

LACEY TOWNSHIP SCHOOL DISTRICT

Lanoka Harbor, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

This page intentionally left blank

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
LACEY TOWNSHIP SCHOOL DISTRICT
LANOKA HARBOR, NEW JERSEY**

YEAR ENDED JUNE 30, 2020

**PREPARED BY
LACEY TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

This page intentionally left blank

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

(First Section)

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

(Second Section)

Independent Auditor's Report	11
------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	17
--------------------------------------	----

BASIC FINANCIAL STATEMENTS

A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	
B-1 Balance Sheet	35
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	36
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Proprietary Funds:	
B-4 Statement of Net Position	41
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Position	42
B-6 Statement of Cash Flows	43
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	47
B-8 Statement of Changes in Fiduciary Net Position	48
Notes to Financial Statements	51

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	91
C-2 Budgetary Comparison Schedule – Special Revenue Fund	101
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	104

TABLE OF CONTENTS

PAGE

REQUIRED SUPPLEMENTARY INFORMATION – PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	111
L-2 Schedule of the School District Contributions - PERS	112
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	113
M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Total OPEB Obligation - OPEB	117
Notes to the Required Supplementary Information - Part III	121

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules Fund (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Special Revenue Fund – Budgetary Basis	129
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	135
H-2 Combining Statement of Changes in Fiduciary Net Position	136
H-3 Student Activity Agency Fund - Schedule of Receipts & Disbursements	137
H-4 Payroll Agency Fund - Schedule of Receipts & Disbursements	137
H-5 Athletic Agency Fund - Schedule of Receipts and Disbursements	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	141
I-2 Schedule of Obligations Under Capital Leases	142
I-3 Debt Service Fund - Budgetary Comparison Schedule	143
I-4 Schedule of Early Retirement Incentive Plan Loans Payable	N/A

TABLE OF CONTENTS

PAGE

STATISTICAL SECTION (Unaudited) (Third Section)

Financial Trends:

J-1	Net Position by Component	149
J-2	Changes in Net Position	150
J-3	Fund Balances – Governmental Funds	152
J-4	Changes in Fund Balances – Governmental Funds	153
J-5	General Fund - Other Local Revenue by Source	154

Revenue Capacity:

J-6	Assessed Value & Actual Value of Taxable Property	157
J-7	Direct and Overlapping Property Tax Rates	158
J-8	Principal Property Taxpayers	159
J-9	Property Tax Levies and Collections	160

Debt Capacity:

J-10	Ratios of Outstanding Debt by Type	163
J-11	Ratios of Net General Bonded Debt Outstanding	164
J-12	Ratios of Overlapping Governmental Activities Debt	165
J-13	Legal Debt Margin Information	166

Demographic & Economic Information:

J-14	Demographic & Economic Statistics	169
J-15	Principal Employers	170

Operating Information:

J-16	Full-Time Equivalent District Employees by Function/Program	173
J-17	Operating Statistics	174
J-18	School Building Information	175
J-19	Schedule of Required Maintenance	176
J-20	Insurance Schedule	177

SINGLE AUDIT SECTION (Fourth Section)

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	181
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08	183
K-3	Schedule of Expenditures of Federal Awards, Schedule A	185
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	186
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	187
K-6	Schedule of Findings and Questioned Cost - Parts I, II & III	189
K-7	Summary Schedule of Prior Year Audit Findings	193

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank



LACEY TOWNSHIP SCHOOL DISTRICT

A Tradition Of Pride · A Tradition Of Excellence

PATRICK S. DEGEORGE

BUSINESS ADMINISTRATOR/BOARD SECRETARY

January 12, 2021

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

Dear Board Members:

It is with pleasure we submit the comprehensive annual financial report of the Lacey Township Board of Education for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lacey Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

Honorable President and
Members of the Board of Education
Lacey Township Board of Education
January 12, 2021
Page 2

The District provides a comprehensive full range of educational services appropriate to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 3,938 students, which is 20 students below the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last five years.

Enrollment

2015-2016	4,281	-3.04%
2016-2017	4,134	-3.43%
2017-2018	4,113	-0.51%
2018-2019	4,128	0.36%
2019-2020	4,000	-3.10%

2) ECONOMIC CONDITION AND OUTLOOK: A substantial portion of Lacey Township is still available for development. Pinelands Legislation passed in 1979 has limited residential construction west of the Garden State Parkway. However, east of the Garden State Parkway, new residential communities have been built in the past few years. In addition, municipal officials are doing all they can to increase the number of rateable properties in town which will serve to lower the tax rate for residents. In all, Lacey continues to be a desirable place to live due to its still relatively low tax rate, its proximity to the water and its accessibility to major roadways such as the Garden State Parkway, Route 9, and Route 70, making it convenient for commuters.

Unfortunately, the School Funding Reform Act (S-2) continues to have a negative impact not only on the District, but on the municipality as well. The School Funding Reform Act (S-2) reduced the District's state aid \$586,536 for the 2018-2019 school year, \$623,156 for the 2019-2020 school year, and \$1,310,170 for the 2020-2021 school year. If projections hold true, the District stands to lose almost \$4.4 million over the following 6 school years. These reductions will put a strain on the District, which will almost certainly result in a significant reduction in programs and staff. In addition, and after almost 50 years of service, the Oyster Creek Nuclear Power Generating Plant, located in the community, closed two years ago.

3) MAJOR INITIATIVES: The District updated Curriculum in line with the New Jersey Student Learning Standards. In addition, Federal funding received from the 2019-2020 Digital Divide Grant will enable the completion of the District's One-to-One Technology Initiative, providing devices to students at all grade levels.

The capital projects listed below are in various stages of completion:

- Security Vestibules Renovation at All Schools
- Boiler Replacement at the Mill Pond Elementary School
- Track Replacement at the Lacey High School
- Replacement of Gymnasium Floor and Bleachers at the Mill Pond Elementary School
- HVAC upgrades at the Lacey Middle School

Honorable President and
Members of the Board of Education
Lacey Township Board of Education
January 12, 2021
Page 3

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

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

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

Honorable President and
Members of the Board of Education
Lacey Township Board of Education
January 12, 2021
Page 4

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

In February 2005, the Board of Education had a partial refinancing of the Series 1996 Bonds. The Board issued \$10,095,000 of general obligation refunding bonds Series 2005 to retire \$11,290,000 of the Series 1996 Bonds. The refunding resulted in a net economic gain to the District of \$1,195,000, which will be recognized over the life of the reissue.

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

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

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

As of June 30, 2020, the District's outstanding debt issues included \$19,805,000 of general obligation bonds.

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

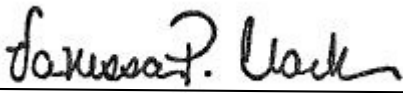
Honorable President and
Members of the Board of Education
Lacey Township Board of Education
January 12, 2021
Page 5

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


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

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

Respectfully submitted,



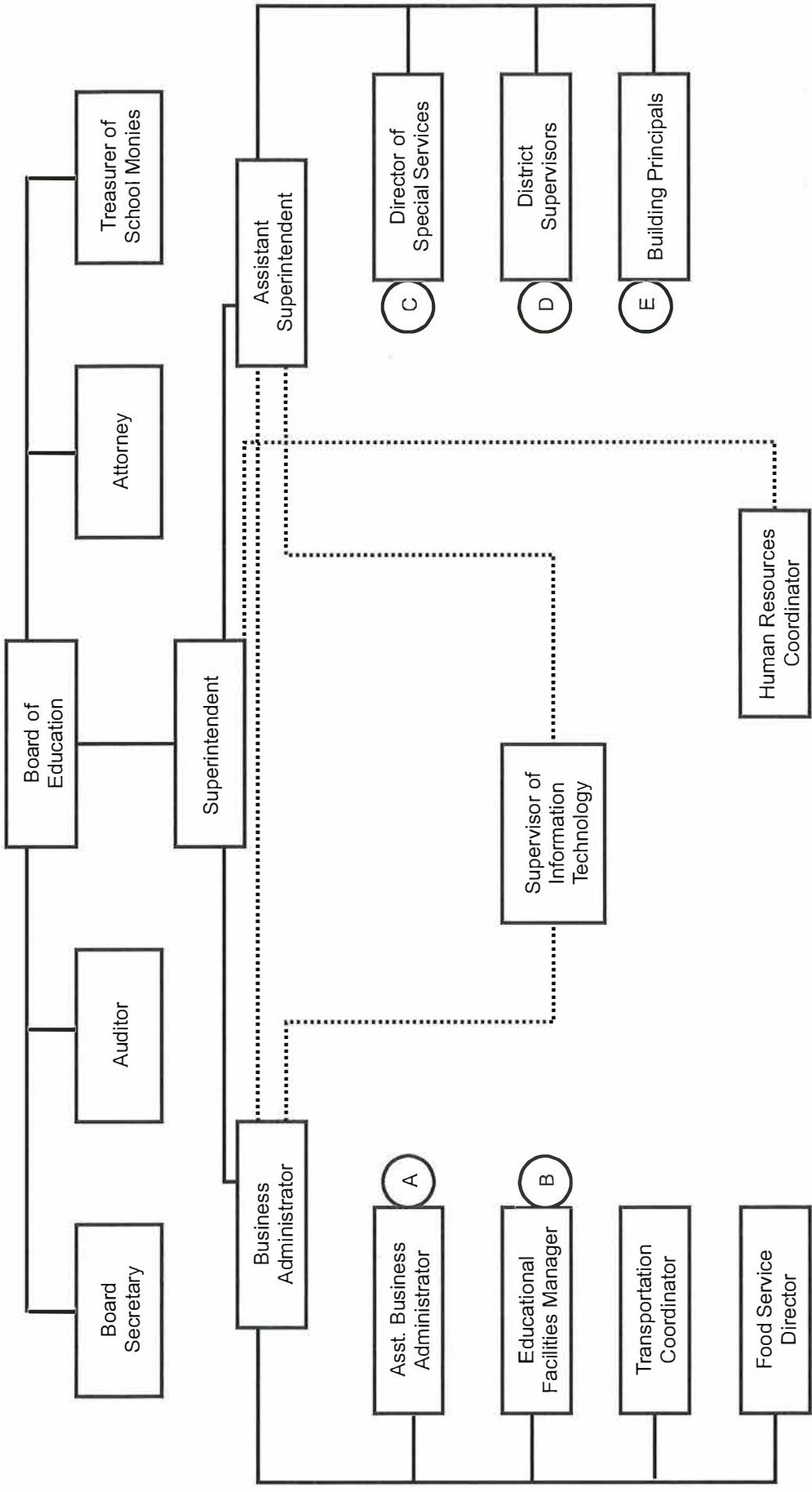
Vanessa P. Clark, Ph.D.
Superintendent of Schools



Patrick S. DeGeorge
Business Administrator/
Board Secretary

**POLICY 1110
Organizational Chart**

Lacey Township School District



Revised
First Read: 04/15/19
Second Read: 05/20/19
BOE Approved: 05/20/19

**LACEY TOWNSHIP SCHOOL DISTRICT
LANOKA HARBOR, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

TERM EXPIRES

Linda A. Downing	12/31/2022
Robert C. Riggs	12/31/2020
Frank Palino	12/31/2020
Regina Discenza	12/31/2021
Donna McAvoy	12/31/2022
Harold "Skip" Peters	12/31/2021
Edward Scanlon	12/31/2022

Other Officials

Dr. Vanessa Clark, Superintendent of Schools
Stephen J. Decker, Assistant Superintendent for Curriculum and Instruction
Patrick S. DeGeorge, School Business Administrator/Board Secretary
Sharon Silvia, Asst. School Business Administrator/Asst. Board Secretary

**LACEY TOWNSHIP SCHOOL DISTRICT
LANOKA HARBOR, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2020**

AUDITOR/AUDIT FIRM

Jerry W. Conaty, CPA, PSA, CFE, RMA
Holman Frenia Allison, P. C.
680 Hooper Ave Bldg B, Suite 201
Toms River, New Jersey 08753

ATTORNEY

Stein & Supsie
1041 W. Lacey Road
P.O. Box 131

OFFICIAL DEPOSITORY

Ocean First
975 Hooper Avenue
Toms River, New Jersey 08754

FINANCIAL SECTION

Second Section

This page intentionally left blank



Certified Public Accountants + Advisors

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

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

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 Lacey Township School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended, June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lacey Township School District, County of Ocean, State of New Jersey, as of June 30, 2020, 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, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River, New Jersey
January 12, 2021

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020 UNAUDITED

This section of the Lacey Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* issued in June 1999 that is also required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- In total, net position of governmental activities increased \$4,089,729, which represents a 63.09% increase from 2019. Total net position of business-type activities decreased \$121,989, which represents an 27.15% decrease from 2019.
- General revenues accounted for \$73,871,626 in revenue or 82.12% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$16,079,292 or 17.88% of total revenue of \$89,950,918.
- Total assets of governmental activities increased by \$1,048,481 as cash and cash equivalents decreased by \$28,006, receivables decreased by \$295,954, restricted cash and cash equivalents increased by \$967,205, and total capital assets increased by \$412,236.
- Total liabilities of governmental activities decreased by \$4,679,759 as accounts payable increased by \$176,802 and non-current liabilities decreased by \$4,135,108.
- The District had \$84,950,006 in governmental activity expenses; only \$15,168,108 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues from governmental activities (primarily property taxes) and transfers of \$73,871,626 were adequate to provide for these programs, resulting in an increase in net position for governmental activities of \$4,089,729.
- In the governmental funds, the general fund had \$80,028,921 in revenues, \$79,921,503 in expenditures and \$350,000 in other financing sources. The general fund's fund balance increased by \$457,419 over 2019.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements can be found as Exhibits A-1 and A-2 in this report.

