66)
Unrestricted Miscellaneous Revenues	19,304		19,304	20,414	1,110
<b>Total</b>	<b>12,313,797</b>	<b>\$ -</b>	<b>12,313,797</b>	<b>12,342,106</b>	<b>28,309</b>
State Sources:					
School Choice Aid	130,656	(43,552)	87,104	87,104	
Categorical Transportation Aid	32,937		32,937	32,937	
Extraordinary Aid	200,000		200,000	145,764	(54,236)
Categorical Special Education Aid	695,116		695,116	695,116	
Equalization Aid	2,598,242		2,598,242	2,598,242	
Categorical Security Aid	22,771		22,771	22,771	
Under Adequacy Aid	12,277		12,277	12,277	
PARCC Readiness Aid	11,820		11,820	11,820	
Per Pupil Growth Aid	11,820		11,820	11,820	
Non-Public Transportation Aid				4,111	4,111
On-Behalf TPAF Pension Contributions				297,889	297,889
On-Behalf TPAF Post Retirement Medical Benefits				472,898	472,898
Reimbursed TPAF Social Security Contribution				399,121	399,121
<b>Total</b>	<b>3,715,639</b>	<b>(43,552)</b>	<b>3,672,087</b>	<b>4,791,870</b>	<b>1,119,783</b>
Federal Sources:					
Medicaid Reimbursement	5,576		5,576	656	(4,920)
ARRA/SEMI Revenue				35,651	35,651
<b>Total</b>	<b>5,576</b>	<b>-</b>	<b>5,576</b>	<b>36,307</b>	<b>30,731</b>
<b>TOTAL REVENUES</b>	<b>\$ 16,035,012</b>	<b>\$ (43,552)</b>	<b>\$ 15,991,460</b>	<b>\$ 17,170,283</b>	<b>\$ 1,178,823</b>
<b>EXPENDITURES</b>					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 129,759	\$ (1,573)	\$ 128,186	\$ 128,186	
Kindergarten	212,882	38,372	251,254	251,254	
Grades 1-5	1,672,997	107,956	1,780,953	1,780,953	
Grades 6-8	1,446,889	14,992	1,461,881	1,461,881	
Home Instruction:					
Other Salaries for Instruction	6,000	(1,880)	4,120	4,120	
Purchased Professional-Educational Svc	5,000	(2,884)	2,116	2,116	
Purchased Technical Services	550	(550)			
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction	118,302	161,088	279,390	279,390	
Purchased Professional-Educational Svc	5,300	(4,742)	558	558	
Purchased Technical Services	17,055	306	17,361	17,361	
Other Purchased Services	74,700	54,359	129,059	129,059	
General Supplies	127,850	(666)	127,184	127,184	
Textbooks	55,000	13,556	68,556	68,556	
Other Objects	7,500	(6,140)	1,360	1,360	
<b>Total</b>	<b>3,879,784</b>	<b>372,194</b>	<b>4,251,978</b>	<b>4,251,978</b>	<b>\$ -</b>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 117,500	\$ (117,500)			
Other Salaries for Instruction	42,580	(42,580)			
Total	160,080	(160,080)	\$ -	\$ -	\$ -
Multiple Disabilities:					
Salaries of Teachers	77,458	72,448	149,906	149,906	
Other Salaries for Instruction	23,044	23,989	47,033	47,033	
Total	100,502	96,437	196,939	196,939	-
Resource Room/Resource Center:					
Salaries of Teachers	506,569	(7,654)	498,915	498,915	
General Supplies	2,668	(1,177)	1,491	1,491	
Total	509,237	(8,831)	500,406	500,406	-
Preschool Disabilities-Part Time:					
Salaries of Teachers	71,202	5,695	76,897	76,897	
Other Salaries for Instruction	70,708	(16,211)	54,497	54,497	
General Supplies	2,900	(536)	2,364	2,364	
Total	144,810	(11,052)	133,758	133,758	-
Total Special Education	914,629	(83,526)	831,103	831,103	-
Basic Skills/Remedial:					
Salaries of Teachers	380,876	(1,587)	379,289	379,289	
Other Salaries for Instruction	20,000	(20,000)			
General Supplies	5,000	(4,909)	91	91	
Total	405,876	(26,496)	379,380	379,380	-
School Sponsored Co Curricular Activities:					
Salaries	34,000	3,907	37,907	37,907	
Total	34,000	3,907	37,907	37,907	-
Total Instruction Regular	\$ 5,234,289	\$ 266,079	\$ 5,500,368	\$ 5,500,368	\$ -

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within State-Regular	\$ 5,771,000	\$ 14,477	\$ 5,785,477	\$ 5,785,477	
Other LEAs Within State-Special	49,000	70,790	119,790	119,790	
County Vocational School Dist-Regular	82,070		82,070	82,070	
County Vocational School Dist-Special	40,000	40,000	80,000	80,000	
Private School for the Disabled W/ State	359,000	(122,381)	236,619	236,619	
State Facilities	32,306		32,306	32,306	
Total	6,333,376	2,886	6,336,262	6,336,262	\$ -
Attendance & Social Work:					
Salaries		20,848	20,848	20,848	
Total	-	20,848	20,848	20,848	-
Health Services:					
Salaries	141,259	3,389	144,648	144,648	
Purchased Professional & Technical Services	1,500	(1,500)			
Supplies & Materials	3,400	(358)	3,042	3,042	
Other Objects	250	(70)	180	180	
Total	146,409	1,461	147,870	147,870	-
Speech, OT, PT, & Related Services:					
Salaries	119,267	3,864	123,131	123,131	
Purchased Professional-Educational Services	7,000	4,391	11,391	11,391	
Supplies & Materials	625	(394)	231	231	
Total	126,892	7,861	134,753	134,753	-
Other Support Serv Students-Extra Services:					
Salaries		5,125	5,125	5,125	
Total	-	5,125	5,125	5,125	-
Guidance:					
Salaries of Other Professional Staff	155,705	254	155,959	155,959	
Other Purchased Prof & Tech Services	10,000	(9,899)	101	101	
Supplies and Materials	182	(146)	36	36	
Total	165,887	(9,791)	156,096	156,096	-
Child Study Teams:					
Salaries of Other Professional Staff	228,615	(18,449)	210,166	210,166	
Salaries of Secretarial & Clerical Assistants	16,099	(22)	16,077	16,077	
Purchased Professional-Educational Services	30,000	44,451	74,451	74,451	
Other Purchased Prof & Tech Services	4,000	22,095	26,095	26,095	
Miscellaneous Purchased Services	200	(200)			
Supplies & Materials	2,000	(619)	1,381	1,381	
Other Objects	200	(100)	100	100	
Total	281,114	47,156	328,270	328,270	-

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 6,600	\$ (6,600)			
Other Salaries	5,500	(5,500)			
Supplies & Materials		146	\$ 146	\$ 146	
Total	12,100	(11,954)	146	146	\$ -
Educational Media Services-School Library:					
Salaries	66,526	11,616	78,142	78,142	
Purchased Professional and Technical Services	350	(350)			
Supplies & Materials	5,860	(2,491)	3,369	3,369	
Total	72,736	8,775	81,511	81,511	-
Instructional Staff Training Services:					
Other Salaries	2,000	(2,000)			
Other Purchased Services	12,000	(3,835)	8,165	8,165	
Supplies & Materials	1,500	(1,500)			
Total	15,500	(7,335)	8,165	8,165	-
Support Services General Administration:					
Salaries	171,590	2,800	174,390	174,354	36
Legal Services	50,000	(16,111)	33,889	30,207	3,682
Audit Fees	19,500	(536)	18,964	18,900	64
Architectural/Engineering Services	5,000	(2,794)	2,206	1,886	320
Other Purchased Professional Services	15,000	(5,660)	9,340	9,340	
Communications/Telephone	22,500	(6,575)	15,925	14,184	1,741
BOE Other Pruchased Services	2,500	(1,811)	689	115	574
Miscellaneous Purchased Services	29,000	3,642	32,642	32,642	
General Supplies	1,700	(1,279)	421	421	
BOE In-House Training/Meeting Supplies	200	(200)			
Miscellaneous Expenditures	750	(750)			
Board of Education Membership Due & Fees	10,000	(9,500)	500	252	248
Total	327,740	(38,774)	288,966	282,301	6,665
Support Services School Administration:					
Salaries of Principals & Assistant Principals	240,793	3,900	244,693	244,693	
Salaries of Secretarial & Clerical Assistants	104,000	18,021	122,021	122,021	
Other Purchased Services	625	(307)	318	318	
Supplies & Materials	9,547	(5,001)	4,546	4,546	
Other Objects	9,000	(2,796)	6,204	6,204	
Totals	363,965	13,817	377,782	377,782	-

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	\$ 62,760	\$ (1,726)	\$ 61,034	\$ 61,034	
Purchased Professional Services	75,000		75,000	75,000	
Purchased Technical Services	9,000	11,140	20,140	20,140	
Miscellaneous Purchased Services	500	(455)	45	45	
Supplies & Materials	750	55	805	805	
Miscellaneous Expenditures	1,400	(1,400)			
Total	149,410	7,614	157,024	157,024	\$ -
Administration Information Technology:					
Salaries	67,000		67,000	67,000	
Purchased Professional Services	10,500	(2,819)	7,681	7,681	
Other Purchased Services	10,000	(6,537)	3,463	3,463	
Supplies & Materials	7,000	(2,068)	4,932	4,932	
Other Objects	3,700	(3,700)			
Total	98,200	(15,124)	83,076	83,076	-
Required Maintenance for School Facilities:					
Salaries	247,372	(908)	246,464	246,464	
Cleaning, Repair & Maintenance Services	80,466	16,878	97,344	97,344	
General Supplies	25,000	(4,627)	20,373	20,373	
Total	352,838	11,343	364,181	364,181	-
Custodial Services:					
Salaries	330,440	(9,816)	320,624	309,768	10,856
Purchased Professional & Technical Services	2,375		2,375	2,375	
Cleaning, Repair, & Maintenance Services	17,000	(6,887)	10,113	10,113	
Other Purchased Property Services	25,000	599	25,599	25,599	
Insurance	28,274	(4,018)	24,256	24,256	
Miscellaneous Purchased Services	500	810	1,310	1,310	
General Supplies	39,000	10,485	49,485	49,485	
Energy ( Natural Gas)	61,594	(4,388)	57,206	57,206	
Energy (Electricity)	206,000	(60,653)	145,347	137,092	8,255
Energy (Oil)	3,300	(3,073)	227	227	
Total	713,483	(76,941)	636,542	617,431	19,111
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & Sch)-Reg	22,394	(18,394)	4,000	4,000	
Other Purchased Prof & Tech Svcs	3,000		3,000	3,000	
Contract Service (Bet Home & Sch)-Vendor	249,285	5,722	255,007	246,374	8,633
Contract Service (Oth than Bet Home & Sch)-Vendor	10,800	4,663	15,463	15,463	
Contract Service (Bet Home & Sch)-Joint Agrmnts	5,000	(5,000)			
Contract Service (Sp Ed Students)-Vendors	280,000	(90,274)	189,726	189,726	
Aid in Lieu Pymts-Non-Public Schools	19,450	6,079	25,529	25,529	
Total	589,929	(97,204)	492,725	484,092	8,633
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	115,000	15,521	130,521	134,121	(3,600)
Other Retirement Contribution-PERS	110,000	7,140	117,140	117,140	
Other Retirement Contributions-Regular	4,000	(767)	3,233	3,233	
Workmen's Compensation	57,000	(31)	56,969	56,969	
Health Benefits	1,565,304	176,192	1,741,496	1,785,495	(43,999)
Tuition Reimbursement	50,000	(11,215)	38,785	38,785	
Other Employee Benefits	50,900	(381)	50,519	60,601	(10,082)
Total	1,952,204	186,459	2,138,663	2,196,344	(57,681)

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Pension Contributions				\$ 297,889	\$ (297,889)
On-Behalf TPAF Post Retirement Medical Benefits				472,898	(472,898)
Reimbursed TPAF Social Security Contribution				399,121	(399,121)
Total	\$ -	\$ -	\$ -	1,169,908	(1,169,908)
Total Undistributed Expenditures	\$ 11,701,783	\$ 56,222	\$ 11,758,005	\$ 12,951,185	\$ (1,193,180)
TOTAL CURRENT	\$ 16,936,072	\$ 322,301	\$ 17,258,373	\$ 18,451,553	\$ (1,193,180)
CAPITAL OUTLAY					
Facilities Acquisition & Construction Services:					
Assessment for Debt Service on SDA Funding	\$ 131		\$ 131	\$ 131	
Total	131	\$ -	131	131	\$ -
TOTAL CAPITAL OUTLAY	\$ 131	\$ -	\$ 131	\$ 131	\$ -
TOTAL EXPENDITURES	\$ 16,936,203	\$ 322,301	\$ 17,258,504	\$ 18,451,684	\$ (1,193,180)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (901,191)	\$ (365,853)	\$ (1,267,044)	\$ (1,281,401)	\$ (14,357)
Other Financing Sources (Uses):					
Transfer Out-Capital Reserve to Capital Projects Fund	-	-	-	(46,189)	(46,189)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)Expenditures and Other Financing Uses	(901,191)	(365,853)	(1,267,044)	(1,327,590)	(60,546)
Fund Balances, July 1	2,324,962	-	2,324,962	2,324,962	-
Fund Balances, June 30	\$ 1,423,771	\$ (365,853)	\$ 1,057,918	\$ 997,372	\$ (60,546)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (8,747)		\$ (8,747)	\$ (8,747)	
Increase in Capital Reserve	66		66		\$ (66)
Increase in Maintenance Reserve	65		65		(65)
Withdrawal from Capital Reserve				(46,189)	(46,189)
Withdrawal from Tuition Reserve	(400,000)		(400,000)	(400,000)	
Withdrawal from Maintenance Reserve	(105,000)	\$ (40,000)	(145,000)	(145,000)	
Budgeted Fund Balance	(387,575)	(325,853)	(713,428)	(727,654)	(14,226)
TOTAL	\$ (901,191)	\$ (365,853)	\$ (1,267,044)	\$ (1,327,590)	\$ (60,546)

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

		<u>Actual</u>
RECAPITULATION OF FUND BALANCE		
Committed Fund Balance:		
Capital Reserve	\$ 802,955	
Maintenance Reserve	13,500	
Emergency Reserve	103,143	
Tuition Reserve:		
Year 2013-2014	<u>92,000</u>	
		\$ 1,011,598
Unassigned Fund Balance		<u>(14,226)</u>
		997,372
Reconciliation to Governmental Statements (GAAP):		
Last State Aid Payments not Recognized on GAAP Basis		<u>(340,910)</u>
Fund Balance Per Governmental Funds (GAAP)		<u>\$ 656,462</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
State Sources	\$ 3,657	\$ (853)	\$ 2,804	\$ 2,804	
Federal Sources	271,205	11,466	282,671	279,513	\$ (3,158)
<b>TOTAL REVENUES</b>	<b>\$ 274,862</b>	<b>\$ 10,613</b>	<b>\$ 285,475</b>	<b>\$ 282,317</b>	<b>\$ (3,158)</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	\$ 11,500		\$ 11,500	\$ 11,500	
Purchased Professional and Technical Services	61,511	\$ 1,816	63,327	63,327	
Other Purchased Services	2,632	(1,732)	900	900	
General Supplies	24,045	(1,737)	22,308	22,052	\$ 256
Textbooks	775	(775)			
<b>Totals</b>	<b>100,463</b>	<b>(2,428)</b>	<b>98,035</b>	<b>97,779</b>	<b>256</b>
Support Services:					
Employee Benefits	880		880	880	
Purchased Professional Education Services	32,618	3,596	36,214	35,637	577
Other Purchased Professional Services	5,095	2,223	7,318	7,318	
Tuition	115,000		115,000	115,000	
Other Purchased Services	15,300	7,299	22,599	20,346	2,253
General Supplies	5,506	(77)	5,429	5,357	72
<b>Total</b>	<b>174,399</b>	<b>13,041</b>	<b>187,440</b>	<b>184,538</b>	<b>2,902</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 274,862</b>	<b>\$ 10,613</b>	<b>\$ 285,475</b>	<b>\$ 282,317</b>	<b>\$ 3,158</b>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART II

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 17,170,283	\$ 282,317
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		1,500
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	333,702	
State Aid Receivable Current Year	(340,910)	
Total Revenues (GAAP Basis)	\$ 17,163,075	\$ 283,817
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 18,451,684	\$ 282,317
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		1,500
Total Expenditures (GAAP Basis)	\$ 18,451,684	\$ 283,817

**REQUIRED SUPPLEMENTARY INFORMATION-PART III**

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		31,062,221	29,906,072							
Total	\$ -	\$ 31,062,221	\$ 29,906,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 5,613,632	\$ 5,403,946							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

N/A = Not Available

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 297,889	\$ 245,863	\$ 382,357	\$ 188,718	\$ 18,641	\$ 19,404	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(297,889)	(245,863)	(382,357)	(188,718)	(18,641)	(19,404)				
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 5,427,576	\$ 5,613,632	\$ 5,403,946	\$ 5,552,110	\$ 5,644,524	\$ 5,867,708	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	5.49%	4.38%	7.08%	3.40%	0.33%	0.33%	N/A	N/A	N/A	N/A

N/A = Not Available

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0140257185%	0.0145281974%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 2,660,383	\$ 2,304,129							
District's Covered Employee Payroll	N/A	972,571	908,252	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		273.54%	253.69%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

N/A = Not Available

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 117,140	\$ 101,150	\$ 104,107	\$ 112,011	\$ 117,649	\$ 80,535	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(117,140)	(101,150)	(104,107)	(112,011)	(117,649)	(80,535)				
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 973,162	\$ 972,571	\$ 908,252	\$ 905,624	\$ 966,345	\$ 1,015,742	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	12.04%	10.40%	11.46%	12.37%	12.17%	7.93%	N/A	N/A	N/A	N/A