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

Governmental Funds

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, and debt service fund, all of which are considered to be major funds.

The general, special revenue and debt service funds utilize a legally adopted annual budget. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds

The District maintains one proprietary fund type, enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods or services be financed through user charges. The food services enterprise fund provides for the operation of food services in all schools within the District. The child care enterprise fund accounts for the financial transactions related to before and after-care services. The proprietary fund has been included within business-type activities in the district-wide financial statements. Effective July 1, 2020, the District will no longer be operating the child care enterprise fund.

The food services fund and the child care fund detail financial statements can be found as Exhibits B-4 through B-6 in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for student activities and groups, for payroll transactions, student scholarship fund and for the District's unemployment trust fund. The basic fiduciary fund financial statements can be found as Exhibits B-7 and B-8 in this report.

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

Other Information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

Government-Wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position for June 30, 2020 and 2019, respectively:

Net Position
June 30, 2020

	Governmental Activities		Business-Type Activities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets				
Current and Other				
Assets	\$ 7,859,571	\$ 7,223,326	\$ 287,019	\$ 417,907
Capital Assets, Net	40,176,085	39,763,849	68,681	70,290
Total Assets	<u>48,035,656</u>	<u>46,987,175</u>	<u>355,700</u>	<u>488,197</u>
Deferred Outflows of Resources				
Deferred Outflows				
Relating to Pension	3,184,726	4,834,005	-	-
Deferred Charges on Refunding of Debt	202,282	233,559	-	-
Total Deferred Outflows of Resources	<u>3,387,008</u>	<u>5,067,564</u>	<u>-</u>	<u>-</u>
Liabilities				
Long-Term Liabilities	44,591,119	49,499,359	-	-
Other Liabilities	1,900,046	1,671,565	28,300	38,808
Total Liabilities	<u>46,491,165</u>	<u>51,170,924</u>	<u>28,300</u>	<u>38,808</u>
Deferred Inflows of Resources				
Deferred Inflows				
Relating to Pension	7,324,509	7,366,554	-	-
Total Deferred Inflows of Resources	<u>7,324,509</u>	<u>7,366,554</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in				
Capital Assets	16,846,919	13,253,081	68,681	70,290
Restricted	7,566,293	5,982,354	-	-
Unrestricted	(26,806,222)	(25,718,174)	258,719	379,099
Total Net Position	<u>\$ (2,393,010)</u>	<u>\$ (6,482,739)</u>	<u>\$ 327,400</u>	<u>\$ 449,389</u>

The District's largest net position component is the Net Investment in Capital Assets portion as shown above. Restricted balances represent resources that are subject to external restrictions on how they may be used.

Restricted net position increased \$1,583,939, from the prior year to \$7,566,293 at June 30, 2020.

Unrestricted net position may be used to meet the District's ongoing operating obligations to vendors, debtors and employees. The unrestricted net position includes the unassigned General Fund balance netted with the amount of long-term obligations that are not invested in capital assets. The (\$26,806,222) is shown as unrestricted net position for Governmental Activities.

The following table provides a summary of revenues and expenses for the District’s governmental and business-type activities and the change in net position for June 30, 2020 and 2019. Significant variances in revenues and expenditures from year to year, and explanations thereof, are detailed in the ‘Financial Analysis of the District’s Funds’ section later in this report.

	<u>June 30, 2020</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 437,725	\$ 437,725
Operating Grants and Contributions	15,168,108	473,459	15,641,567
General Revenues:			
Property Taxes	51,555,279	-	51,555,279
Federal and State Aid	21,629,035	-	21,629,035
Miscellaneous	687,312	-	687,312
Total Revenues	<u>89,039,734</u>	<u>911,184</u>	<u>89,950,918</u>
Expenses:			
Instructional Services	56,161,251	-	56,161,251
Support Services	28,063,912	1,033,173	29,097,085
Interest and Other Charges	724,842	-	724,842
Total Expenses	<u>84,950,006</u>	<u>1,033,173</u>	<u>85,983,179</u>
Change in Net Position	4,089,729	(121,989)	3,967,740
Net Position, Beginning	(6,482,739)	449,389	(6,033,350)
Net Position, Ending	<u>\$ (2,393,010)</u>	<u>\$ 327,400</u>	<u>\$ (2,065,610)</u>

	<u>June 30, 2019</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Revenues:			
Program Revenues:			
Charges for Services	\$ -	\$ 926,302	\$ 926,302
Operating Grants and Contributions	20,585,584	552,823	21,138,407
General Revenues:			
Property Taxes	50,589,823	-	50,589,823
Federal and State Aid	22,167,885	-	22,167,885
Miscellaneous	630,149	-	630,149
Total Revenues	<u>93,973,441</u>	<u>1,479,125</u>	<u>95,452,566</u>
Expenses:			
Instructional Services	62,137,413	-	62,137,413
Support Services	28,896,186	1,443,240	30,339,426
Interest and Other Charges	1,489,975	-	1,489,975
Total Expenses	<u>92,523,574</u>	<u>1,443,240</u>	<u>93,966,814</u>
Change in Net Position	1,449,867	35,885	1,485,752
Net Position, Beginning	(7,932,606)	413,504	(7,519,102)
Net Position, Ending	<u>\$ (6,482,739)</u>	<u>\$ 449,389</u>	<u>\$ (6,033,350)</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2020 and 2019 and the amount and percentage of increases and (decreases) in relation to prior year revenues.

	<u>June 30, 2020</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2019	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 30,768,287	35.96%	\$ 801,769	2.68%
Undistributed	48,089,809	56.21%	(61,290)	-0.13%
Capital Outlay	2,777,145	3.25%	1,339,114	93.12%
Debt Service:				
Principal	2,790,000	3.26%	35,000	1.27%
Interest	1,135,502	1.33%	(101,425)	-8.20%
Total	\$ 85,560,744	100.00%	\$ 2,013,169	2.41%

	<u>June 30, 2019</u>			
	Amount	Percent Of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current Expenditures:				
Instruction	\$ 29,966,518	35.87%	\$ 640,452	2.18%
Undistributed	48,151,099	57.63%	5,099,625	11.85%
Capital Outlay	1,438,031	1.72%	1,139,037	380.96%
Debt Service:				
Principal	2,755,000	3.30%	10,000	0.36%
Interest	1,236,927	1.48%	76,189	6.56%
Total	\$ 83,547,575	100.00%	\$ 6,965,303	9.10%

Instruction costs increased primarily due to negotiated salary increases and additional instructional positions being added.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were effectuated between budget accounts to re-align the 2019-2020 budget. Budget transfers were effectuated based on expected positive and negative budget variances. The budget is continually managed and revised with budget transfers as necessary or practical to do so.

Significant Budget Transfers and Variations:

- TPAF, which is the state’s contribution to the pension fund, is an “on-behalf” revenue and expenditure item to the district and is required to be reflected in the financial statements.
- Reallocations were made among the various salary budget accounts to reflect changes in the personnel budget for the 2019-2020 year.
- Transfers were made into purchased services for special education programs to provide funds for required additional services.

Based on the financial results of 2019-2020, unassigned fund balance decreased \$25,624 from the prior year to \$1,410,945 at June 30, 2020. (2% required per S-1701, net of allowable adjustments).

Proprietary Funds. The District’s proprietary fund provides the same type of information found in the district-wide financial statements, but in more detail.

During the fiscal year 2020, the net position of business-type activities decreased (\$121,989) or (27.15%). The assets and deferred outflows of the business-type activities exceed liabilities and deferred inflows by \$327,400.

Capital Assets

At June 30, 2020, the District has capital assets of \$40,244,766, net of depreciation, which includes land, construction in progress, land improvements, buildings/construction, machinery and equipment.

	<u>June 30, 2020</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 163,472	\$ -
Construction In Progress	92,650	-
Buildings/Construction	29,731,159	-
Machinery and Equipment	10,188,804	68,681
Total	<u>\$ 40,176,085</u>	<u>\$ 68,681</u>
	<u>June 30, 2019</u>	
	Governmental Activities	Business-Type Activities
Land	\$ 163,472	\$ -
Construction In Progress	92,650	-
Buildings/Construction	31,194,311	-
Machinery and Equipment	8,313,416	70,290
Total	<u>\$ 39,763,849</u>	<u>\$ 70,290</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2020 and 2019, the District's outstanding debt issues included \$19,805,000 and \$22,595,000, respectively, of general obligation bonds, \$699,802 and \$709,061, respectively, of capital leases and \$3,566,873 and \$3,223,492, respectively, of compensated absences.

Additional information on the District's debt administration and other obligations can be found in Note 7 to the basic financial statements.

Economic Factors and Subsequent Year's Budgets

- The District anticipates that the approved 2020-2021 budget will be adequate to satisfy all 2020-2021 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.
- The School Board anticipates flat enrollment for the coming years. However, if the School Board were to experience any significant increases in enrollment without a corresponding increase in state aid, the School Board will be faced with the following alternatives: (a) reduce programs and services, or (b) increase local tax levy beyond the 2.0% cap.
- The School Funding Reform Act (S-2) continues to have a negative impact on the District. The District has seen significant reductions in its state aid and anticipates future reductions as well. Our estimated reduction for the 2020-2021 school year is \$1,600,000.

Requests for Information

This financial report is designed to provide a general overview of the Lacey Township School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Lacey Township School District, 200 Western Blvd, Lanoka Harbor, NJ 08734.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

A. Government-Wide Financial Statements

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 858,256	\$ 228,802	\$ 1,087,058
Receivables, Net (Note 4)	969,987	22,752	992,739
Inventory	-	35,465	35,465
Restricted Cash & Cash Equivalents	6,031,328	-	6,031,328
Capital Assets, Net (Note 5)			
Non-Depreciable	256,122	-	256,122
Depreciable	39,919,963	68,681	39,988,644
Total Assets	48,035,656	355,700	48,391,356
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,184,726	-	3,184,726
Related to Loss on Debt Refunding	202,282	-	202,282
Total Deferred Outflow of Resources	3,387,008	-	3,387,008
LIABILITIES:			
Accounts Payable	450,771	433	451,204
Due to Other Governments	1,022,304	-	1,022,304
Unearned Revenue	106,463	27,867	134,330
Accrued Interest	320,508	-	320,508
Noncurrent Liabilities (Note 7):			
Due Within One Year	4,099,557	-	4,099,557
Due in More Than One Year	40,491,562	-	40,491,562
Total Liabilities	46,491,165	28,300	46,519,465
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	7,324,509	-	7,324,509
Total Deferred Inflow of Resources	7,324,509	-	7,324,509
NET POSITION:			
Net Investment in Capital Assets	16,846,919	68,681	16,915,600
Restricted for:			
Capital Projects (Note 3)	5,179,555	-	5,179,555
Maintenance Reserve (Note 3)	851,773	-	851,773
Excess Surplus	1,534,965	-	1,534,965
Unrestricted (Deficit)	(26,806,222)	258,719	(26,547,503)
Total Net Position	\$ (2,393,010)	\$ 327,400	\$ (2,065,610)

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

LACEY TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 38,302,623	\$ -	\$ 10,393,035	\$ -	\$ (27,909,588)	\$ -	\$ (27,909,588)
Special Education Instruction	14,816,127	-	3,518,765	-	(11,297,362)	-	(11,297,362)
Other Instruction	3,042,502	-	722,581	-	(2,319,921)	-	(2,319,921)
Support Services:							
Tuition	1,898,178	-	-	-	(1,898,178)	-	(1,898,178)
Student & Instruction Related Services	9,184,719	-	533,728	-	(8,650,991)	-	(8,650,991)
General Administrative	1,702,200	-	-	-	(1,702,200)	-	(1,702,200)
School Administrative Services	2,015,366	-	-	-	(2,015,366)	-	(2,015,366)
Central Services	759,991	-	-	-	(759,991)	-	(759,991)
Administrative Info. Technology	949,837	-	-	-	(949,837)	-	(949,837)
Plant Operations & Maintenance	6,980,282	-	-	-	(6,980,282)	-	(6,980,282)
Pupil Transportation	4,573,339	-	-	-	(4,573,339)	-	(4,573,339)
Interest & Other Charges	724,842	-	-	-	(724,842)	-	(724,842)
Total Governmental Activities	84,950,006	-	15,168,108	-	(69,781,898)	-	(69,781,898)
Business-Type Activities:							
Food Service	1,029,530	437,725	473,459	-	-	(118,346)	(118,346)
Child Care	3,643	-	-	-	-	(3,643)	(3,643)
Total Business-Type Activities	1,033,173	437,725	473,459	-	-	(121,989)	(121,989)
Total Primary Government	\$ 85,983,179	\$ 437,725	\$ 15,641,567	\$ -	\$ (69,781,898)	\$ (121,989)	\$ (69,903,887)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					48,322,737	-	48,322,737
Property Taxes, Levied for Debt Service					3,232,542	-	3,232,542
Federal & State Aid Restricted					576,640	-	576,640
Federal & State Aid Not Restricted					21,052,395	-	21,052,395
Tuition Charges					77,164	-	77,164
Transportation Charges					17,160	-	17,160
Miscellaneous					592,988	-	592,988
Total General Revenues					73,871,626	-	73,871,626
Change In Net Position					4,089,729	(121,989)	3,967,740
Net Position - Beginning					(6,482,739)	449,389	(6,033,350)
Net Position - Ending					(2,393,010)	327,400	(2,065,610)