N/A = Not Available

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III  
(UNAUDITED)

JUNE 30, 2014 AND 2013

**NOTE 1. SPECIAL FUNDING SITUATION-TPAF**

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

OTHER SUPPLEMENTAL INFORMATION

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA Basic	IDEA Pre School	NCLB Title I	NCLB Title IIA	Non Public Technology	Non Public Nursing	Total
<b>REVENUES</b>							
State Sources					\$ 338	\$ 2,466	\$ 2,804
Federal Sources	\$ 183,374	\$ 4,852	\$ 74,787	\$ 16,500			279,513
<b>TOTAL REVENUES</b>	<u>\$ 183,374</u>	<u>\$ 4,852</u>	<u>\$ 74,787</u>	<u>\$ 16,500</u>	<u>\$ 338</u>	<u>\$ 2,466</u>	<u>\$ 282,317</u>
<b>EXPENDITURES</b>							
Instruction:							
Salaries			\$ 11,500				\$ 11,500
Purchased Professional and Technical Services	\$ 63,327						63,327
Other Purchased Services	900						900
General Supplies	2,494		19,558				22,052
<b>Total</b>	<u>66,721</u>	<u>\$ -</u>	<u>31,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>97,779</u>
Support Services:							
Employee Benefits			880				880
Purchased Professional Education Services	1,653		24,783	9,201			35,637
Other Purchased Professional Services		4,852				2,466	7,318
Tuition	115,000						115,000
Other Purchased Services			13,047	7,299			20,346
General Supplies			5,019		338		5,357
<b>Total</b>	<u>116,653</u>	<u>4,852</u>	<u>43,729</u>	<u>16,500</u>	<u>338</u>	<u>2,466</u>	<u>184,538</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 183,374</u>	<u>\$ 4,852</u>	<u>\$ 74,787</u>	<u>\$ 16,500</u>	<u>\$ 338</u>	<u>\$ 2,466</u>	<u>\$ 282,317</u>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:	
State Sources-SDA Grant	\$ 252,763
Local Sources:	
Capital Reserve Transfer In	46,189
Total Revenues and Other Financing Sources	<u>298,952</u>
Expenditures and Other Financing Uses:	
Architect Fees	46,189
Total Expenditures and Other Financing Uses	<u>46,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	252,763
Fund Balance-Beginning	<u>-</u>
Fund Balance-Ending	<u>\$ 252,763</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
WINDOWS AND DOORS PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant		\$ 252,763	\$ 252,763	\$ 252,763
Local Sources:				
Operating Transfer In		46,189	46,189	379,144
Total Revenues	\$ -	298,952	298,952	631,907
Expenditures and Other Financing Uses:				
Architect Fees		46,189	46,189	37,636
Professional Technical Services				8,553
Constructions Services				534,600
Constructions Services-Contingency				51,118
Total Expenditures	-	46,189	46,189	631,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 252,763	\$ 252,763	\$ -

Additional Project Information:

Project Number	2790-050-14-1001-G04
Grant Date	9/30/14
Bond Authorized Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 631,907
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 631,907
Percentage Completion	7.31%

**PROPRIETARY FUND**

**DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FUND NET POSITION  
 ENTERPRISE FUND  
 JUNE 30, 2015

	Food Service Fund	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 36,430	\$ 39,666	\$ 76,096
Accounts Receivable:			
Intergovernmental-Federal	2,245		2,245
Intergovernmental-State	249		249
Other		407	407
Due from Other Funds	7,775		7,775
Inventories	6,349		6,349
Total Current Assets	<u>53,048</u>	<u>40,073</u>	<u>93,121</u>
Fixed Assets:			
Capital Assets	256,890		256,890
Accumulated Depreciation	192,817		192,817
Total Fixed Assets	<u>64,073</u>	<u>-</u>	<u>64,073</u>
Total Assets	<u>117,121</u>	<u>40,073</u>	<u>157,194</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	72		72
Unearned Revenue	4,474		4,474
Total Current Liabilities	<u>4,546</u>	<u>-</u>	<u>4,546</u>
NET POSITION			
Net Investment in Capital Assets	64,073		64,073
Unrestricted	48,502	40,073	88,575
TOTAL NET POSITION	<u>\$ 112,575</u>	<u>\$ 40,073</u>	<u>\$ 152,648</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 102,113		\$ 102,113
Daily Sales-Nonreimbursable Programs	84,944		84,944
Child Care Revenues		\$ 39,209	39,209
Total Operating Revenues	<u>187,057</u>	<u>39,209</u>	<u>226,266</u>
Operating Expenses:			
Costs of Sales-Reimbursable Programs	62,882		62,882
Costs of Sales-Nonreimbursable Programs	52,310		52,310
Salaries	118,214	23,268	141,482
Employee Benefits	12,077		12,077
Repairs & Maintenance	815		815
Insurance	7,378		7,378
Management Fees	8,467		8,467
Other Purchased Services	5,419	374	5,793
General Supplies	12,541	1,652	14,193
Depreciation	15,070		15,070
Total Operating Expenses	<u>295,173</u>	<u>25,294</u>	<u>320,467</u>
Operating Income (Loss)	<u>(108,116)</u>	<u>13,915</u>	<u>(94,201)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	2,639		2,639
Federal Sources:			
National School Lunch Program:			
Cash Assistance	63,235		63,235
Noncash Assistance (Commodities)	17,507		17,507
Interest Earned on Investments	162		162
Total Nonoperating Revenues (Expenses)	<u>83,543</u>	<u>-</u>	<u>83,543</u>
Change in Net Position	(24,573)	13,915	(10,658)
Total Net Position, Beginning	<u>137,148</u>	<u>26,158</u>	<u>163,306</u>
Total Net Position, Ending	<u>\$ 112,575</u>	<u>\$ 40,073</u>	<u>\$ 152,648</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 185,610	\$ 39,422	\$ 225,032
Payments to Employees	(39,573)	(23,268)	(62,841)
Payments to Food Services Management Co	(229,827)		(229,827)
Payments to Vendors	(5,136)	(2,776)	(7,912)
Net Cash Provided by (Used For) Operating Activities	<u>(88,926)</u>	<u>13,378</u>	<u>(75,548)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	2,720		2,720
Federal Sources	65,102		65,102
Interfund Activity	30,138		30,138
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>97,960</u>	<u>-</u>	<u>97,960</u>
Cash Flows from Financing Activities:			
Purchase of Equipment	(2,460)		(2,460)
	<u>(2,460)</u>	<u>-</u>	<u>(2,460)</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	162		162
	<u>162</u>	<u>-</u>	<u>162</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,736	13,378	20,114
Cash and Cash Equivalents, July 1, 2014	<u>29,694</u>	<u>26,288</u>	<u>55,982</u>
Cash and Cash Equivalents, June 30, 2015	<u>\$ 36,430</u>	<u>\$ 39,666</u>	<u>\$ 76,096</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (108,116)	\$ 13,915	\$ (94,201)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	15,070		15,070
Federal Food Donation Program	17,507		17,507
(Increase) Decrease in Accounts Receivable		213	213
(Increase) Decrease in Inventory	(1,068)		(1,068)
Increase (Decrease) in Unearned Revenue	(744)		(744)
Increase (Decrease) in Accounts Payable	(11,575)	(750)	(12,325)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (88,926)</u>	<u>\$ 13,378</u>	<u>\$ (75,548)</u>

**FIDUCIARY FUND**  
**DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 32,999	\$ 49,583	\$ 282,914	\$ 365,496
TOTAL ASSETS	<u>32,999</u>	<u>49,583</u>	<u>282,914</u>	<u>365,496</u>
LIABILITIES				
Due to Other Funds			42,768	42,768
Due to Student Groups		49,583		49,583
Payroll Deductions & Withholdings			240,146	240,146
TOTAL LIABILITIES	<u>-</u>	<u>49,583</u>	<u>282,914</u>	<u>332,497</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 32,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,999</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 12,150
Investment Earnings-Interest	<u>115</u>
Total Additions	12,265
DEDUCTIONS	
Unemployment Claims	<u>16,312</u>
Change in Net Position	(4,047)
Net Position, Beginning of the Year	<u>37,046</u>
Net Position, End of the Year	<u><u>\$ 32,999</u></u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash & Cash Equivalents	\$ 44,324	\$ 62,811	\$ 57,552	\$ 49,583
TOTAL ASSETS	<u>\$ 44,324</u>	<u>\$ 62,811</u>	<u>\$ 57,552</u>	<u>\$ 49,583</u>
LIABILITIES				
Due to Student Groups	\$ 44,324	\$ 62,811	\$ 57,552	\$ 49,583
TOTAL LIABILITIES	<u>\$ 44,324</u>	<u>\$ 62,811</u>	<u>\$ 57,552</u>	<u>\$ 49,583</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash & Cash Equivalents	\$ 243,148	\$ 7,924,427	\$ 7,884,661	\$ 282,914
TOTAL ASSETS	<u>\$ 243,148</u>	<u>\$ 7,924,427</u>	<u>\$ 7,884,661</u>	<u>\$ 282,914</u>
LIABILITIES				
Due to Other Funds		\$ 42,768		\$ 42,768
Payroll Deductions & Withholdings	\$ 239,238	3,481,828	\$ 3,487,978	233,088
Net Payroll	3,910	4,399,831	4,396,683	7,058
TOTAL LIABILITIES	<u>\$ 243,148</u>	<u>\$ 7,924,427</u>	<u>\$ 7,884,661</u>	<u>\$ 282,914</u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/2014	Issued	Retired	Balance 6/30/2015
			Date	Amount					
Construction of Middle School and Refunding of 2000 School Bonds	09/01/01	\$ 15,895,000	07/15/22	\$ 845,000	4.750%	\$ 5,350,000			\$ 5,350,000
			07/15/27	1,065,000	5.000%				
			07/15/28	1,105,000	5.000%				
			07/15/29	1,145,000	5.000%				
			07/15/30	1,190,000	5.000%				
Refunding School Bonds of 2011	05/11/11	9,600,000	07/15/15	565,000	4.000%	8,440,000		\$ 540,000	7,900,000
			07/15/16	575,000	4.000%				
			07/15/17	605,000	4.500%				
			07/15/18	635,000	5.000%				
			07/15/19	665,000	5.000%				
			07/15/20	695,000	5.000%				
			07/15/21	735,000	5.000%				
			07/15/23	805,000	4.000%				
			07/15/24	840,000	4.000%				
			07/15/25	875,000	4.000%				
			07/15/26	905,000	4.000%				
						<u>8,440,000</u>		<u>\$ 540,000</u>	<u>7,900,000</u>
						<u>\$ 13,790,000</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$ 13,250,000</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 884,990		\$ 884,990	\$ 884,990	
State Sources:					
Debt Service Aid Type II	210,516		210,516	210,516	
Total Revenues	<u>1,095,506</u>	<u>\$ -</u>	<u>1,095,506</u>	<u>1,095,506</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	555,506		555,506	555,506	
Redemption of Principal	540,000		540,000	540,000	
Total Expenditures	<u>1,095,506</u>	<u>-</u>	<u>1,095,506</u>	<u>1,095,506</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATISTICAL SECTION**

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<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.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These Schedules Contain Trend 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.	J-10 to J-13
<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.	J-14 to J-15
<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.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GOVERNMENT ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 1,466,817	\$ 1,504,383	\$ 1,737,793	\$ 1,681,236	\$ 1,218,768	\$ 1,561,585	\$ 2,502,670	\$ 2,441,347	\$ 2,485,149	\$ 2,583,172
Restricted	480,929	329,391	521,144	888,708	1,532,914	2,409,934	1,872,117	2,020,129	1,602,787	1,264,361
Unrestricted	(133,814)	177,038	(361,540)	(490,819)	(605,275)	(232,627)	(320,185)	(303,587)	(2,795,366)	(3,585,713)
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<b>\$ 1,813,932</b>	<b>\$ 2,010,812</b>	<b>\$ 1,897,397</b>	<b>\$ 2,079,125</b>	<b>\$ 2,146,407</b>	<b>\$ 3,738,892</b>	<b>\$ 4,054,602</b>	<b>\$ 4,157,889</b>	<b>\$ 1,292,570</b>	<b>\$ 261,820</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 134,946	\$ 121,799	\$ 108,653	\$ 95,505	\$ 116,175	\$ 109,440	\$ 102,705	\$ 91,549	\$ 76,683	\$ 64,073
Unrestricted	49,474	58,354	72,046	84,106	72,293	93,735	71,843	75,509	86,623	88,575
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 184,420</b>	<b>\$ 180,153</b>	<b>\$ 180,699</b>	<b>\$ 179,611</b>	<b>\$ 188,468</b>	<b>\$ 203,175</b>	<b>\$ 174,548</b>	<b>\$ 167,058</b>	<b>\$ 163,306</b>	<b>\$ 152,648</b>
<b>DISTRICT-WIDE</b>										
Net Investment in Capital Assets	\$ 1,601,763	\$ 1,626,182	\$ 1,846,446	\$ 1,776,741	\$ 1,334,943	\$ 1,671,025	\$ 2,605,375	\$ 2,532,896	\$ 2,561,832	\$ 2,647,245
Restricted	480,929	329,391	521,144	888,708	1,532,914	2,409,934	1,872,117	2,020,129	1,602,787	1,264,361
Unrestricted	(84,340)	235,392	(289,494)	(406,713)	(532,982)	(138,892)	(248,342)	(228,078)	(2,708,743)	(3,497,138)
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 1,998,352</b>	<b>\$ 2,190,965</b>	<b>\$ 2,078,096</b>	<b>\$ 2,258,736</b>	<b>\$ 2,334,875</b>	<b>\$ 3,942,067</b>	<b>\$ 4,229,150</b>	<b>\$ 4,324,947</b>	<b>\$ 1,455,876</b>	<b>\$ 414,468</b>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 4,812,525	\$ 5,381,683	\$ 5,694,750	\$ 5,868,171	\$ 5,438,877	\$ 5,283,440	\$ 5,747,351	\$ 5,940,174	\$ 6,167,467	\$ 7,462,218
Special Education	896,294	1,003,151	994,923	1,065,729	1,405,873	1,349,239	1,387,983	1,576,311	1,512,958	1,594,726
Other Special Instruction	384,678	555,106	853,136	779,496	1,157,361	1,002,992	853,052	903,533	839,434	783,630
Support Services:										
Tuition	3,603,940	3,461,884	3,320,628	3,131,326	2,660,298	2,793,682	3,499,860	4,438,501	5,289,756	6,451,262
Student & Instruction Related Services	1,063,572	1,282,849	1,424,781	1,480,577	1,370,998	1,381,180	1,533,950	1,553,014	1,336,677	1,604,246
General and School Administrative Services	1,093,163	1,243,489	1,450,531	1,234,099	1,378,989	1,339,569	1,597,488	1,219,793	1,269,802	1,369,273
Plant Operations & Maintenance	1,301,332	1,526,965	1,542,533	1,427,388	1,364,199	1,315,993	1,189,193	1,158,008	1,279,279	1,223,862
Pupil Transportation	453,071	438,928	393,288	511,519	461,882	452,095	456,489	503,132	523,953	484,092
Special Schools				7,999						
Interest on Long-Term Debt	853,238	838,494	819,817	799,893	776,314	586,814	543,967	528,989	541,008	524,041
Unallocated Depreciation	58,593	48,036	48,036	48,036						
Total Governmental Activities Expenses	<u>14,520,406</u>	<u>15,780,585</u>	<u>16,542,423</u>	<u>16,354,233</u>	<u>16,014,791</u>	<u>15,505,004</u>	<u>16,809,333</u>	<u>17,821,455</u>	<u>18,760,334</u>	<u>21,497,350</u>
Business-Type Activities:										
Food Services	217,520	229,551	235,040	235,967	246,507	267,644	304,248	308,637	295,772	295,173
Child Care Program								30,487	31,382	25,294
Total Business-Type Activities	<u>217,520</u>	<u>229,551</u>	<u>235,040</u>	<u>235,967</u>	<u>246,507</u>	<u>267,644</u>	<u>304,248</u>	<u>339,124</u>	<u>327,154</u>	<u>320,467</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 14,737,926</u>	<u>\$ 16,010,136</u>	<u>\$ 16,777,463</u>	<u>\$ 16,590,200</u>	<u>\$ 16,261,298</u>	<u>\$ 15,772,648</u>	<u>\$ 17,113,581</u>	<u>\$ 18,160,579</u>	<u>\$ 19,087,488</u>	<u>\$ 21,817,817</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services		\$ 10,350	\$ 8,100	\$ 10,050	\$ 11,850	\$ 90,302	\$ 118,940	\$ 99,963	\$ 67,774	\$ 100,216
Operating Grants & Contributions				269,594	452,606	371,193	234,966	317,543	410,969	283,817
Capital Grants & Contributions					24,717	436,225				252,763
Total Governmental Activities Program Revenues	\$ -	10,350	8,100	279,644	489,173	897,720	353,906	417,506	478,743	636,796
Business-Type Activities:										
Charges for Services:										
Food Service	170,284	176,117	180,735	181,908	179,085	208,755	203,959	204,566	196,706	187,057
Child Care Program								48,281	39,746	39,209
Operating Grants & Contributions	39,356	46,300	52,434	51,704	67,013	73,358	71,063	78,542	86,723	83,381
Total Business-Type Activities Program Revenues	209,640	222,417	233,169	233,612	246,098	282,113	275,022	331,389	323,175	309,647
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 209,640</b>	<b>\$ 232,767</b>	<b>\$ 241,269</b>	<b>\$ 513,256</b>	<b>\$ 735,271</b>	<b>\$ 1,179,833</b>	<b>\$ 628,928</b>	<b>\$ 748,895</b>	<b>\$ 801,918</b>	<b>\$ 946,443</b>
<b>NET (EXPENSE) REVENUES</b>										
Governmental Activities	\$ (14,520,406)	\$ (15,770,235)	\$ (16,534,323)	\$ (16,074,589)	\$ (15,525,618)	\$ (14,607,284)	\$ (16,455,427)	\$ (17,403,949)	\$ (18,281,591)	\$ (20,860,554)
Business-Type Activities	(7,880)	(7,134)	(1,871)	(2,355)	(409)	14,469	(29,226)	(7,735)	(3,979)	(10,820)
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (14,528,286)</b>	<b>\$ (15,777,369)</b>	<b>\$ (16,536,194)</b>	<b>\$ (16,076,944)</b>	<b>\$ (15,526,027)</b>	<b>\$ (14,592,815)</b>	<b>\$ (16,484,653)</b>	<b>\$ (17,411,684)</b>	<b>\$ (18,285,570)</b>	<b>\$ (20,871,374)</b>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 9,502,046	\$ 10,693,264	\$ 11,009,595	\$ 11,018,756	\$ 10,775,728	\$ 11,105,502	\$ 11,327,612	\$ 11,622,452	\$ 11,896,112	\$ 12,201,862
Taxes Levied for Debt Service	830,007	808,051	792,570	900,885	953,625	991,213	915,832	894,692	812,260	884,990
Unrestricted Grants & Contributions	3,775,033	4,309,599	4,551,154	4,307,798	4,542,227	4,076,644	4,467,073	5,023,938	4,860,063	6,702,924
Investment Earnings	56,216	130,047	66,099	26,881	15,458	8,045	21,200	10,518	11,827	7,558
State Capital Projects Grant Deobligated								(78,495)		
Miscellaneous Income	2,588	11,755	1,490	1,997	8,534	18,365	39,420	34,131	49,300	32,470
Total Governmental Activities	14,165,890	15,952,716	16,420,908	16,256,317	16,295,572	16,199,769	16,771,137	17,507,236	17,629,562	19,829,804