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

B. Fund Financial Statements

This page intentionally left blank

Governmental Funds

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
ASSETS				
Cash & Cash Equivalents	\$ 824,881	\$ 33,375	\$ -	\$ 858,256
Receivables, Net:				
Interfund Receivable	2,046	-	-	2,046
Due from Other Governments:				
Federal	-	166,695	-	166,695
State	695,572	-	-	695,572
Other	33,385	-	-	33,385
Other Accounts Receivable	72,290	-	-	72,290
Restricted Cash & Cash Equivalents	6,031,328	-	-	6,031,328
Total Assets	<u>\$ 7,659,501</u>	<u>\$ 200,070</u>	<u>\$ -</u>	<u>\$ 7,859,571</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 356,618	\$ 94,153	\$ -	\$ 450,771
Unearned Revenue	546	105,917	-	106,463
Total Liabilities	<u>357,164</u>	<u>200,070</u>	<u>-</u>	<u>557,234</u>
Fund Balances:				
Restricted for:				
Capital Reserve	5,179,555	-	-	5,179,555
Maintenance Reserve	851,773	-	-	851,773
Excess Surplus	873,267	-	-	873,267
Excess Surplus Designated for Subsequent Year	661,698	-	-	661,698
Unassigned	<u>(263,956)</u>	<u>-</u>	<u>-</u>	<u>(263,956)</u>
Total Fund Balances	<u>7,302,337</u>	<u>-</u>	<u>-</u>	<u>7,302,337</u>
Total Liabilities & Fund Balances	<u>\$ 7,659,501</u>	<u>\$ 200,070</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$109,509,136 and the accumulated depreciation is \$69,333,051.	40,176,085
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows Related to Pensions	3,184,726
Deferred Inflows Related to Pensions	(7,324,509)
Deferred Outflow Related to the Loss on Bond Refunding of Debt	202,282
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(320,508)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,022,304)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(44,591,119)</u>
Net Position of Governmental Activities	<u>\$ (2,393,010)</u>

**LACEY TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 48,322,737	\$ -	\$ 3,232,542	\$ 51,555,279
Tuition Charges	77,164	-	-	77,164
Transportation Charges	17,160	-	-	17,160
Miscellaneous	592,988	95,677	-	688,665
Total Local Sources	49,010,049	95,677	3,232,542	52,338,268
State Sources	30,953,341	-	531,608	31,484,949
Federal Sources	65,531	1,779,414	-	1,844,945
Total Revenues	80,028,921	1,875,091	3,764,150	85,668,162
Expenditures:				
Instruction:				
Regular Instruction	19,687,996	1,296,331	-	20,984,327
Special Education Instruction	8,117,106	-	-	8,117,106
Other Instruction	1,666,853	-	-	1,666,853
Support Services:				
Tuition	1,898,178	-	-	1,898,178
Attendance & Social Work Services	231,872	-	-	231,872
Health Services	573,408	-	-	573,408
Student & Instruction Related Services	5,260,173	533,728	-	5,793,901
General Administrative	1,289,197	-	-	1,289,197
School Administrative Services	1,448,032	-	-	1,448,032
Central Services	546,050	-	-	546,050
Administrative Information Technology	682,454	-	-	682,454
Plant Operations & Maintenance	5,273,429	-	-	5,273,429
Pupil Transportation	3,285,925	-	-	3,285,925
Unallocated Benefits	17,100,887	-	-	17,100,887
On Behalf TPAF Pension and Social Security Contributions	9,966,477	-	-	9,966,477
Capital Outlay	2,732,113	45,032	-	2,777,145
Debt Service:				
Principal	-	-	2,790,000	2,790,000
Interest & Other Charges	161,352	-	974,150	1,135,502
Total Expenditures	79,921,503	1,875,091	3,764,150	85,560,744
Excess/(Deficiency) of Revenues Over Expenditures	107,419	-	-	107,419
Other Financing Sources (Uses):				
Capital Lease (Non-Budgeted)	350,000	-	-	350,000
Total Other Financing Sources (Uses)	350,000	-	-	350,000
Net Changes in Fund Balances	457,419	-	-	457,419
Fund Balance, July 1	6,844,918	-	-	6,844,918
Fund Balance, June 30	\$ 7,302,337	\$ -	\$ -	\$ 7,302,337

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

**LACEY TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	457,419
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation Expense	\$ (2,457,010)	
Capital Outlays	<u>2,869,246</u>	412,236
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		353,536
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		3,149,259
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Capital Lease Proceeds	<u>(350,000)</u>	(350,000)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
Amortization of Premium on Bonds	413,620	
Amortization of Loss on Bond Refunding	<u>(31,277)</u>	382,343
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		28,317
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(343,381)</u>
Change in Net Position of Governmental Activities	\$	<u><u>4,089,729</u></u>

This page intentionally left blank

Proprietary Funds

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	CHILD CARE	TOTALS
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 37,563	\$ 191,239	\$ 228,802
Accounts Receivable:			
Federal	15,849	-	15,849
State	2,996	-	2,996
Other Receivables	3,907	-	3,907
Inventories	35,465	-	35,465
Total Current Assets	95,780	191,239	287,019
Noncurrent Assets:			
Capital Assets	452,870	24,558	477,428
Less: Accumulated Depreciation	(384,189)	(24,558)	(408,747)
Total Capital Assets, Net	68,681	-	68,681
Total Noncurrent Assets	68,681	-	68,681
Total Assets	164,461	191,239	355,700
LIABILITIES			
Current Liabilities:			
Accounts Payable	433	-	433
Unearned Revenue	27,867	-	27,867
Total Current Liabilities	28,300	-	28,300
NET POSITION			
Net Investment in Capital Assets	68,681	-	68,681
Unrestricted	67,480	191,239	258,719
Total Net Position	\$ 136,161	\$ 191,239	\$ 327,400

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

**LACEY TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS		
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	CHILD CARE	TOTALS
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 267,996	\$ -	\$ 267,996
Daily Sales - Non-Reimbursable Programs	157,566	-	157,566
Special Functions	10,898	-	10,898
Miscellaneous	1,265	-	1,265
Total Operating Revenues	437,725	-	437,725
Operating Expenses:			
Cost of Sales - Reimbursable Programs	273,566	-	273,566
Cost of Sales - Non-Reimbursable Programs	173,256	-	173,256
Salaries	529,737	-	529,737
Employee Benefits	9,945	-	9,945
Supplies and Materials	4,776	-	4,776
Repairs and Maintenance	15,747	-	15,747
Equipment	2,450	-	2,450
Depreciation	7,505	-	7,505
Other	12,548	3,643	16,191
Total Operating Expenses	1,029,530	3,643	1,033,173
Operating Income/(Loss)	(591,805)	(3,643)	(595,448)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	11,452	-	11,452
Federal Sources:			
National School Lunch Program	303,581	-	303,581
National School Breakfast Program	64,187	-	64,187
National Special Milk Program	10	-	10
Food Distribution Program	82,749	-	82,749
National School Performance Program	11,480	-	11,480
Total Nonoperating Revenues/(Expenses)	473,459	-	473,459
Change in Net Position	(118,346)	(3,643)	(121,989)
Total Net Position - Beginning	254,507	194,882	449,389
Total Net Position - Ending	\$ 136,161	\$ 191,239	\$ 327,400

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

**LACEY TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	MAJOR FUNDS		
	BUSINESS-TYPE		
	ACTIVITIES -		
	ENTERPRISE		
	FUNDS		
	FOOD	CHILD	
	SERVICE	CARE	TOTALS
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 443,459	\$ 6,000	\$ 449,459
Payments to Employees	(539,682)	-	(539,682)
Payments to Suppliers	(427,884)	(3,643)	(431,527)
Net Cash Provided by/(Used for) Operating Activities	(524,107)	2,357	(521,750)
Cash Flows From Noncapital Financing Activities:			
State Sources	11,452	-	11,452
Federal Sources	379,258	-	379,258
Net Cash Provided by/(Used for) Noncapital Financing Activities	390,710	-	390,710
Net Increase/(Decrease) in Cash & Cash Equivalents	(139,293)	2,357	(136,936)
Balances - Beginning of Year	176,856	188,882	365,738
Balances - End of Year	\$ 37,563	\$ 191,239	\$ 228,802
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (591,805)	\$ (3,643)	\$ (595,448)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	7,505	-	7,505
Food Distribution Program	82,749	-	82,749
(Increase)/Decrease in Accounts Receivable, Net	(4,467)	6,000	1,533
(Increase)/Decrease in Inventories	(7,581)	-	(7,581)
Increase/(Decrease) in Unearned Revenue	10,201	-	10,201
Increase/(Decrease) in Accounts Payable	(20,709)	-	(20,709)
Total Adjustments	67,698	6,000	73,698
Net Cash Provided/(Used) by Operating Activities	\$ (524,107)	\$ 2,357	\$ (521,750)

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

This page intentionally left blank

Fiduciary Fund

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	AGENCY FUNDS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 29,366	\$ 10,022	\$ 1,067,821
Total Assets	<u>29,366</u>	<u>10,022</u>	<u>\$ 1,067,821</u>
LIABILITIES			
Interfund Payable	464	-	\$ 1,582
Payable for Student Related Activities	-	-	180,518
Payroll Deductions & Withholdings	<u>-</u>	<u>-</u>	<u>884,162</u>
Total Liabilities	<u>464</u>	<u>-</u>	<u>\$ 1,067,821</u>
NET POSITION			
Restricted - Held in Trust for Unemployment Claims & Other Purposes	28,902	-	
Restricted - Scholarships	<u>-</u>	<u>10,022</u>	
Total Net Position	<u>\$ 28,902</u>	<u>\$ 10,022</u>	

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

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE PURPOSE SCHOLARSHIP FUND
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Member	\$ 62,898	\$ -
	<u>62,898</u>	<u>-</u>
Total Contributions		
	<u>62,898</u>	<u>-</u>
Investment Earnings:		
Interest	164	251
	<u>164</u>	<u>251</u>
Net Investment Earnings		
	<u>164</u>	<u>251</u>
Total Additions		
	<u>63,062</u>	<u>251</u>
DEDUCTIONS		
Unemployment Claims	97,853	-
Scholarships Awarded	-	250
	<u>97,853</u>	<u>250</u>
Total Deductions		
	<u>97,853</u>	<u>250</u>
Change in Net Position	(34,791)	1
Net Position - Beginning	63,693	10,021
	<u>63,693</u>	<u>10,021</u>
Net Position - Ending	<u>\$ 28,902</u>	<u>\$ 10,022</u>

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

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Lacey Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year staggered terms. The District provides a full range of educational services appropriate to grades levels kindergarten through twelfth at its six schools. The School District has an approximate enrollment at June 30, 2020 of 4,000 students.

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

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

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

Component Units

GASB Statement No. 14, *The Financial Reporting Entity* , provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* , GASB Statement No. 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34* , and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14* . The School District had no component units as of for the year ended June 30, 2020.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

Child Care Program – The child care fund accounts for the financial transactions related to before and after care programs of the School District. Effective July 1, 2020, the District will no longer be operating the child care program.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

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

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

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.A.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Building and improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

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

Unearned Revenue

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 12, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 95, Postponement of The Effective Dates of Certain Authoritative Guidance, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements

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

- Statement No. 84, Fiduciary Activities will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 87, Leases will be effective for reporting periods beginning after June 15, 2021.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period will be effective for reporting periods beginning after December 15, 2020.
- Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61, will be effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, Conduit Debt Obligations will be effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, Replacement of Interbank Offered Rates will be effective for reporting periods beginning after June 15, 2021.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41 et seq.* requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the School District’s bank balance of \$9,311,257 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	7,374,371
Uninsured and Uncollateralized		1,936,886
Total	\$	9,311,257

Investments

The School District had no investments at June 30, 2020.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 3. Reserve Accounts

Capital Reserve

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	4,670,000
Increased by:		
Deposits Approved by Board		2,000,000
Decreased by:		
Budget Withdrawals		(1,490,445)
Ending Balance, June 30, 2020	\$	5,179,555

Maintenance Reserve

The School District established a maintenance reserve account in June of 2011 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

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

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	394,123
Increased by:		
Deposits Approved by Board		500,000
Decreased by:		
Budget Withdrawals		(42,350)
Ending Balance, June 30, 2020	\$	851,773

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2020, consisted of the following:

<u>Description</u>	General	Special	Total
	<u>Fund</u>	Revenue <u>Fund</u>	Governmental <u>Activities</u>
Federal Awards	\$ -	\$ 166,695	\$ 166,695
State Awards	695,572	-	695,572
Other	107,721	-	107,721
Total	\$ 803,293	\$ 166,695	\$ 969,988

<u>Description</u>	<u>Proprietary Funds</u>		Total
	Food Service <u>Fund</u>		Business-Type <u>Activities</u>
Federal Awards	\$ -	15,849	\$ 15,849
State Awards		2,996	2,996
Other		3,907	3,907
Total	\$ -	22,752	\$ 22,752

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2020</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 163,472	\$ -	\$ -	\$ 163,472
Construction in Progress	92,650	-	-	92,650
Total Capital Assets not being depreciated	256,122	-	-	256,122
Capital Assets being depreciated:				
Buildings and Improvements	85,141,218	-	-	85,141,218
Equipment	21,870,795	2,869,246	(628,245)	24,111,796
Total Capital Assets being depreciated	107,012,013	2,869,246	(628,245)	109,253,014
Less: Accumulated Depreciation:				
Buildings and Improvements	(53,946,907)	(1,463,152)	-	(55,410,059)
Equipment	(13,557,379)	(993,858)	628,245	(13,922,992)
Total Accumulated Depreciation	(67,504,286)	(2,457,010)	628,245	(69,333,051)
Total Capital Assets being depreciated, net	39,507,727	412,236	-	39,919,963
Total Governmental Activities Capital Assets, net	\$ 39,763,849	\$ 412,236	\$ -	\$ 40,176,085

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 5. Capital Assets (Continued)

	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2020</u>
Business-Type Activities:				
Equipment - Food Service	\$ 471,532	\$ 5,896	\$ -	\$ 477,428
Total Capital Assets being depreciated	<u>471,532</u>	<u>5,896</u>	<u>-</u>	<u>477,428</u>
Less: Accumulated Depreciation:				
Equipment - Food Service	(401,242)	(7,505)	-	(408,747)
Total Capital Assets being depreciated, net	<u>(401,242)</u>	<u>(7,505)</u>	<u>-</u>	<u>(408,747)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 70,290</u>	<u>\$ (1,609)</u>	<u>\$ -</u>	<u>\$ 68,681</u>

Depreciation expense was charged to functions/programs of the School District as follows:

Governmental Activities

Instruction:

Regular Instruction	\$ 1,033,395
Special Education Instruction	399,735
Other Instruction	82,086

Support Services:

Student & Instruction Related Services	324,983
General Administrative	63,488
School Administrative Services	71,310
Central Services	26,891
Administrative Info. Technology	33,608
Plant Operations & Maintenance	259,695
Pupil Transportation	<u>161,819</u>

Total Depreciation Expense - Governmental Activities

\$ 2,457,010

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,046	\$ -
Unemployment Fund		464
Agency Fund	<u>-</u>	<u>1,582</u>
	<u>\$ 2,046</u>	<u>\$ 2,046</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers for the year ended June 30, 2020.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 22,595,000	\$ -	\$ 2,790,000	\$ 19,805,000	\$ 2,860,000
Capital Leases	709,061	350,000	359,259	699,802	262,201
Unamortized Bond					
Premiums	3,440,266	-	413,620	3,026,646	456,779
Compensated Absences	3,223,492	811,024	467,643	3,566,873	520,577
Net Pension Liability	19,531,540	-	2,038,742	17,492,798	-
	<u>\$ 49,499,359</u>	<u>\$ 1,161,024</u>	<u>\$ 6,069,264</u>	<u>\$ 44,591,119</u>	<u>\$ 4,099,557</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums and the net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On January 13, 2016, the School District issued \$16,090,000 of Refunding School Bonds. The Refunding School Bonds were issued at interest rates varying from 4.000% to 5.000% and mature on April 1, 2026.

On September 8, 2016, the School District issued \$11,595,000 of Refunding School Bonds. The Refunding School Bonds were issued at interest rates varying from 3.000% to 4.000% and mature on January 15, 2030.

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,860,000	\$ 873,800	\$ 3,733,800
2022	2,895,000	755,200	3,650,200
2023	2,950,000	623,100	3,573,100
2024	2,900,000	488,850	3,388,850
2025	2,945,000	357,700	3,302,700
2026-2030	5,255,000	551,450	5,806,450
	<u>\$ 19,805,000</u>	<u>\$ 3,650,100</u>	<u>\$ 23,455,100</u>

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 7. Long-Term Obligations (Continued)

Capital Lease Payable

The School District has entered into six lease purchase agreements for vehicles and equipment. Lease obligations were issued at interest rates ranging from 2.000% to 3.500%.

	<u>Fiscal Year Ending</u>		<u>Total</u>
	<u>June 30,</u>		
	2020	\$	282,974
	2021		218,643
	2022		167,783
	2023		75,647
			745,047
Total Minimum Lease Payments			745,047
Less: Amount Representing Interest			(45,245)
			699,802
Present Value of Minimum Lease Payments		\$	699,802

Amortization of the leased equipment and improvements under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

As of June 30, 2020, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

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.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$17,492,798 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was, 0.09708% which was an decrease of 0.00211% from its proportion measured as of June 30, 2019.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$590,794 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 313,973	\$ 77,275
Changes of Assumptions	1,746,720	6,071,695
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	276,131
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	101,729	899,408
School District contributions subsequent to measurement date	1,022,304	-
	\$ 3,184,726	\$ 7,324,509

\$1,022,304 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer pension contribution rate of 15.11%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 16,992
2022	(1,548,570)
2023	(1,688,773)
2024	(829,571)
2025	(89,861)
	\$ (4,139,783)

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between District Contributions Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	2.75%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Age
Thereafter	3.00% - 7.00% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(5.28%)</u>	At Current Discount Rate <u>(6.28%)</u>	At 1% Increase <u>(7.28)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 22,249,964	\$ 17,492,798	\$ 13,708,447

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,143,832,135	19,689,501,539
School District's portion	0.097083%	0.099198%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.5% in State fiscal year 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$158,810,865. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.25877%, which was a decrease of 0.01650% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$9,367,089 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2019 measurement date.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.75%
Salary Increases:	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Estate	2.50%	9.31%
Real Asset	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the of the Net Pension Liability to Changes in the Discount Rate – The following represents the net pension liability of the State as of June 30, 2019 calculated using the discount rate disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.60%)</u>	At Current Discount Rate <u>(5.60%)</u>	At 1% Increase <u>(6.60%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 187,273,160	\$ 158,810,865	\$ 135,196,148

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	17,736,240,054	16,381,811,884
Collective Net Pension Liability	61,519,112,443	63,806,350,446
School District's portion	0.25877%	0.27527%

C. Defined Contribution Retirement Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of *N.J.S.A. 43:15C-1 et seq.* The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2018 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 8. Pension Plans (Continued)

Contributions - The contribution policy is set by *N.J.S.A. 43:15C-3* and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2020, employee contributions totaled \$126,256, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$69,071.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under *NJSA 52:14-17.32f*. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
	based on years of service	based on years of service	based on years of service
Thereafter	1.55 - 3.05%	3.00 - 7.00%	Applied to
	based on years of service	based on years of service	all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the PUB-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$145,308,421. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.3482186%, which was a decrease of 0.0088469% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$1,909,230 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 171,666,667	\$ 145,308,421	\$ 124,370,875
State of New Jersey's Total Nonemployer OPEB Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 119,727,662	\$ 145,308,421	\$ 179,171,745
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,812,586

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected & Actual Experience	\$ -	\$ (10,484,965,300)
Change in Assumptions	-	(8,481,529,343)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	\$ -	\$ (18,966,494,643)

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

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Fiscal Year Ending June 30,	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	(6,233,858,733)
	\$ (18,966,494,643)

** Employer Contributions made after June 30, 2018 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability	
Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Changes of Assumptions	(7,323,140,818)
Contributions: Member	622,184,027
Gross Benefit Payments	37,971,171
	(1,280,958,373)
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	46,110,832,982
Total OPEB Liability (Ending)	\$ 41,729,081,045
Total Covered Employee Payroll	13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$5,765,757, \$2,057,826, \$2,138,990, and \$3,904, respectively.

Note 11. Risk Management

The School 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.

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 164	\$ 62,898	\$ 97,853	\$ 28,902
2018-2019	241	40,277	58,285	63,693
2017-2018	181	49,587	72,679	81,460

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

Joint Insurance Pool – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property - Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Comprehensive Crime Coverage

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
The Legend Group

Lincoln Investment Planning, Inc.
Security Benefit & Life

Valic Investments

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported was \$3,566,873.

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (Continued)**

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve 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, 2020 was \$1,534,965.

Note 17. Fund Balances

General Fund – Of the \$7,302,337 General Fund fund balance at June 30, 2020, \$5,179,555 has been restricted for the Capital Reserve Account; \$851,773 has been restricted for the Maintenance Reserve Account; \$873,267 is restricted for current year excess surplus; \$661,698 is restricted for excess surplus - designated for subsequent year's expenditures; (\$263,956) is unassigned.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of (\$26,806,222) at June 30, 2020. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 19. Subsequent Events

During the year ended June 30, 2020, the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. Although the effects of the virus are still ongoing, the District does not expect it to have a material impact on its financial position.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

C. Budgetary Comparison Schedules

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 48,322,737	\$ -	\$ 48,322,737	\$ -
Tuition From Individuals	68,375	-	68,375	26,440
Tuition From Other LEAs Within State	-	-	-	50,724
Transportation Fees From Individuals	12,000	-	12,000	17,160
Interest Earned on Investment	-	-	-	5,160
Unrestricted Miscellaneous Revenues	323,500	-	323,500	592,988
Total Local Sources	48,726,612	-	48,726,612	283,437
State Sources:				
Categorical Transportation Aid	228,519	-	228,519	-
Extraordinary Aid	575,000	-	575,000	585,724
Categorical Special Education Aid	2,504,516	-	2,504,516	10,724
Equalization Aid	17,130,415	-	17,130,415	-
Categorical Security Aid	483,794	-	483,794	-
Nonpublic Transportation Aid	-	-	-	8,120
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	5,765,757
TPAF Social Security (reimbursed)	-	-	-	2,057,826
TPAF Post Retirement Medical (on-behalf)	-	-	-	2,138,990
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	3,904
Total State Sources	20,922,244	-	20,922,244	9,985,321
Federal Sources:				
Medicaid Reimbursement	51,864	-	51,864	13,667
Total Federal Sources	51,864	-	51,864	13,667
Total Revenues	69,700,720	-	69,700,720	10,282,425

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Special Education - Instruction: Resource Room/Resource Center:				
Salaries of Teachers	3,384,317	161,858	3,546,175	19,796
Other Salaries	398,080	(136,493)	261,587	217
Other Purchased Services	1,000	-	1,000	786
General Supplies	16,685	(2,500)	14,185	4,507
Textbooks	500	-	500	500
Other Objects	900	-	900	900
Total Resource Room/Resource Center	3,801,482	22,865	3,824,347	26,705
Special Education - Instruction: Autism:				
Salaries of Teachers	403,925	56,708	460,633	34,537
Other Salaries for Instruction	223,974	275,940	499,914	30,841
General Supplies	8,545	2,530	11,075	-
Textbooks	1,500	(1,005)	495	-
Other Objects	2,250	(1,525)	725	442
Total Autism	640,194	332,648	972,842	65,820
Special Education - Instruction: Preschool Disabilities - Part-Time:				
Salaries of Teachers	217,150	(217,150)	-	-
Other Salaries for Instruction	500	(500)	-	-
Total Preschool Disabilities - Part-Time	217,650	(217,650)	-	-
Special Education - Instruction: Preschool Disabilities - Full-Time:				
Salaries of Teachers	108,130	222,338	330,468	8,784
Other Salaries for Instruction	257,651	(29,449)	228,202	2,645
General Supplies	6,700	-	6,700	2,895
Other Objects	1,800	(300)	1,500	1,500
Total Preschool Disabilities - Full-Time	374,281	192,589	566,870	15,823
Special Education - Instruction: Home Instruction:				
Salaries of Teachers	78,000	(23,960)	54,040	6
Purchased Professional - Educational Services	22,000	(12,550)	9,450	-
Total Home Instruction	100,000	(36,509)	63,491	6
Total Special Education - Instruction	7,738,595	522,281	8,260,876	143,770

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2020		VARIANCE FINAL TO ACTUAL
		BUDGET TRANSFERS	FINAL BUDGET	
Bilingual Education - Instruction: Salaries of Teachers	194,066	1,471	195,537	195,515 22
Total Bilingual Education - Instruction	194,066	1,471	195,537	195,515 22
School-Sponsored Curricular/Extra Curricular Activities - Instruction: Salaries	487,019	4,697	491,716	484,367 7,349
Supplies and Materials	27,100	-	27,100	15,273 11,827
Other Objects	16,550	-	16,550	8,787 7,763
Total School-Sponsored Curricular/Extra Curricular Activities - Instruction	530,669	4,697	535,366	508,427 26,939
School-Sponsored Athletics - Instruction: Salaries	789,403	-	789,403	760,896 28,507
Purchased Professional Services	-	45,334	45,334	45,334 -
Athletic Rental	-	39,983	39,983	39,983 -
Purchased Services	113,125	(66,288)	46,837	2,518 44,318
Supplies and Materials	120,499	-	120,499	95,699 24,800
Other Objects	31,540	(7,868)	23,672	18,480 5,192
Total School-Sponsored Athletics - Instruction	1,054,567	11,161	1,065,728	962,911 102,817
Undistributed Expenditures - Instruction (Tuition): Tuition to Other LEAs Within State - Special	550,000	(75,526)	474,474	457,771 16,703
Tuition to County Vocational School - Regular	180,000	21,225	201,225	196,575 4,650
Tuition to County Special Services & Regular Day Schools	305,000	(12,000)	293,000	291,600 1,400
Tuition to Private School Disabled - Within State	850,200	197,846	1,048,046	889,789 158,257
Tuition - State Facilities	62,443	-	62,443	62,443 -
Tuition - Other	100,000	(100,000)	-	- -
Total Undistributed Expenditures - Instruction (Tuition)	2,047,643	31,545	2,079,188	1,898,178 181,010
Undistributed Expenditures Attendance and Social Work: Salaries	222,992	9,817	232,809	231,872 937
Total Undistributed Expenditures Attendance and Social Work	222,992	9,817	232,809	231,872 937