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Miscellaneous Income	\$ 2,139	\$ 2,867	\$ 2,417	\$ 1,267	\$ 491	\$ 238	\$ 599	\$ 245	\$ 227	\$ 162
Total Business-Type Activities	2,139	2,867	2,417	1,267	491	238	599	245	227	162
TOTAL DISTRICT-WIDE	<u>\$ 14,168,029</u>	<u>\$ 15,955,583</u>	<u>\$ 16,423,325</u>	<u>\$ 16,257,584</u>	<u>\$ 16,296,063</u>	<u>\$ 16,200,007</u>	<u>\$ 16,771,736</u>	<u>\$ 17,507,481</u>	<u>\$ 17,629,789</u>	<u>\$ 19,829,966</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ (354,516)	\$ 182,481	\$ (113,415)	\$ 181,728	\$ 769,954	\$ 1,592,485	\$ 315,710	\$ 103,287	\$ (652,029)	\$ (1,030,750)
Business-Type Activities	(5,741)	(4,267)	546	(1,088)	82	14,707	(28,627)	(7,490)	(3,752)	(10,658)
TOTAL DISTRICT	<u>\$ (360,257)</u>	<u>\$ 178,214</u>	<u>\$ (112,869)</u>	<u>\$ 180,640</u>	<u>\$ 770,036</u>	<u>\$ 1,607,192</u>	<u>\$ 287,083</u>	<u>\$ 95,797</u>	<u>\$ (655,781)</u>	<u>\$ (1,041,408)</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 11,411	\$ 100,217	\$ 125,145	\$ 29,897		\$ 197,824	\$ 412,968	\$ 416,249	\$ 201,105	
Committed	76,046	41,846	323,264	753,306	\$ 1,532,914	1,356,298	1,505,141	1,749,132	1,602,787	\$ 1,011,598
Assigned	561,266	740,294	136,583	199,435	72,488	69,453	218,245	54,449	195,216	
Unassigned	118,580	140,863	200,093	24,828	(44,895)	90,714	49,839	190,453	(7,848)	(355,136)
Total General Fund	<u>\$ 767,303</u>	<u>\$ 1,023,220</u>	<u>\$ 785,085</u>	<u>\$ 1,007,466</u>	<u>\$ 1,560,507</u>	<u>\$ 1,714,289</u>	<u>\$ 2,186,193</u>	<u>\$ 2,410,283</u>	<u>\$ 1,991,260</u>	<u>\$ 656,462</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 93,630	\$ 117,434	\$ 693			\$ 1,053,636	\$ 266,634	\$ 170,655		\$ 252,763
Assigned, Reported In:										
Capital Projects Fund	76,840			\$ 694	\$ 694		100,342	100,342		
Debt Service Fund										
Total All Other Governmental Funds	<u>\$ 170,470</u>	<u>\$ 117,434</u>	<u>\$ 693</u>	<u>\$ 694</u>	<u>\$ 694</u>	<u>\$ 1,053,636</u>	<u>\$ 366,976</u>	<u>\$ 270,997</u>	<u>\$ -</u>	<u>\$ 252,763</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 10,332,053	\$ 11,501,315	\$ 11,802,165	\$ 11,919,641	\$ 11,729,353	\$ 12,096,715	\$ 12,243,444	\$ 12,517,144	\$ 12,708,372	\$ 13,086,852
Tuition Charges		10,350	8,100	10,050	11,850	89,152	118,940	99,963	67,749	98,590
Interest Earnings	3,391	3,054	1,418	5,042	15,458	8,045	21,200	10,518	11,827	7,558
Miscellaneous	55,413	138,748	66,171	23,836	8,534	19,515	32,462	34,131	49,325	34,096
State Sources	3,539,705	4,086,927	4,240,745	4,318,157	4,063,092	4,508,409	4,384,459	4,987,430	4,863,617	5,250,745
Federal Sources	235,328	222,672	310,409	259,235	956,458	375,653	324,538	354,051	407,415	317,320
<b>Total Revenues</b>	<b>14,165,890</b>	<b>15,963,066</b>	<b>16,429,008</b>	<b>16,535,961</b>	<b>16,784,745</b>	<b>17,097,489</b>	<b>17,125,043</b>	<b>18,003,237</b>	<b>18,108,305</b>	<b>18,795,161</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,138,431	3,570,092	3,811,113	4,070,207	3,796,344	3,726,675	3,923,841	3,780,409	4,051,644	4,251,978
Special Education Instruction	682,720	746,055	744,093	817,713	821,806	849,031	847,167	920,176	963,957	831,103
Other Special Instruction	293,015	412,839	638,052	598,092	756,101	663,773	575,771	572,807	514,781	417,287
<b>Support Services:</b>										
Tuition	3,603,940	3,461,884	3,320,628	3,131,326	2,591,191	2,762,789	3,499,860	4,438,501	5,104,357	6,336,262
Student & Instruction Related Services	810,138	954,070	1,065,580	1,136,018	871,757	869,153	963,842	911,075	848,267	882,784
General and School Administrative Services	832,678	924,797	1,084,838	946,901	1,038,755	1,001,129	952,886	919,637	936,770	900,183
Plant Operations & Maintenance	991,243	1,135,622	1,153,645	1,095,207	1,140,099	1,070,140	988,146	922,057	1,073,178	981,612
Pupil Transportation	453,071	438,928	393,288	511,519	461,882	452,095	448,218	494,195	507,837	484,092
Employee Benefits	2,121,831	2,767,040	3,014,813	2,765,744	2,823,149	2,769,938	3,034,349	3,392,616	3,263,088	3,366,252
Transfer to Charter Schools	13,969			7,999						
Capital Outlay	110,662	238,531	394,382	68,807	221,104	126,886	817,946	25,174	29,039	46,189
Special Revenue Funds					477,323	371,193	234,966	317,543	410,969	283,817
<b>Debt Service:</b>										
Principal	195,000	265,000	335,000	355,000	445,000	465,000	615,000	510,000	520,000	540,000
Interest & Other Charges	858,265	845,327	828,452	809,046	787,193	762,963	437,807	592,441	574,438	555,637
<b>Total Expenditures</b>	<b>14,104,963</b>	<b>15,760,185</b>	<b>16,783,884</b>	<b>16,313,579</b>	<b>16,231,704</b>	<b>15,890,765</b>	<b>17,339,799</b>	<b>17,796,631</b>	<b>18,798,325</b>	<b>19,877,196</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>60,927</b>	<b>202,881</b>	<b>(354,876)</b>	<b>222,382</b>	<b>553,041</b>	<b>1,206,724</b>	<b>(214,756)</b>	<b>206,606</b>	<b>(690,020)</b>	<b>(1,082,035)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds From Refinancing Bond Issue						10,201,851				
Payments to Refunding Bond Escrow Agent						(10,201,851)				
NJSDA Grant Deobligated								(78,495)		
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,495)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 60,927</b>	<b>\$ 202,881</b>	<b>\$ (354,876)</b>	<b>\$ 222,382</b>	<b>\$ 553,041</b>	<b>\$ 1,206,724</b>	<b>\$ (214,756)</b>	<b>\$ 128,111</b>	<b>\$ (690,020)</b>	<b>\$ (1,082,035)</b>
<b>Debt Service as a Percentage of Non- capital Expenditures</b>	<b>8.14%</b>	<b>7.70%</b>	<b>7.64%</b>	<b>7.72%</b>	<b>8.34%</b>	<b>8.45%</b>	<b>6.81%</b>	<b>6.61%</b>	<b>6.19%</b>	<b>5.85%</b>

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay, capital projects fund and debt service.  
Central Service and Administrative Information Technology account classifications were added beginning  
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 56,216	\$ 81,136	\$ 66,099	\$ 5,042	\$ 15,458	\$ 8,045	\$ 21,200	\$ 10,518	\$ 11,827	\$ 7,558
Tuition		10,350	8,100	10,050	11,850	89,152	118,940	99,963	67,749	98,590
Prior Year Refunds	713	45			211	16,992	12,427	16,266	44,630	12,167
Miscellaneous	1,875	2,960	1,127	23,835	538	609	258	364	134	2,280
Old Outstanding Checks Voided					7,785	13			54	
Facility Rentals						250			425	1,627
Emergency Management Training Fees						900				
Contributions						658	250		500	12,056
Book Fees						93	49			
Application Fees							500	475		
Accounts Payable Canceled							17,255	17,026	3,542	
Fund 20 Adjustments										5,966
Sale of Assets									40	
Annual Totals	<u>\$ 58,804</u>	<u>\$ 94,491</u>	<u>\$ 75,326</u>	<u>\$ 38,927</u>	<u>\$ 35,842</u>	<u>\$ 116,712</u>	<u>\$ 170,879</u>	<u>\$ 144,612</u>	<u>\$ 128,901</u>	<u>\$ 140,244</u>

Source: District Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 15,314,240	\$ 67,346,600	\$ 60,018,600	\$ 55,445,600	\$ 42,028,620	\$ 35,700,520	\$ 21,599,020	\$ 19,621,720	\$ 16,235,420	\$ 12,976,620
Residential	402,876,756	758,686,424	772,071,256	784,580,256	808,976,846	827,794,246	661,096,274	669,756,124	679,151,024	689,476,824
Farm Regular	5,597,100	11,464,600	11,464,600	11,468,300	13,137,400	12,801,700	10,568,700	11,230,900	11,212,200	11,072,700
Qualified Farm	722,140	698,131	694,191	695,122	702,046	704,552	702,478	711,662	650,894	6,080,903
Commercial	90,167,800	132,729,561	133,529,311	137,140,971	135,035,724	135,544,724	124,171,875	122,971,275	125,260,175	110,165,375
Industrial	11,611,500	20,708,500	20,708,500	19,067,400	19,067,400	19,067,400	18,036,200	17,423,200	16,284,200	14,684,200
Apartment	11,787,600	18,230,400	18,230,400	18,230,400	18,230,400	18,230,400	16,320,000	16,320,000	16,320,000	16,320,000
<b>Total Assessed Value</b>	<b>538,077,136</b>	<b>1,009,864,216</b>	<b>1,016,716,858</b>	<b>1,026,628,049</b>	<b>1,037,178,436</b>	<b>1,049,843,542</b>	<b>852,494,547</b>	<b>858,034,881</b>	<b>865,113,913</b>	<b>860,776,622</b>
Public Utilities (a)	1,199,680	1,004,809	1,666,228	1,748,462	1,845,675	1,538,797	1,509,258	1,509,258	929,832	981,687
<b>Net Valuation Taxable</b>	<b>\$ 539,276,816</b>	<b>\$ 1,010,869,025</b>	<b>\$ 1,018,383,086</b>	<b>\$ 1,028,376,511</b>	<b>\$ 1,039,024,111</b>	<b>\$ 1,051,382,339</b>	<b>\$ 854,003,805</b>	<b>\$ 859,544,139</b>	<b>\$ 866,043,745</b>	<b>\$ 861,758,309</b>
Estimated Actual County Equalized Value	\$ 761,836,987	\$ 882,502,369	\$ 978,286,112	\$ 1,022,833,671	\$ 1,033,453,429	\$ 1,002,056,801	\$ 963,949,507	\$ 896,572,587	\$ 840,814,377	\$ 817,502,861
Percentage of Net Valuation to Estimated Actual County Equalized Value	70.79%	114.55%	104.10%	100.54%	100.54%	104.92%	88.59%	95.87%	103.00%	105.41%
Total Direct School Tax Rate (b)	\$ 1.914	\$ 1.140	\$ 1.159	\$ 1.159	\$ 1.165	\$ 1.164	\$ 1.462	\$ 1.479	\$ 1.511	\$ 1.558
		*					*			

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 Equipments of Telephone and Messenger System Companies  
 (b) Tax rates are per \$100  
 \* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate			Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)	County			
			Total Direct School Tax Rate	Municipality	Library	County	
2006	\$ 1.768	\$ 0.146	\$ 1.914	\$ 0.277	\$ 0.072	\$ 0.818	\$ 3.081
2007	* 1.060	0.080	1.140	0.192	0.046	0.502	1.880
2008	1.081	0.078	1.159	0.200	0.050	0.535	1.944
2009	1.071	0.088	1.159	0.224	0.052	0.550	1.985
2010	1.075	0.090	1.165	0.267	0.049	0.558	2.039
2011	1.077	0.087	1.164	0.276	0.047	0.562	2.049
2012	* 1.360	0.102	1.462	0.403	0.054	0.627	2.546
2013	1.384	0.095	1.479	0.459	0.053	0.695	2.686
2014	1.409	0.101	1.510	0.508	0.053	0.688	2.759
2015	1.455	0.103	1.558	0.522	0.051	0.640	2.771

Sources: 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 by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

\* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Morris Park Associates	\$ 28,455,700	1	3.30%			
Brakeley Associates, Inc	16,320,000	2	1.89%	\$ 17,800,300	2	3.30%
Phillipsburg Mall LLC	11,096,200	3	1.29%			
Genesis / Brakley P. C/O Health Care	8,314,600	4	0.96%	9,238,400	3	1.71%
Strykers Golf, LLC	5,574,900	5	0.65%	6,300,000	4	1.17%
Peron/JSH, LLC	5,431,654	6	0.63%			0.00%
Genesis/Lopatcong % Altus Group	5,151,100	7	0.60%	5,723,500	5	1.06%
Stowaway Self Storage	4,693,560	8	0.54%			
Stag GI New Jersey, Inc	4,570,900	9	0.53%			0.00%
Hillcrest Medical Plaza	4,444,700	10	0.52%			
Crown American				25,082,500	1	4.65%
Roseberry Realty, LLC				5,378,500	6	1.00%
Captive Realty of NJ, LLC				4,570,900	7	0.85%
Lopatcong Associates				4,108,600	8	0.76%
	<u>\$ 65,597,614</u>		<u>7.61%</u>	<u>\$ 78,202,700</u>		<u>14.50%</u>

Source: Municipal Tax Assessor

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

<u>Year Ending December 31,</u>	<u>Taxes Levied for the Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ 17,100,510	\$ 16,691,923	97.61%
2006	19,229,451	18,712,169	97.31%
2007	20,059,143	19,522,354	97.32%
2008	20,591,198	20,041,668	97.33%
2009	20,719,160	20,254,443	97.76%
2010	21,365,659	20,869,570	97.68%
2011	21,784,172	21,090,781	96.82%
2012	21,942,414	21,371,972	97.40%
2013	23,270,822	22,644,624	97.31%
2014	24,376,495	23,032,875	94.49%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

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

Information prior to 2005 unavailable.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2006	\$ 17,445,000				\$ 17,445,000	5.63%	\$ 2,143
2007	17,180,000				17,180,000	5.09%	2,068
2008	16,845,000				16,845,000	4.71%	2,019
2009	16,490,000				16,490,000	4.46%	1,968
2010	16,045,000				16,045,000	4.36%	1,914
2011	15,330,000				15,330,000	4.36%	1,915
2012	14,820,000				14,820,000	4.03%	1,858
2013	14,310,000				14,310,000	3.70%	1,782
2014	13,790,000				13,790,000	3.51%	1,721
2015	13,250,000				13,250,000	N/A	1,641

**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

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 17,445,000		\$ 17,445,000	3.23%	\$ 2,100
2007	17,180,000		17,180,000	1.70%	2,059.46
2008	16,845,000		16,845,000	1.65%	2,010
2009	16,490,000		16,490,000	1.60%	1,967
2010	16,045,000		16,045,000	1.54%	2,004
2011	15,330,000		15,330,000	1.46%	1,922
2012	14,820,000		14,820,000	1.74%	1,846
2013	14,310,000		14,310,000	1.66%	1,786
2014	13,790,000		13,790,000	1.59%	1,708
2015	13,250,000		13,250,000	1.54%	1,641

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

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.