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Health Services:				
Salaries	507,823	(14,715)	493,108	453,264
Purchased Professional & Technical Services	229,397	(14,081)	215,317	109,657
Supplies and Materials	14,785	68	14,853	10,487
Total Undistributed Expenditures - Health Services	752,005	(28,728)	723,278	573,408
Undistributed Expenditures -				
Speech, OT, PT and Related Services:				
Salaries	436,806	(1,055)	435,751	435,751
Purchased Professional - Educational Services	292,000	29,315	321,315	301,846
Supplies and Materials	1,500	-	1,500	-
Total Undistributed Expenditures -	730,306	28,260	758,566	737,596
Speech, OT, PT and Related Services				
20,970				
Undistributed Expenditures -				
Other Support Services - Extra Services:				
Salaries	205,000	15,043	220,043	220,043
Total Undistributed Expenditures -	205,000	15,043	220,043	220,043
Other Support Services - Extra Services				
20,970				
Undistributed Expenditures - Guidance:				
Salaries of Other Professional Staff	1,203,856	11,762	1,215,618	1,207,932
Salaries of Secretaries & Clerical Assistants	97,239	-	97,239	95,919
Purchased Professional - Educational Services	79,500	-	79,500	47,210
Supplies and Materials	5,250	-	5,250	2,976
Total Undistributed Expenditures - Guidance	1,385,845	11,762	1,397,607	1,354,037
43,570				
Undistributed Expenditures - Child Study Teams:				
Salaries of Other Professional Staff	972,927	(8,170)	964,757	952,507
Salaries of Secretaries & Clerical Assistants	114,634	63	114,697	114,697
Purchased Professional - Educational Services	129,000	-	129,000	20,684
Total Undistributed Expenditures - Child Study Teams	1,216,561	(8,107)	1,208,454	1,087,889
120,565				

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	11-000-221-102	977,332	(86,092)	891,240	891,189
Salaries of Other Professional Staff	11-000-221-104	129,760	80,209	209,969	209,969
Salaries of Sec. and Clerical Assist.	11-000-221-105	85,372	1,584	86,956	82,909
Purchased Professional - Educational Services	11-000-221-320	248,465	(13,608)	234,857	205,640
Supplies and Materials	11-000-221-600	38,504	-	38,504	30,952
		1,479,433	(17,907)	1,461,526	1,420,659
Total Undistributed Expenditures - Improvement of Instruction Services					40,867
Undistributed Expenditures - Educational Media Services/Library:					
Salaries	11-000-222-100	378,729	1,782	380,511	379,878
Purchased Professional and Technical Services	11-000-222-300	25,152	(488)	24,664	20,879
Supplies and Materials	11-000-222-600	13,730	(2,575)	11,175	7,683
		417,631	(1,281)	416,350	408,439
Total Undistributed Expenditures - Educational Media Services/Library					7,911
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	11-000-223-500	54,420	(7,000)	47,420	31,510
		54,420	(7,000)	47,420	15,910
Total Undistributed Expenditures - Instructional Staff Training Services					15,910
Undistributed Expenditures - Support Services - General Administration:					
Salaries	11-000-230-100	544,310	2,146	546,456	546,435
Legal Services	11-000-230-331	121,737	35,965	157,702	115,196
Audit Fees	11-000-230-332	28,000	241	28,241	28,241
Architectural/Engineering Services	11-000-230-334	18,100	-	18,100	18,100
Other Purchased Professional Services	11-000-230-339	24,910	(404)	24,506	23,237
Communications/Telephone	11-000-230-530	151,950	6,751	158,701	158,683
BOE Other Purchased Professional Services	11-000-230-585	3,500	(500)	3,000	1,899
Other Purchased Services	11-000-230-590	328,212	(8,166)	320,046	318,744
General Supplies	11-000-230-610	19,555	(2,030)	17,525	15,965
Judgements Against School District	11-000-230-820	-	2,000	2,000	2,000
Miscellaneous Expenditures	11-000-230-890	11,034	19,288	30,322	30,322
BOE Membership Dues and Fees	11-000-230-895	34,000	(2,465)	31,535	30,374
		1,285,308	52,828	1,338,136	1,289,197
Total Undistributed Expenditures - Support Services - General Administration					48,939

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures - Support Services - School Administration:				
Salaries of Principals/Assistant Principals	1,101,634	257	1,101,891	1,100,838
Salaries of Secretaries & Clerical Assistants	321,863	4,952	326,815	324,166
Supplies and Materials	34,210	1,282	35,492	23,028
Total Undistributed Expenditures - Support Services - School Administration	1,457,707	6,492	1,464,199	1,448,032
Undistributed Expenditures - Central Services:				
Salaries	489,536	1,868	491,404	491,403
Purchased Professional Services	37,937	5,250	43,187	39,301
Purchased Technical Services	4,350	563	4,913	4,913
Supplies and Materials	8,360	(691)	7,669	7,122
Miscellaneous Expenditures	5,133	(90)	5,043	3,311
Total Undistributed Expenditures - Central Services	545,316	6,900	552,216	546,050
Undistributed Expenditures - Administrative Information Technology:				
Salaries	501,043	40,598	541,641	541,641
Purchased Technical Services	142,000	(347)	141,653	140,813
Total Undistributed Expenditures - Administrative Information Technology	643,043	40,251	683,294	682,454
Undistributed Expenditures - Required Maintenance for School Facilities:				
Salaries	335,965	(30,000)	305,965	296,372
Cleaning, Repair & Maintenance Services	252,131	71,821	323,951	313,514
General Supplies	187,000	(20,000)	167,000	156,446
Other Objects	745	-	745	570
Total Undistributed Expenditures - Required Maintenance for School Facilities	775,841	21,821	797,661	766,902
Undistributed Expenditures - Custodial Services:				
Salaries	2,288,145	(60,205)	2,227,940	2,156,144
Salaries of Non-Instructional Aides	203,215	5,955	209,170	190,298
Cleaning, Repair & Maintenance Services	109,000	17,868	126,868	106,473
Other Purchased Property Services	75,000	(2,142)	72,858	50,085
Insurance	365,000	10,282	375,282	375,282
Travel for Regular Business	-	450	450	30
General Supplies	106,771	61,642	168,413	160,856
Energy (Natural Gas)	291,000	(500)	290,500	251,985
Energy (Electricity)	646,000	(17,482)	628,518	615,163
Total Undistributed Expenditures - Custodial Services	4,084,131	15,868	4,099,999	3,906,316

LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undistributed Expenditures -				
Care and Upkeep of Grounds:				
Salaries	232,122	(15,000)	217,122	3,009
General Supplies	59,100	7,000	66,100	8,920
Total Undistributed Expenditures -	291,222	(8,000)	283,222	11,929
Care and Upkeep of Grounds			271,293	
Security:				
Salaries	104,981	48,115	153,096	13,380
Purchased Professional and Technical Services	125,820	-	125,820	1,500
General Supplies	69,262	(1,409)	67,854	3,042
Other Objects	-	70	70	-
Total Security	300,063	46,776	346,839	17,922
Undistributed Expenditures -				
Student Transportation Services:				
Salaries of Non-Instructional Aides	37,401	3,847	41,248	3,091
Salaries of Pupil Transportation (Between Home & School) - Regular	1,084,924	66,448	1,151,372	19,989
Saf for Pupil Trans (Other than Bet. Home & Sch)	480,000	(29,000)	451,000	116,625
Other Purchased Prof. and Technical Serv.	3,000	-	3,000	3,000
Cleaning, Repair and Maintenance Services	18,000	-	18,000	2,349
Lease Purchase Payments - School Buses	380,380	556	380,936	-
Contract Services - Aid in Lieu Payments - Non Public Schools	32,000	3,000	35,000	-
Contract Services (Special Education) - ESCs & CTSA's	1,051,658	(6,645)	1,045,013	144,802
Travel	-	350	350	350
Miscellaneous Purchased Services - Transportation	134,163	7,095	141,258	2,602
General Supplies	6,700	-	6,700	1,102
Transportation Supplies	480,000	(89,630)	390,370	137,315
Miscellaneous Expenditures	66,505	-	66,505	52,902
Total Undistributed Expenditures -	3,774,731	(43,979)	3,730,753	444,828
Student Transportation Services			3,285,925	
Unallocated Benefits:				
Social Security Contributions	946,909	-	946,909	6,100
Other Retirement Contributions - PERS	1,075,082	(68,426)	1,006,656	57,716
Pension Contributions	35,000	57,805	92,805	-
Unemployment Compensation	-	20,000	20,000	-
Workmen's Compensation	713,795	4,655	718,450	-
Health Benefits	14,750,384	(917,557)	13,832,827	460,414
Tuition Reimbursement	77,450	-	77,450	8,357
Other Employee Benefits	441,668	7,217	448,885	9,872
Unused Sick Payment to Staff	380,000	117,110	497,110	25,637
Unused Vacation Payment to Staff	45,000	(17,110)	27,890	-
Total Unallocated Benefits	18,465,288	(796,306)	17,668,982	568,096

LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	5,765,757 (5,765,757)
TPAF Social Security (reimbursed)	-	-	-	2,057,826 (2,057,826)
TPAF Post Retirement Medical (on-behalf)	-	-	-	2,138,990 (2,138,990)
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	3,904 (3,904)
Total Undistributed Expenditures	40,134,486	(623,945)	39,510,541	47,556,081 (8,045,540)
Total Expenditures - Current Expense	70,246,755	(108,805)	70,137,950	77,028,037 (6,890,087)
Capital Outlay:				
Equipment:				
12-000-261-730 Undist. Expend. - Required Maint for School Fac.	-	390,746	390,746	327,462 63,284
12-000-262-730 Undist. Expend. - Custodial Services	-	15,780	15,780	- 15,780
12-000-270-732 Undist. Expend.-Student Trans.-Non-Inst. Equip	-	44,535	44,535	44,535 -
12-000-270-733 School Buses - Regular	187,271	-	187,271	187,271 -
Total Equipment	187,271	451,061	638,332	559,268 79,064
Facilities Acquisition & Construction Services:				
12-000-400-334 Architectural/Engineering Services	334,990	-	334,990	88,035 246,955
12-000-400-450 Construction Services	1,817,509	(4,875)	1,812,634	1,734,810 77,824
12-000-400-896 Assessment for Debt Service on SDA Funding	161,352	-	161,352	161,352 -
Total Facilities Acquisition & Construction Services	2,313,851	(4,875)	2,308,976	1,984,197 324,778
Assets Acquired Under Capital Leases (Non-Budgeted):				
Capital Leases (Non-Budgeted)	-	-	-	350,000 (350,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	350,000 (350,000)
Total Capital Outlay	2,501,122	446,186	2,947,308	2,893,465 53,842
Total Expenditures	72,747,877	337,381	73,085,258	79,921,503 (6,836,245)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)	(3,047,157)	(337,381)	(3,384,538)	61,643 3,446,181
Other Financing Sources/(Uses):				
Transfers In/(Out):				
Capital Leases (Non-Budgeted)	-	-	-	350,000 350,000
Total Other Financing Sources/(Uses)	-	-	-	350,000 350,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)	(3,047,157)	(337,381)	(3,384,538)	411,643 3,796,181
Fund Balances, July 1	8,888,547	-	8,888,547	8,888,547 -
Fund Balances, June 30	\$ 5,841,390	\$ (337,381)	\$ 5,504,009	\$ 9,300,190 \$ 3,796,181

LACEY TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Restricted Fund Balance:				
Capital Reserve				
Maintenance Reserve				
Excess Surplus				
Excess Surplus Designated for Subsequent Year's Expenditures				
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures				
Year-End Encumbrances				
Unassigned Fund Balance				
Subtotal				
Reconciliation to Governmental Funds Statements (GAAP):				
Last State Aid Payments Not Recognized on GAAP Basis				
Fund Balance per Governmental Funds (GAAP)				

RECAPITULATION OF FUND BALANCE

	\$	5,179,555	
		851,773	
		873,267	
		661,698	
		-	
		322,952	
		1,410,945	
		9,300,190	
		(1,997,853)	
	\$	7,302,337	

EXHIBIT C-2

LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL (OVER)/ UNDER
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources	\$ -	\$ 201,594	\$ 201,594	\$ 95,677
Federal Sources	1,595,823	869,091	2,464,914	1,883,680
Total Revenues	1,595,823	1,070,685	2,666,508	1,979,357
Expenditures:				
Instruction:				
Salaries of Teachers	589,413	42,511	631,924	610,040
Purchased Professional - Educational Services	100,000	10,000	110,000	95,603
Other Purchased Services (400-500 Series)	510,000	150	510,150	499,206
General Supplies	115,333	611,639	726,972	192,458
Other Objects	-	8,074	8,074	3,290
Total Instruction	1,314,746	672,374	1,987,120	1,400,597
Support Services:				
Salaries of Other Professional Staff	30,000	2,155	32,155	29,210
Personal Services - Employee Benefits	12,500	93,895	106,395	74,139
Purchased Educational Services	233,827	233,024	466,851	397,177
Travel	4,750	10,793	15,543	8,818
Supplies and Materials	-	58,444	58,444	24,384
Total Support Services	281,077	398,311	679,388	533,728
Facilities Acquisition & Construction Services:				
Noninstructional Equipment	-	-	-	45,032
Total Facilities Acquisition & Construction Services	-	-	-	45,032
Total Expenditures	1,595,823	1,070,685	2,666,508	1,979,357
Total Outflows	1,595,823	1,070,685	2,666,508	1,979,357
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2020**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 79,983,145	\$ 1,979,357
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(104,266)
Prior Year	-	-
<p>The last state aid payments are 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 expense (GASB 33).</p>		
Current Year	(1,997,853)	-
Prior Year	2,043,629	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 80,028,921</u>	<u>\$ 1,875,091</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 79,921,503	\$ 1,979,357
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	(104,266)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 79,921,503</u>	<u>\$ 1,875,091</u>

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.970825252%	0.0991977400%	0.100770925%	0.102122871%	0.101749406%	0.107942937%	0.101753521%
School District's proportionate share of the net pension liability	\$ 17,492,798	\$ 19,531,540	\$ 23,457,861	\$ 30,245,865	\$ 23,747,948	\$ 21,084,642	\$ 19,447,120
School District's covered payroll	\$ 6,605,274	\$ 6,820,621	\$ 7,215,297	\$ 7,070,140	\$ 6,984,405	N/A	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	264.83%	286.36%	325.11%	427.80%	340.01%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 944,327	\$ 986,697	\$ 933,535	\$ 907,245	\$ 874,772	\$ 889,866	\$ 766,692
Contributions in relation to the contractually required contribution	(944,327)	(986,697)	(933,535)	(907,245)	(874,772)	(889,866)	(766,692)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 6,867,930	\$ 6,605,274	\$ 6,820,621	\$ 7,215,297	\$ 7,070,140	\$ 6,984,405	N/A
Contributions as a percentage of covered payroll	13.75%	14.94%	13.69%	12.57%	12.37%	0.00%	N/A

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

LACEY TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND (TPAF)
 LAST SEVEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	158,810,865	175,123,023	188,690,110	218,036,596	175,556,272	147,602,513	136,686,359
	\$ 158,810,865	\$ 175,123,023	\$ 188,690,110	\$ 218,036,596	\$ 175,556,272	\$ 147,602,513	\$ 136,686,359
School District's covered payroll	\$ 29,149,017	\$ 27,363,660	\$ 27,621,846	\$ 27,558,762	\$ 28,541,864	\$ 28,523,671	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This page intentionally left blank

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST THREE FISCAL YEARS*

	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 5,371,266	\$ 6,369,288	\$ 7,662,668
Interest Cost	6,496,706	7,100,070	6,145,147
Difference Between Expected and Actual Experiences	(29,043,675)	(19,742,341)	-
Changes of Assumptions	2,166,560	(18,893,938)	(25,521,227)
Contributions: Member	132,223	152,160	165,514
Gross Benefit Payments	(4,460,535)	(4,402,572)	(4,494,916)
Net Change in Total OPEB Liability	(19,337,455)	(29,417,333)	(16,042,814)
Total OPEB Liability (Beginning)	164,645,876	194,063,209	210,106,023
Total OPEB Liability (Ending)	<u>\$ 145,308,421</u>	<u>\$ 164,645,876</u>	<u>\$ 194,063,209</u>
State's Covered Employee Payroll**:	\$ 36,016,947	\$ 33,968,934	\$ 38,895,333
Net OPEB Liability as a Percentage of Payroll	403.44%	484.70%	498.94%

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

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

*** Covered payroll for the Measurement Periods ending June 30, 2018 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

D. School Based Budget Schedules

Not Applicable

This page intentionally left blank

E. Special Revenue Fund

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	Title I	Title II Part A	Title III	Title IV	IDEA Part B - Basic
Revenues:					
Local Sources	\$ -	\$ -		\$ -	\$ -
Federal Sources	646,462	139,925	1,084	20,527	917,774
Total Revenues	\$ 646,462	\$ 139,925	\$ 1,084	\$ 20,527	\$ 917,774
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 550,103	\$ 50,000	\$ 1,084	\$ -	\$ -
Purchased Professional - Educational Services	-	-	-	-	95,603
Other Purchased Services (400-500 Series)	-	-	-	-	499,056
General Supplies	20,630	-	-	12,564	18,866
Total Instruction	570,733	50,000	1,084	12,564	613,525
Support Services:					
Salaries of Other Professional Staff	-	29,210	-	-	-
Personal Services - Employee Benefits	56,144	17,995	-	-	-
Purchased Educational Services	18,698	39,338	-	6,703	298,661
Travel	298	3,382	-	1,260	3,878
Supplies and Materials	589	-	-	-	1,710
Total Support Services	75,729	89,925	-	7,963	304,249
Total Expenditures	\$ 646,462	\$ 139,925	\$ 1,084	\$ 20,527	\$ 917,774

**LACEY TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

	IDEA Part B- Preschool	ESSER	Other	Totals
Revenues:				
Local Sources	\$ -	\$ -	\$ 95,677	\$ 95,677
Federal Sources	33,777	124,131	-	1,883,680
Total Revenues	\$ 33,777	\$ 124,131	\$ 95,677	\$ 1,979,357
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ 8,853	\$ 610,040
Purchased Professional - Educational Services	-	-	-	95,603
Other Purchased Services (400-500 Series)	-	-	150	499,206
General Supplies	-	112,450	27,948	192,458
Other Objects	-	-	3,290	3,290
Total Instruction	-	112,450	40,241	1,400,597
Support Services:				
Salaries of Other Professional Staff	-	-	-	29,210
Personal Services - Employee Benefits	-	-	-	74,139
Purchased Educational Services	33,777	-	-	397,177
Travel	-	-	-	8,818
Supplies and Materials	-	11,681	10,404	24,384
Total Support Services	33,777	11,681	10,404	533,728
Facilities Acquisition & Construction Services:				
Noninstructional Equipment	-	-	45,032	45,032
Total Facilities Acquisition & Construction Services	-	-	45,032	45,032
Total Expenditures	\$ 33,777	\$ 124,131	\$ 95,677	\$ 1,979,357

F. Capital Projects Fund

Not Applicable

This page intentionally left blank

H. Fiduciary Fund

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	TRUST		AGENCY	
	PRIVATE- PURPOSE	SCHOLARSHIP FUND	STUDENT ACTIVITY FUND	AGENCY TOTALS
ASSETS				
Cash & Cash Equivalents	\$ 29,366	\$ 10,022	\$ 180,518	\$ 1,067,821
Total Assets	29,366	10,022	180,518	1,067,821
LIABILITIES				
Accounts Payable	-	-	-	1,559
Interfund Payable	464	-	-	1,582
Payable for Student Related Activities	-	-	180,518	180,518
Payroll Deductions & Withholdings	-	-	-	884,162
Total Liabilities	464	-	180,518	1,067,821
NET POSITION				
Restricted - Held in Trust for Unemployment Claims & Other Purposes	28,902	-		28,902
Restricted - Scholarships	-	10,022		10,022
Total Net Position	\$ 28,902	\$ 10,022		\$ 38,924

**LACEY TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	TOTAL TRUST
ADDITIONS			
Contributions:			
Plan Member	\$ 62,898	\$ -	\$ 62,898
Total Contributions	62,898	-	62,898
Investment Earnings:			
Interest	164	251	415
Net Investment Earnings	164	251	415
Total Additions	63,062	251	63,313
DEDUCTIONS			
Unemployment Claims	97,853	-	97,853
Scholarships Awarded	-	250	250
Total Deductions	97,853	250	98,103
Change in Net Position	(34,791)	1	(34,790)
Net Position - Beginning	63,693	10,021	73,714
Net Position - Ending	\$ 28,902	\$ 10,022	\$ 38,924

**LACEY TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
Elementary School	\$ 156	\$ 914	\$ 755	\$ 315
Middle School	10,441	59,903	56,543	13,801
High School	136,149	160,714	130,461	166,402
Total All Schools	<u>\$ 146,746</u>	<u>\$ 221,531</u>	<u>\$ 187,759</u>	<u>\$ 180,518</u>

**LACEY TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2020**

	BALANCE JUNE 30, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
ASSETS				
Cash & Cash Equivalents	\$ 835,713	\$ 51,246,034	\$ 51,194,444	\$ 887,303
Total Assets	<u>\$ 835,713</u>	<u>\$ 51,246,034</u>	<u>\$ 51,194,444</u>	<u>\$ 887,303</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 835,289	\$ 51,242,893	\$ 51,194,020	\$ 884,162
Accounts Payable	-	1,559	-	1,559
Interfunds Payable	424	1,582	424	1,582
Total Liabilities	<u>\$ 835,713</u>	<u>\$ 51,246,034</u>	<u>\$ 51,194,444</u>	<u>\$ 887,303</u>

This page intentionally left blank

I. Long-Term Debt

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 YEAR ENDED JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE	RETIRE	BALANCE
						JUNE 30, 2019	JUNE 30, 2020	JUNE 30, 2020
Refunding School Bonds Series 2016A	9/8/2016	11,595,000	1/15/2021	1,220,000	3.000%	\$ 11,550,000	1,125,000	10,425,000
			1/15/2022	1,265,000	4.000%			
			1/15/2023	1,325,000	4.000%			
			1/15/2024	1,385,000	4.000%			
			1/15/2025	1,440,000	4.000%			
			1/15/2026	660,000	4.000%			
			1/15/2027	660,000	4.000%			
			1/15/2028	760,000	4.000%			
			1/15/2029	855,000	4.000%			
			1/15/2030	855,000	4.000%			
Refunding School Bonds Series 2016	1/13/16	16,090,000	4/1/2021	1,640,000	5.000%	11,045,000	1,665,000	9,380,000
			4/1/2022	1,630,000	5.000%			
			4/1/2023	1,625,000	5.000%			
			4/1/2024	1,515,000	5.000%			
			4/1/2025	1,505,000	5.000%			
			4/1/2026	1,465,000	5.000%			
Total						\$ 22,595,000	\$ 2,790,000	\$ 19,805,000

**LACEY TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2020**

ITEM	AMOUNT OF ORIGINAL ISSUANCE	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2019	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2020
School Buses	\$ 261,087	2.330%	\$ 53,511	-	\$ 53,511	\$ -
School Buses	103,500	2.330%	21,166	-	21,166	-
School Buses	242,300	2.300%	145,822	-	47,506	98,316
School Buses	388,200	2.000%	147,146	-	83,454	63,692
School Buses	430,000	3.125%	341,416	-	81,450	259,966
School Buses	350,000	3.500%	-	350,000	72,172	277,828
			<u>\$ 709,061</u>	<u>\$ 350,000</u>	<u>\$ 359,259</u>	<u>\$ 699,802</u>

LACEY TOWNSHIP SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

	JUNE 30, 2020			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 3,232,542	\$ -	\$ 3,232,542	\$ 3,232,542
State Sources:				
Debt Service Aid Type II	531,608	-	531,608	531,608
Total Revenues	3,764,150	-	3,764,150	3,764,150
Expenditures:				
Regular Debt Service:				
Interest	974,150	-	974,150	974,150
Redemption of Principal	2,790,000	-	2,790,000	2,790,000
Total Regular Debt Service	3,764,150	-	3,764,150	3,764,150
Total Expenditures	3,764,150	-	3,764,150	3,764,150
Fund Balance, July 1,	-	-	-	-
Fund Balance, June 30,	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

STATISTICAL SECTION (Unaudited)

Third Section

This page intentionally left blank

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

This page intentionally left blank

LACEY TOWNSHIP SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in Capital Assets	\$ 16,846,919	\$ 13,253,081	\$ 11,388,749	\$ 10,587,219	\$ 10,799,607	\$ 11,165,085	\$ 11,059,256	\$ 11,311,352	\$ 8,058,176	\$ 6,220,655
Restricted	7,566,293	5,982,354	4,588,472	3,225,375	1,760,939	1,789,230	1,083,794	2,697,936	6,922,653	10,141,673
Unrestricted (Deficit)	(26,806,222)	(25,718,174)	(23,909,827)	(23,899,938)	(24,639,494)	(27,402,090)	(4,855,733)	(4,128,614)	(3,306,663)	(3,373,649)
Total Governmental Activities	\$ (2,393,010)	\$ (6,482,739)	\$ (7,932,606)	\$ (10,087,344)	\$ (12,078,948)	\$ (14,447,775)	\$ 7,287,317	\$ 9,880,674	\$ 11,674,166	\$ 12,988,679
Business-Type Activities:										
Net Investment in Capital Assets	\$ 68,681	\$ 70,290	\$ 66,211	\$ 74,091	\$ 70,051	\$ 73,961	\$ 82,673	\$ 82,277	\$ 47,092	\$ -
Unrestricted (Deficit)	258,719	379,099	347,293	390,292	267,422	269,771	342,112	275,632	277,411	248,964
Total Business-Type Activities	\$ 327,400	\$ 449,389	\$ 413,504	\$ 464,383	\$ 337,473	\$ 343,732	\$ 424,785	\$ 357,909	\$ 324,503	\$ 248,964
District-Wide:										
Net Investment in Capital Assets	\$ 16,915,600	\$ 13,223,371	\$ 11,454,960	\$ 10,661,310	\$ 10,869,658	\$ 11,239,046	\$ 11,141,929	\$ 11,393,629	\$ 8,105,268	\$ 6,220,655
Restricted	7,566,293	5,982,354	4,588,472	3,225,375	1,760,939	1,789,230	1,083,794	2,697,936	6,922,653	10,141,673
Unrestricted (Deficit)	(26,547,503)	(25,339,075)	(23,562,534)	(23,509,646)	(24,372,072)	(27,132,319)	(4,513,621)	(3,852,982)	(3,029,252)	(3,124,685)
Total District Net Position	\$ (2,065,610)	\$ (6,033,350)	\$ (7,519,102)	\$ (9,622,961)	\$ (11,741,475)	\$ (14,104,043)	\$ 7,712,102	\$ 10,238,583	\$ 11,998,669	\$ 13,237,643