\* Revalued/Reassessed

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 8,200,600	100.00%	\$ 8,200,600
County General Obligation Debt	12,597,456	7.81%	<u>984,131</u>
Subtotal, Overlapping Debt			9,184,731
School District Direct Debt			<u>13,250,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 22,434,731</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages  
Provided by the County Board of Taxation. Debt Outstanding Data  
Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	
	2014 \$ 820,635,470
	2013 833,934,183
	2012 <u>891,364,032</u>
	<u>\$ 2,545,933,685</u>
Average Equalized Valuation of Taxable Property	\$ 848,644,562
Debt Limit (4.0% of Average Equalization Value)	33,945,782
Total Net Debt Applicable to Limit	<u>13,250,000</u>
Legal Debt Margin	<u>\$ 20,695,782</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 29,437,448	\$ 34,002,660	\$ 37,739,092	\$ 40,099,195	\$ 40,842,238	\$ 40,586,237	\$ 39,564,281	\$ 37,817,361	\$ 35,757,178	\$ 33,945,782
Total Net Debt Applicable	<u>17,445,000</u>	<u>17,180,000</u>	<u>16,845,000</u>	<u>16,490,000</u>	<u>16,045,000</u>	<u>15,330,000</u>	<u>14,820,000</u>	<u>14,310,000</u>	<u>13,790,000</u>	<u>13,250,000</u>
Legal Debt Margin	<u>\$ 11,992,448</u>	<u>\$ 16,822,660</u>	<u>\$ 20,894,092</u>	<u>\$ 23,609,195</u>	<u>\$ 24,797,238</u>	<u>\$ 25,256,237</u>	<u>\$ 24,744,281</u>	<u>\$ 23,507,361</u>	<u>\$ 21,967,178</u>	<u>\$ 20,695,782</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	59.26%	50.53%	44.64%	41.12%	39.29%	37.77%	37.46%	37.84%	38.57%	39.03%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey,  
 Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A.24-19

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population ( a )</u>	<u>Personal Income ( b )</u>	<u>Per Capita Personal Income ( c )</u>	<u>Unemployment Rate ( d )</u>
2006	8,308	\$ 336,989,096	\$ 40,606	2.2%
2007	8,342	357,387,964	42,842	2.1%
2008	8,381	369,769,720	44,120	2.8%
2009	8,383	367,711,912	43,864	5.0%
2010	8,007	352,003,734	43,962	5.1%
2011	7,977	367,500,390	46,070	4.8%
2012	8,030	386,363,450	48,115	4.6%
2013	8,011	392,859,440	49,040	3.7%
2014	8,074	N/A	N/A	5.7%
2015	N/A	N/A	N/A	N/A

Sources:

- ( a ) Population Information Provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- ( c ) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- ( d ) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	52.0	52.5	54.0	56.0	57.2	54.2	60.6	42.0	56.6	48.0
Special Education	12.0	21.0	16.0	17.0	13.4	18.5	24.4	26.4	18.2	30.0
Other Instruction	4.0							13.6	9.7	11.5
Support Services:										
Student and Instruction Related Services	7.5	12.4	20.8	20.2	23.5	22.9	17.4	10.2	10.2	9.1
General Administration	3.1	2.0	2.0	2.0	2.0	2.7	2.7	2.7	2.5	2.5
School Administration Services	4.0	6.0	7.0	7.0	6.7	5.8	7.7	5.6	5.6	4.5
Central Services	2.0	3.0	3.0	3.5	3.6	3.4	4.2	3.1	2.5	3.0
Plant Operations and Maintenance	8.0	10.2	10.2	10.2	10.2	13.0	10.0	9.0	9.0	9.0
Transportation Services					0.3	0.3	0.3	0.3	0.3	
Total	<u>92.6</u>	<u>107.1</u>	<u>113.0</u>	<u>115.9</u>	<u>116.9</u>	<u>120.8</u>	<u>127.3</u>	<u>112.9</u>	<u>114.6</u>	<u>117.6</u>

Sources: District Personnel Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio		Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle School				
2006	890	\$ 12,927,067	\$ 14,525	2.56%	73.0	1 to 14.85	1 to 12.13	889.4	855.6	5.68%	96.20%
2007	912	14,411,327	15,802	8.79%	77.0	1 to 12.61	1 to 10.97	918.9	884.3	3.32%	96.23%
2008	894	15,226,050	17,031	7.78%	79.0	1 to 12.04	1 to 10.57	902.4	868.7	-1.80%	96.27%
2009	873	15,072,727	17,265	1.37%	79.0	1 to 11.04	1 to 11.05	877.5	843.2	-2.76%	96.09%
2010	940	14,778,407	15,722	-8.94%	97.0	1 to 13.14	1 to 11.08	934.7	899.9	6.52%	96.28%
2011	917	14,535,916	15,852	0.83%	86.0	1 to 11.62	1 to 11.40	917.5	879.7	-1.84%	95.88%
2012	895	15,469,046	17,284	9.04%	85.0	1 to 9.33	1 to 10.92	885.9	853.8	-3.44%	96.38%
2013	879	16,669,016	18,964	9.72%	76.0	1 to 8.14	1 to 9.25	872.8	838.2	-1.48%	96.04%
2014	861	17,674,848	20,528	8.25%	78.0	1 to 11.02	1 to 13.00	854.4	820.7	-2.11%	96.06%
2015	821	18,735,370	22,820	11.16%	76.5	1 to 8.14	1 to 12.20	828.8	794.4	-3.00%	95.85%

Source: District Records

( a ) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

( b ) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

( c ) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Deleware Park Elementary School (1924)</u>										
Square Feet	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920	10,920
Capacity (Students)	75	75	75	75	75	75	75	75	75	75
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Lopatcong Elementary School (1960/1975)</u>										
Square Feet	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240
Capacity (Students)	500	539	539	539	539	539	539	539	539	539
Enrollment	490	507	500	475	519	480	491	479	458	443
<u>Lopatcong Middle School (2003)</u>										
Square Feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (Students)	512	512	512	512	512	512	512	512	512	512
Enrollment	400	405	413	398	421	435	404	400	397	385
Number of Schools at June 30, 2014:										
Elementary	1									
Middle School	1									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Court.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

Fiscal Year	*School Facilities			Total
	Delaware Park School	Lopatcong Elementary School	Lopatcong Middle School	
2006	\$ 9,412	\$ 49,353	\$ 85,373	\$ 144,138
2007	11,470	60,141	104,034	175,645
2008	11,211	58,783	101,685	171,679
2009	6,020	31,565	54,602	92,187
2010	83	43,091	50,783	93,957
2011	459	137,674	199,919	338,052
2012	463	134,623	173,881	308,967
2013	658	119,110	122,793	242,561
2014	767	116,944	184,276	301,987
2015	910	133,399	229,872	364,181
Total School Facilities	<u>\$ 41,453</u>	<u>\$ 884,683</u>	<u>\$ 1,307,218</u>	<u>\$ 2,233,354</u>

\* School Facilities as Defined Under EFCFA.  
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Ins Fund:		
Property-Blanket Building & Contents (Policy Limit)	\$ 250,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability-School Alliance Ins Fund:		
Directors and Officers Policy	5,000,000	5,000
Worker's Compensation-School Alliance Ins Fund:		
Per Accident, Disease and Disease Limit	5,000,000	
Public Employees' Faithful Performance-Selective Ins Co:		
Blanket Position Bond	100,000	1,000
Treasurer of School Monies Bond	205,000	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

December 4, 2015

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
County of Warren, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lopatcong Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated December 4, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board of Education's 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 the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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.

## 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
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## INDEPENDENT AUDITOR'S REPORT

December 4, 2015

Honorable President and  
Members of the Board of Education  
Lopatcong Township School District  
County of Warren, New Jersey

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

We have audited the Board of Education of the Lopatcong Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **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 the Board of Education'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education'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 the Board of Education's compliance.

## **Opinion on Each Major Federal and State Program**

In our opinion, the Board of Education 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, 2015.