Source: CAFR Schedule A-1

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 38,302,623	\$ 43,687,406	\$ 22,743,587	\$ 21,889,525	\$ 23,524,652	\$ 24,485,567	\$ 21,656,072	\$ 22,199,001	\$ 22,709,081	\$ 23,301,900
Special Education	14,816,127	15,089,264	7,214,208	7,145,866	7,131,374	6,650,473	6,378,308	6,320,828	6,088,388	5,799,390
Other Special Education			1,624,222	1,562,297	1,510,517	1,480,905	1,490,344	1,420,127	1,403,269	1,455,353
Other Instruction	3,042,502	3,360,743	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,898,178	1,942,863	-	-	-	-	1,954,601	1,899,808	1,988,740	1,545,010
Attendance & Social Work Services	-	-	205,333	197,948	222,909	251,700	-	-	-	-
Health Services	-	-	612,928	538,336	602,206	600,624	-	-	-	-
Student & Instruction Related Services	9,184,719	9,579,916	4,261,875	4,305,449	4,506,846	4,382,602	6,648,193	6,360,879	6,036,326	6,010,560
Educational Media Services/School Library	-	-	372,546	420,637	433,462	424,491	-	-	-	-
Instructional Staff Training	-	-	59,886	37,607	61,567	56,423	-	-	-	-
Other Administrative Services	1,702,200	1,510,437	4,513,258	4,294,958	4,269,359	4,326,188	1,012,210	998,769	1,112,901	1,255,437
Central Services	759,991	764,421	512,716	487,873	597,772	554,588	568,372	528,064	517,263	515,023
Administration Information Technology Services	949,837	939,162	602,340	633,422	-	-	-	-	-	-
School Administrative Services	2,015,366	2,025,583	1,282,793	1,624,392	1,546,351	1,240,863	1,478,501	1,451,965	1,407,849	1,438,819
Plant Operations & Maintenance	6,980,282	7,190,352	5,192,745	4,626,130	6,108,858	6,218,740	6,113,044	5,669,269	5,616,086	5,535,596
Pupil Transportation	4,573,339	4,943,452	3,325,947	3,209,224	2,877,930	2,998,784	2,938,907	2,825,083	2,771,058	2,448,582
Unallocated Benefits	-	-	18,404,189	17,954,591	15,747,519	15,237,999	20,745,138	20,664,217	19,220,582	11,729,483
Interest & Other Charges	724,842	1,489,975	5,291,381	6,611,657	6,689,878	4,524,173	1,634,313	1,638,517	1,797,008	5,717,734
Unallocated Depreciation	-	-	-	-	-	-	3,644,911	2,041,518	1,954,712	1,924,170
Total Governmental Activities	84,950,006	92,523,574	76,219,954	75,539,912	75,831,200	73,434,120	76,262,914	74,018,045	72,623,263	68,677,057
Expenses										
Business-Type Activities:										
Food Service	1,029,530	1,193,160	1,415,767	1,260,465	1,363,573	1,442,100	1,477,126	1,471,681	1,483,028	1,503,050
R.E.D. Program	3,643	250,080	217,771	254,055	287,548	334,606	219,506	179,941	178,852	304,361
Total Business-Type Activities	1,033,173	1,443,240	1,633,538	1,514,520	1,651,121	1,776,706	1,696,632	1,651,622	1,661,880	1,807,411
Expense										
Total District Expenses	\$ 85,983,179	\$ 93,966,814	\$ 77,853,492	\$ 77,054,432	\$ 77,482,321	\$ 75,210,826	\$ 77,959,546	\$ 75,669,667	\$ 74,285,143	\$ 70,484,468
Program Revenues:										
Charges for Services	\$ 15,168,108	\$ 20,585,584	\$ 4,650,233	\$ 4,581,484	\$ 4,671,054	\$ 2,966,345	\$ 7,444,337	\$ 8,835,923	\$ 6,718,495	\$ 6,591,676
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	15,168,108	20,585,584	4,650,233	4,581,484	4,671,054	2,966,345	7,444,337	8,835,923	6,718,495	6,591,676
Program Revenues										
Business-Type Activities:										
Charges for Services:										
Food Service	437,725	701,118	745,450	768,833	737,288	755,941	806,999	821,382	887,406	952,145
R.E.D. Program	-	225,184	248,428	253,190	275,787	271,807	243,076	211,497	221,224	252,592
Operating Grants & Contributions	473,459	552,823	588,781	619,407	631,787	667,905	713,433	652,149	628,789	571,845
Total Business Type Activities	911,184	1,479,125	1,582,659	1,641,430	1,644,862	1,695,653	1,765,508	1,685,028	1,737,419	1,776,582
Program Revenues										

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total District Program Revenues	\$ 16,079,292	\$ 22,064,709	\$ 6,232,892	\$ 6,222,914	\$ 6,315,916	\$ 4,661,998	\$ 9,207,845	\$ 10,520,951	\$ 8,455,914	\$ 8,368,258
Net (Expense)/Revenue:										
Governmental Activities	\$ (69,781,898)	\$ (71,937,990)	\$ (71,569,721)	\$ (70,958,428)	\$ (71,160,146)	\$ (70,467,775)	\$ (68,818,577)	\$ (65,182,122)	\$ (65,904,768)	\$ (62,085,381)
Business-Type Activities	(121,989)	35,885	(50,879)	126,910	(6,259)	(81,053)	66,876	33,406	75,539	(30,829)
Total District-Wide Net Expense	\$ (69,903,887)	\$ (71,902,105)	\$ (71,620,600)	\$ (70,831,518)	\$ (71,166,405)	\$ (70,548,828)	\$ (68,751,701)	\$ (65,148,716)	\$ (65,829,229)	\$ (62,116,210)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 48,322,737	\$ 47,375,232	\$ 45,642,489	\$ 44,747,538	\$ 42,435,625	\$ 41,393,480	\$ 41,210,651	\$ 40,090,630	\$ 39,413,121	\$ 38,379,406
Taxes Levied for Debt Service	3,232,542	3,214,591	3,172,854	3,383,058	3,675,013	3,776,467	2,919,047	1,103,479	628,680	1,651,730
Grants & Contributions	21,629,035	22,167,885	24,289,284	24,054,405	24,327,929	24,173,405	21,549,895	21,160,059	22,879,861	22,349,266
Transportation Charges	17,160	6,334	-	-	-	-	-	-	-	-
Tuition Received	77,164	99,414	-	-	-	-	94,567	97,251	153,068	71,270
Miscellaneous Income	592,988	524,401	619,832	765,031	965,817	1,057,958	601,864	937,211	1,515,525	1,493,713
Total Governmental Activities	73,871,626	73,387,857	73,724,459	72,950,032	71,404,384	70,401,310	66,376,024	63,388,630	64,590,255	63,945,385
Total District-Wide	\$ 73,871,626	\$ 73,387,857	\$ 73,724,459	\$ 72,950,032	\$ 71,404,384	\$ 70,401,310	\$ 66,376,024	\$ 63,388,630	\$ 64,590,255	\$ 63,945,385
Change in Net Position:										
Governmental Activities	\$ 4,089,729	\$ 1,449,867	\$ 2,154,738	\$ 1,991,604	\$ 244,238	\$ (66,465)	\$ (2,442,553)	\$ (1,793,492)	\$ (1,314,513)	\$ 1,860,004
Business-Type Activities	(121,989)	35,885	(50,879)	126,910	(6,259)	(81,053)	66,876	33,406	75,539	(30,829)
Total District	\$ 3,967,740	\$ 1,485,752	\$ 2,103,859	\$ 2,118,514	\$ 237,979	\$ (147,518)	\$ (2,375,677)	\$ (1,760,086)	\$ (1,238,974)	\$ 1,829,175

Source: CAFR Schedule A-2

LACEY TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 7,566,293	\$ 5,982,354	\$ 4,532,324	\$ 2,825,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	130,985	39,228	248,305	945,747	1,046,367	-
Assigned	-	862,564	693,620	153,397	939,915	1,750,000	833,910	478,117	1,610,859	-
Unassigned	(263,956)	-	(128,795)	135,502	-	-	-	-	-	-
Reserved	-	-	-	-	500,000	-	-	327,493	568,849	983,462
Unreserved	-	-	-	-	(873,395)	(1,145,262)	-	-	-	(277,953)
Total General Fund	\$ 7,302,337	\$ 6,844,918	\$ 5,097,149	\$ 3,114,690	\$ 697,505	\$ 643,966	\$ 1,082,215	\$ 1,751,357	\$ 3,226,075	\$ 705,509
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ 56,148	\$ 246,187	\$ 190,039	\$ 2	\$ 2	\$ 2	\$ 1	\$ 1
Debt Service Fund	-	-	-	-	-	-	1,577	946,577	3,696,577	3,700,770
Capital Projects Fund	-	-	-	-	5,179,555	5,179,555	-	-	-	3,285,165
Reserved	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ 56,148	\$ 246,187	\$ 5,369,594	\$ 5,179,557	\$ 1,579	\$ 946,579	\$ 3,696,578	\$ 6,985,936

Source: CAFR Schedule B-1

LACEY TOWNSHIP SCHOOL DISTRICT
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax Levy	\$ 51,555,279	\$ 50,589,823	\$ 48,815,343	\$ 48,130,596	\$ 46,110,638	\$ 45,169,947	\$ 44,129,698	\$ 41,194,109	\$ 40,041,801	\$ 40,031,136
Tuition Charges	77,164	99,414	112,175	31,372	60,875	167,414	94,567	97,251	153,068	71,270
Interest Earnings	25,419	24,449	12,189	4,949	3,842	3,091	5,081	11,875	26,905	67,021
Solar Renewable Energy Credits	322,585	364,257	658,812	251,302	449,764	605,033	341,547	689,549	1,284,028	1,067,829
Miscellaneous	357,821	255,694	(163,344)	477,408	451,336	282,420	394,519	235,787	242,060	363,988
State Sources	31,484,949	31,606,933	27,020,733	26,853,695	27,071,687	25,357,006	27,277,246	28,235,179	26,818,605	26,141,595
Federal Sources	1,844,945	1,868,626	1,918,784	1,782,194	1,927,296	1,782,744	1,716,986	1,760,803	2,670,816	2,722,755
Total Revenues	85,668,162	84,809,196	78,374,692	77,531,516	76,075,438	73,367,655	73,959,644	72,224,553	71,237,283	70,465,594
Expenditures										
Instruction:										
Regular Instruction	20,984,327	21,068,779	20,576,854	19,613,799	21,350,848	21,892,026	21,656,072	22,199,001	22,709,081	21,415,354
Special Education Instruction	7,159,468	6,328,372	7,137,735	7,065,546	7,054,651	6,558,936	6,378,308	6,320,828	6,088,388	5,735,472
Other Special Instruction	957,639	948,608	1,611,477	1,548,910	1,497,730	1,465,649	1,490,344	1,420,127	1,403,269	1,363,751
Other Instruction	1,666,853	1,620,759	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,898,178	1,942,863	-	-	-	-	-	-	-	-
Attendance & Social Work Services	231,872	218,505	205,333	197,948	222,909	251,700	247,081	246,381	240,966	228,199
Health Services	573,408	597,270	538,336	538,336	602,206	600,624	634,049	642,853	614,344	580,154
Student & Instruction Related Services	5,353,952	5,336,994	4,045,203	4,077,877	4,289,466	4,123,248	1,954,601	1,899,808	1,988,740	1,406,711
Educational Media Services/ School Library	408,439	410,340	372,546	420,637	433,462	424,491	420,773	467,127	445,656	539,690
Instructional Staff Training	31,510	43,835	59,886	37,607	61,567	56,423	77,897	73,666	40,490	14,870
Other Administrative Services	1,289,197	1,124,467	3,380,011	3,200,719	3,408,729	3,377,656	5,268,393	4,930,852	4,694,870	4,636,630
Central Services	546,050	527,195	512,716	487,873	597,772	554,588	568,372	528,064	517,263	498,371
Administration Information	682,454	647,708	602,340	633,422	-	-	-	-	-	-
Technology Services	1,448,032	1,396,976	2,549,888	2,482,873	2,328,493	2,406,114	2,490,711	2,450,734	2,520,750	2,477,677
School Administrative Services	5,273,429	5,158,892	4,979,787	5,125,685	5,964,246	5,936,417	6,113,044	5,669,269	5,616,086	5,310,558
Plant Operations & Maintenance	3,285,925	3,409,332	3,325,947	3,209,224	2,877,930	2,998,784	2,938,907	2,825,083	2,771,058	2,468,123
Pupil Transportation	22,866,644	23,010,263	17,754,656	17,840,688	16,115,424	15,253,093	15,993,934	16,351,729	13,656,604	13,262,203
Unallocated Benefits	4,200,720	4,326,458	4,650,233	4,581,484	4,671,054	2,966,345	3,976,693	4,043,444	4,689,961	3,865,599
Other	2,777,145	1,438,031	298,994	177,544	377,053	668,787	810,774	1,352,167	1,345,989	1,001,740
Capital Outlay	2,790,000	2,755,000	2,745,000	2,670,000	2,810,000	2,755,000	2,795,000	3,330,000	3,280,000	2,651,000
Debt Service:	1,135,502	1,236,927	1,160,738	1,148,011	1,168,322	1,517,600	1,619,550	1,698,137	1,832,788	2,414,598
Principal										
Interest & Other Charges										
Total Expenditures	85,560,744	83,547,574	76,582,272	75,058,183	75,831,862	73,807,481	75,434,503	76,449,270	74,456,303	69,870,700
Other Financing Sources/(Uses):										
Capital Leases (Non-budgeted)	350,000	430,000	-	-	-	-	-	-	-	245,895
Proceeds of Refunding Bonds	-	-	-	(11,595,000)	(16,090,000)	-	-	-	-	-
Proceeds from Bond Issuance	-	-	-	11,595,000	16,090,000	-	-	-	-	-
Cancellation of Payable	-	-	-	-	-	(139,283)	-	-	-	-
Transfers in	-	-	-	3	-	1,577	945,000	2,750,000	3,280,000	2,230,000
Transfers Out	-	-	-	-	-	(1,577)	(945,000)	(2,750,000)	(3,280,000)	(2,230,000)
Total Other Financing Sources/(Uses)	350,000	430,000	-	3	(139,283)	-	(139,283)	-	-	245,895
Net Change in Fund Balances	\$ 457,419	\$ 1,691,622	\$ 1,792,420	\$ 2,473,336	\$ 243,576	\$ (439,826)	\$ (1,614,142)	\$ (4,224,717)	\$ (3,219,020)	\$ 840,789
Debt Service as a Percentage of Noncapital Expenditures	4.81%	5.02%	5.37%	5.36%	5.54%	6.14%	6.22%	7.04%	7.37%	7.82%