## **Report on Internal Control Over Compliance**

Management of The Board of Education 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 the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ 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 the Board of Education'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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133  
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated December 4, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2015		
					(Acct Rec) Unearned Revenue	Carryover Amount					Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education Special Revenue Fund													
NCLB Title IA	84.010A	NCLB- 279014	\$ 75,893	7/01/13- 6/30/2014	\$ (66,797)		\$ 75,893	\$ 4,167				\$ 4,929	
NCLB Title IA	84.010A	NCLB- 279015	72,328	7/01/2014- 6/30/2015			61,937	70,620			\$ (10,391)	1,708	
NCLB Title II A	84.367A	NCLB- 279014	10,299	7/01/13- 6/30/2014	(1,500)		8,799	7,299					
NCLB Title II A	84.367A	NCLB- 279015	10,152	7/01/2014- 6/30/2015			10,152	9,201				951	
Race to the Top Phase 3 (RTT3)	84-413A	N/A	3,281	9/1/11- 11/30/2015	(1,874)						(1,874)		
IDEA Basic	84.027	IDEA- 279013	232,760	9/1/12- 8/31/2013	828							828	
IDEA Basic	84.027	IDEA- 279014	217,765	7/01/13- 6/30/2014	(63,051)		63,051						
IDEA Basic	84.027	IDEA- 279015	183,374	7/01/2014- 6/30/2015				183,374			(183,374)		
IDEA Pre School	84.173	IDEA- 279015	5,095	7/01/2014- 6/30/2015				4,852			(5,095)	243	
IDEA Pre School	84.173	IDEA- 279014	5,690	7/01/13- 6/30/2014	(2,250)		2,250						
Total Special Revenue Fund					(134,644)	\$ -	222,082	279,513	\$ -	\$ -	(200,734)	8,659	\$ -
US Department of Agriculture Passed Through State Department of Education Enterprise Fund:													
National School Lunch Program:													
Non-Cash Assistance (Commodities)	10.555-	N/A	18,210	7/01/2014- 6/30/2015			18,210	16,096				2,114	
Non-Cash Assistance (Commodities)	10.555-	N/A	19,425	7/01/2013- 6/30/2014	1,411			1,411					
Special Milk Program for Children	10.556-	N/A	380	7/01/2014- 6/30/2015			363	380			(17)		
Special Milk Program for Children	10.556-	N/A	472	7/01/2013- 6/30/2014	(33)		33						
Cash Assistance	10.555-	N/A	62,855	7/01/2014- 6/30/2015			60,627	62,855			(2,228)		
Cash Assistance	10.555-	N/A	63,499	7/01/2013- 6/30/2014	(4,079)		4,079						
Total Enterprise Fund					(2,701)	-	83,312	80,742	-	-	(2,245)	2,114	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (137,345)	\$ -	\$ 305,394	\$ 360,255	\$ -	\$ -	\$ (202,979)	\$ 10,773	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014 (Acct Rec) Unearned Revenue	Cash Received	Budgetary Expenditure	Adjustment/ Repay of Prior Year Balance	Balance June 30, 2015			Memo	
								Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education												
General Fund:												
Special Education Categorical Aid	15-495-034	\$ 695,116	7/01/2014-									
	-5120-089		6/30/2015		\$ 626,865	\$ 695,116						
Special Education Categorical Aid	14-495-034	695,116	7/01/2013-					\$ (68,251)			\$ (68,251)	\$ 695,116
	-5120-089		6/30/2014	\$ (66,634)	66,634							
Equalization Aid	15-495-034	2,598,242	7/01/2014-									
	-5120-078		6/30/2015		2,343,132	2,598,242		(255,110)			(255,110)	2,598,242
Equalization Aid	14-495-034	2,598,242	7/01/2013-									
	-5120-078		6/30/2014	(249,070)	249,070							
Extraordinary Aid	15-100-034	144,423	7/01/2014-									
	5120-473		6/30/2015			144,423		(144,423)			(144,423)	144,423
Extraordinary Aid	14-100-034	129,831	7/01/2013-									
	5120-473		6/30/2014	(128,490)	129,831	1,341						1,341
Transportation Aid	15-495-034	32,937	7/01/2014-									
	-5120-014		6/30/2015		29,703	32,937		(3,234)			(3,234)	32,937
Transportation Aid	14-495-034	32,937	7/01/2013-									
	-5120-014		6/30/2014	(3,157)	3,157							
Security Aid	15-495-034	22,771	7/01/2014-									
	-5120-084		6/30/2015		20,535	22,771		(2,236)			(2,236)	22,771
Security Aid	14-495-034	22,771	7/01/2013-									
	-5120-084		6/30/2014	(2,183)	2,183							
School Choice Aid	15-495-034	87,104	7/01/2014-									
	-5120-068		6/30/2015		78,552	87,104		(8,552)			(8,552)	87,104
School Choice Aid	14-495-034	119,768	7/01/2013-									
	-5120-068		6/30/2014	(11,481)	11,481							
Under Adequacy Aid	15-495-034	12,277	7/01/2014-									
	-5120-096		6/30/2015		11,072	12,277		(1,205)			(1,205)	12,277
Under Adequacy Aid	14-495-034	12,277	7/01/2013-									
	-5120-096		6/30/2014	(1,177)	1,177							
Non Public School Transportation	15-495-034	4,111	7/01/2014-									
	-5120-014		6/30/2015			4,111		(4,111)			(4,111)	4,111
Non Public School Transportation	14-495-034	2,600	7/01/2013-									
	-5120-014		6/30/2014	(2,600)	2,600							
Per Pupil Growth Aid	15-495-034	11,820	7/01/2014-									
	-5120-097		6/30/2015		10,659	11,820		(1,161)			(1,161)	11,820
PARCC Readiness Aid	15-495-034	11,820	7/01/2014-									
	-5120-098		6/30/2015		10,659	11,820		(1,161)			(1,161)	11,820
Reimbursement TPAF Social Security Contribution	15-495-034	399,121	7/01/2014-									
	-5094-003		6/30/2015		399,121	399,121						
On-Behalf TPAF Pension Contribution- Normal Cost and Accrued Liability	15-495-034	277,896	7/01/2014-									
	-5094-006		6/30/2015		277,896	277,896						277,896
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	15-495-034	19,993	7/01/2014-									
	-5094-007		6/30/2015		19,993	19,993						19,993
On-Behalf TPAF Pension Contribution- Post Retirement Medical	15-495-034	472,898	7/01/2014-									
	-5094-001		6/30/2015		472,898	472,898						472,898
Total General Fund				(464,792)	4,767,218	4,791,870	\$ -	(489,444)	\$ -	\$ -	(489,444)	4,392,749
Debt Service Fund:												
Debt Service Aid	15-495-034	210,516	7/01/2014-									
	-5120-017		6/30/2015		210,516	210,516						210,516
Total Debt Service Fund				-	210,516	210,516	-	-	-	-	-	210,516
Special Revenue Fund:												
Nonpublic Textbook Aid	14-100-034	1,536	7/01/2013-									
	-5120-064		6/30/2014	1,536			1,536					
Nonpublic Textbook Aid	15-100-034	775	7/01/2014-									
	-5120-064		6/30/2015		775						775	
Nonpublic Nursing Services	15-100-034	2,466	7/01/2014-									
	-5120-070		6/30/2015		2,466	2,466						2,466

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash	Budgetary	Adjustment/	Balance June 30, 2015			Memo	
				6/30/2014 (Acct Rec) Unearned Revenue				Received	Expenditure	Repay of Prior Year Balance	Accounts Receivable	Unearned Revenue
Special Revenue Fund: (Continued)												
Nonpublic Technology Initiative	15-100-034	\$ 416	7/01/2014-									
	-5120-373		6/30/2015		\$ 416	\$ 338					\$ 78	\$ 338
Nonpublic Technology Initiative	14-100-034	560	7/01/2013-									
	-5120-373		6/30/2014	\$ 76			\$ 76					
Total Special Revenue Fund				1,612	3,657	2,804	1,612	-	-	853	-	2,804
Capital Projects Fund:												
NJSDA Grant-Elementary School Upgrades	2790-050-14-1001-GO4	252,763	N/A						(252,763)	252,763		
									(252,763)	252,763		
State Department of Agriculture Enterprise Fund:												
National School Lunch Program (St Share)	15-100-010	2,639	7/01/2014-									
	-3350-023		6/30/2015		2,390	2,639			(249)		(249)	2,639
National School Lunch Program (St Share)	14-100-010	3,109	7/01/2013-									
	-3350-023		6/30/2014	(330)	330							
Total Enterprise Fund				(330)	2,720	2,639	-		(249)	-	(249)	2,639
TOTAL STATE FINANCIAL ASSISTANCE				\$ (463,510)	\$ 4,984,111	\$ 5,007,829	\$ 1,612	\$ (742,456)	\$ 252,763	\$ 853	\$ (489,693)	\$ 4,608,708

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented using 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 Notes 1 (C) and 1 (D) to the Board's general-purpose financial statements.

**NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS**

The 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 revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,208) for the general fund and (\$1,500) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,784,662	\$ 4,784,662
Special Revenue Fund	\$ 281,013	2,804	283,817
Debt Service Fund		210,516	210,516
Food Service Fund	<u>80,742</u>	<u>2,639</u>	<u>83,381</u>
	<u>\$ 361,755</u>	<u>\$ 5,000,621</u>	<u>\$ 5,362,376</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015  
(Continued)

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified?            Yes   X   No
2. Reportable conditions identified that are not considered to be material weaknesses?            Yes   X   No

Noncompliance Material to General Purpose Financial Statements Noted?            Yes   X   No

Federal Awards           NOT APPLICABLE          

Internal Control Over Major Programs:

1. Material weakness(es) identified?            Yes            No
2. Reportable conditions identified that are not considered to be material weaknesses?            Yes            No

Type of Auditor's Report Issued on Compliance for Major Programs?           NOT APPLICABLE          

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133            Yes   X   No

Identification of Major Programs:

          CFDA Numbers                     Amount                     Name of Federal Program          

NOT APPLICABLE

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:

NOT APPLICABLE

Auditee qualified as a low-risk auditee

           Yes               No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:

\$300,000

Auditee Qualified as low-risk auditee

  X   Yes               No

Type of Auditor's Report Issued on Compliance  
for Major Programs:

Unmodified

Internal Control Over Major Programs:

1. Material weakness(es) identified?

           Yes      X   No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?

           Yes      X   No

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 15-08?

           Yes      X   No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5120-089	\$ 695,116	Special Education Aid
15-495-034-5120-078	2,598,242	Equalization Aid
15-495-034-5120-017	210,516	Debt Service Aid
15-100-034-5120-473	145,764	Extraordinary Aid

LOPATCONG TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2015.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Prior year findings have been corrected.