Source: CAFR Schedule B-2

**LACEY TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

<u>FISCAL YEAR ENDING JUNE 30,</u>	<u>SALE OF EQUIPMENT</u>	<u>INTEREST</u>	<u>JOINT TRANSPORTATION</u>	<u>TUITION</u>	<u>USE OF FACILITIES</u>	<u>PRIOR YEAR REFUNDS</u>	<u>STUDENT FINES/LOST TEXTBOOKS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2020	\$ -	\$ -	17,160	\$ 50,188	\$ 1,920	\$ 22,784	\$ 2,272	\$ 592,988	\$ 687,312
2019	-	24,449	6,334	99,414	-	-	-	499,952	630,149
2018	1,500	12,189	-	112,175	10,435	38,717	1,815	580,399	757,230
2017	2,096	-	-	-	1,110	6,383	2,250	264,129	275,968
2016	22,279	-	-	-	-	36,372	3,809	584,569	647,029
2015	4,532	-	-	-	-	14,834	4,240	775,861	799,467
2014	-	-	-	-	-	-	-	326,352	326,352
2013	-	-	-	-	-	-	-	81,082	81,082
2012	-	-	-	-	-	-	-	133,125	133,125
2011	2,847	-	20,749	-	13,610	17,184	6,953	227,053	288,396
Total	\$ 33,254	\$ 36,638	\$ 44,243	\$ 261,777	\$ 27,075	\$ 136,274	\$ 21,339	\$ 4,065,510	\$ 4,626,110

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

This page intentionally left blank

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

FISCAL YEAR ENDED JUNE 30	VACANT LAND	RESIDENTIAL	FARM REG.	OFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
2020	\$ 88,422,700	\$ 3,324,613,750	\$ 3,473,500	\$ 45,300	\$ 319,303,343	\$ 171,077,300	\$ 4,759,000	\$ 3,911,694,893	N/A	\$ -	\$ 3,911,694,893	\$ 1.351	\$ 3,974,786,747
2019	102,937,100	3,283,136,850	4,031,600	954,800	312,325,663	190,235,400	4,759,000	3,898,380,413	N/A	-	3,898,380,413	1.322	\$ 3,889,046,701
2018	103,385,900	3,234,796,950	4,031,600	962,000	315,846,455	190,235,400	4,759,000	3,854,017,305	N/A	-	3,854,017,305	1.313	3,795,191,832
2017	97,817,900	3,199,509,750	4,049,800	957,200	319,895,555	190,585,300	4,759,000	3,817,574,505	N/A	-	3,817,574,505	1.279	3,785,195,332
2016	98,051,800	3,179,379,400	4,242,300	957,200	320,674,300	190,066,500	4,759,000	3,798,130,500	N/A	-	3,798,130,500	1.267	3,850,550,781
2015	99,467,900	3,158,811,800	4,202,300	1,000,000	319,523,800	190,066,500	4,759,000	3,777,831,300	N/A	5,123,899	3,782,955,199	1.221	3,782,292,706
2014	107,786,900	3,556,920,000	3,893,800	996,700	336,213,100	222,393,200	5,172,700	4,233,576,400	N/A	7,009,567	4,240,385,967	1.070	3,915,633,894
2013	117,660,700	3,577,090,600	4,662,100	965,800	337,470,300	222,691,800	5,172,700	4,265,714,000	N/A	7,164,737	4,272,878,737	1.033	3,957,650,065
2012	121,820,400	3,620,835,200	3,096,600	945,700	340,944,500	222,691,800	5,172,700	4,315,506,900	N/A	7,969,581	4,323,476,481	0.957	4,069,866,421
2011	126,311,200	3,614,292,600	3,097,300	945,100	340,414,600	223,441,800	5,172,700	4,313,675,300	N/A	8,008,576	4,321,683,876	0.926	4,250,453,976

Source: Municipal Tax Assessor
 Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 b. Tax rates are per \$100
 c. Based on county abstract of rates column 11 net valuation for county tax apportionment

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF LACEY	REGIONAL RATE	OCEAN COUNTY	
2020	1.351	-	1.351	0.399	0.000	0.404	2.1540
2019	1.322	-	1.322	0.386	0.000	0.408	2.1160
2018	1.313	-	1.313	0.373	0.000	0.405	2.0910
2017	1.279	-	1.279	0.357	0.000	0.393	2.0290
2016	1.267	-	1.267	0.348	0.000	0.406	2.0210
2015	1.221	-	1.221	0.308	0.000	0.401	1.9300
2014	1.066	-	1.066	0.280	0.000	0.361	1.7070
2013	1.033	-	1.033	0.252	0.000	0.349	1.6340
2012	0.957	-	0.957	0.227	0.000	0.300	1.4841
2011	0.926	-	0.926	0.207	0.000	0.324	1.4570

Source: Municipal Tax Collector, Ocean County Board of Taxation.

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

Taxpayer	2020		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Exelon Generation Co, LLC	\$ 113,681,500	1	2.906%
First Energy Service Co	50,059,100	2	1.280%
Toll Land XI, LP	25,109,400	3	0.642%
Piedmont Associates	20,656,100	4	0.528%
BRE RC Sunrise NJ LLC	18,400,070	5	0.470%
Wal-Mart R.E. Business Trust	17,492,100	6	0.447%
Kohls	9,600,000	7	0.245%
Forked River Residences LLC	8,521,500	8	0.218%
US Bank Trust	7,463,200	9	0.191%
Cav-Burt LLC	5,302,300	10	0.136%
Total	<u>\$ 276,285,270</u>		<u>7.063%</u>

Taxpayer	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Exelon Generation Co, LLC	\$ 145,292,200	1	3.370%
PR Lacey LLC	50,085,800	2	1.160%
JCP & L	35,745,600	3	0.830%
Toll Land XI, LP	24,291,500	4	0.560%
Wal-Mart R.E. Business Trust	21,926,300	5	0.510%
Piedmont Associates	21,200,000	6	0.490%
NJ Bell/Verizon	9,969,581	7	0.230%
Forked River Residences LLC	9,571,800	8	0.220%
Forked River Power, LLC	7,554,000	9	0.180%
WaWa, Inc	6,789,900	10	0.160%
Total	<u>\$ 332,426,681</u>		<u>7.710%</u>

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2020	\$ 51,555,279	\$ 51,555,279	100.00%	-
2019	50,589,823	50,589,823	100.00%	-
2018	48,815,343	48,815,343	100.00%	-
2017	48,130,596	48,130,596	100.00%	-
2016	46,110,638	46,110,638	100.00%	-
2015	45,169,947	45,169,947	100.00%	-
2014	44,129,698	44,129,698	100.00%	-
2013	41,194,109	38,353,214	93.10%	2,840,895
2012	40,031,136	36,757,377	91.82%	3,273,759
2011	39,817,882	36,832,843	92.50%	2,985,039

Source: Municipal Chief Financial Officer

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

This page intentionally left blank

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

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2020	\$ 19,805,000	\$ 699,802	\$ 20,504,802	0.15%	29,295
2019	22,595,000	709,061	23,304,061	0.12%	27,667
2018	25,350,000	568,983	25,918,983	0.11%	28,819
2017	28,095,000	256,977	28,351,977	0.10%	28,569
2016	31,190,000	363,811	31,553,811	0.09%	28,569
2015	35,680,000	111,672	35,791,672	0.08%	28,451
2014	38,435,000	51,180	38,486,180	0.07%	28,307
2013	41,230,000	150,929	41,380,929	0.07%	28,090
2012	44,560,000	246,541	44,806,541	0.06%	27,946
2011	47,840,000	338,189	48,178,189	0.06%	27,722

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

a: See Exhibit J-14 for personal income and population data.

b: Includes Early Retirement Incentive Plan (ERIP) refunding

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

FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2020	\$ 19,805,000	\$ -	\$ 19,805,000	0.50%	29,295
2019	22,595,000	-	22,595,000	0.58%	27,667
2018	25,350,000	-	25,350,000	0.67%	28,819
2017	28,095,000	-	28,095,000	0.74%	28,569
2016	31,190,000	-	31,190,000	0.81%	28,569
2015	35,680,000	-	35,680,000	0.94%	28,451
2014	38,435,000	-	38,435,000	0.98%	28,307
2013	41,230,000	-	41,230,000	1.04%	28,090
2012	44,560,000	-	44,560,000	1.09%	27,946
2011	47,840,000	-	47,840,000	1.13%	27,722

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
See Exhibit J-6 for property tax data.
Population data can be found in Exhibit J-14.

**LACEY TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED JUNE 30, 2020**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lacey Township	\$ 16,857,032	100.0%	\$ 16,857,032
Other Debt:			
County of Ocean - Township's Share (%)	a 53,906,972	4.03%	2,172,451
Subtotal, Overlapping Debt			19,029,483
Lacey Township School District Direct Debt			19,805,000
			<hr/>
Total Direct & Overlapping Debt			<u>38,834,483</u>

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

a= December 31, 2019 County of Ocean total net debt

LACEY TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Dollars in Thousands)

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 155,521,235	\$ 154,266,296	\$ 153,158,144	\$ 153,410,015	\$ 153,280,761	\$ 155,348,203	\$ 159,242,005	\$ 163,706,273	\$ 170,216,059	\$ 174,910,000
Total Net Debt Applicable to Limit	19,805,000	22,595,000	25,350,000	28,095,000	31,190,000	35,680,000	38,435,000	41,230,000	44,560,000	47,840,000
Legal Debt Margin	\$ 135,716,235	\$ 131,671,296	\$ 127,808,144	\$ 125,315,015	\$ 122,090,761	\$ 119,668,203	\$ 120,807,005	\$ 122,476,273	\$ 125,656,059	\$ 127,070,000
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.73%	14.65%	16.55%	18.31%	20.35%	22.97%	24.14%	25.19%	26.18%	27.35%

Legal Debt Margin Calculation

	Equalized Valuation Basis
Average Equalized Valuation of Taxable Property	
	2019 \$ 3,911,694,893 c
	2018 \$ 3,898,380,413 c
	2017 \$ 3,854,017,305 c
	<u>\$ 11,664,092,611</u>
	<u>\$ 3,888,030,870</u>
Debt Limit (4% of Average Equalization Value)	\$ 155,521,235 a
Net Bonded School Debt	<u>19,805,000</u>
Legal Debt Margin	<u>\$ 135,716,235</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
 a. Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
 Department of Treasury, Division of Taxation
 c. from Ocean County Abstract of ratables net valuation for county tax apportionment column 11

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts.

Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

This page intentionally left blank

**LACEY TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2020	29,295		52,008	4.30%
2019	27,667		50,184	4.30%
2018	28,819		47,413	4.50%
2017	28,569		46,109	5.10%
2016	28,569		47,413	5.10%
2015	28,451		46,109	5.50%
2014	28,307		44,453	7.00%
2013	28,090		42,946	8.70%
2012	27,946		42,603	10.20%
2011	27,722		41,475	10.10%

Source:

by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

b Personal income has been estimated based upon the county 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. Note that that there is recent revised data for the years 2004 through 2001 due to the new unemployment estimation procedure.

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

2020		
EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT

DATA NOT AVAILABLE

Total	-	0.00%
Total Employment - (Estimated)	-	

Source: Municipal Tax Collector

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

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

This page intentionally left blank

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	249.7	259	260	254	276	283	283	283	285	290
Special Education	145.5	155	143	144	143	141	128	128	123	119
Other Special Instruction	4.0	4	4	4	4	4	4	4	5	5
Vocational										
Support Services:										
Health Services										
Student & Instruction Related Services	74.9	71	71	72	82	80	82	82	77	80
General Administration	12.7	13	14	12	13	13	11	11	13	17
School Administrative Services	17.0	24	25	24	16	17	17	17	18	17
Central Services	7.0									
Administrative Information Technology										
Plant Operations & Maintenance	88.5	100	112	114	124	122	113	113	110	101
Pupil Transportation	39.6	41	44	46	46	44	41	41	37	45
Total	638.9	667	673	670	704	704	679	679	668	674

Source: District Personnel Records

LACEY TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)		COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)			PUPIL/TEACHER RATIO (d)		HIGH	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
		\$	\$			STAFF (b)	ELEM	MIDDLE							
2020	4,000	\$ 79,921,503	\$ 19,980	6.05%	333	11	13	11	3,938	3,786	-0.51%	96.14%			
2019	4,128	77,773,485	18,840	9.61%	349	0	1	11	3,958	3,706	-0.73%	93.63%			
2018	4,113	70,698,695	17,189	2.53%	345	0	1	11	3,987	3,696	-0.65%	92.70%			
2017	4,134	69,305,171	16,765	0.41%	346	1	1	11	4,013	3,741	-3.11%	93.22%			
2016	4,281	71,476,487	16,696	11.86%	360	1	1	11	4,142	3,858	-3.65%	93.14%			
2015	4,415	65,899,752	14,926	-2.99%	366	1	0	11	4,299	4,000	N/A	93.04%			
2014	4,563	70,209,179	15,387	2.13%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
2013	4,651	70,068,966	15,065	4.53%	N/A	N/A	N/A	N/A	4,524	4,201	-1.74%	92.86%			
2012	4,718	67,997,526	14,412	8.04%	355	0	1	11	4,604	4,294	-1.46%	93.27%			
2011	4,783	63,803,362	13,340	6.95%	357	0	1	11	4,672	4,335	-1.48%	92.79%			

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

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

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

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

d Pupil/Teacher ratio was obtained from the Comparative Spending Guide

LACEY TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>DISTRICT BUILDINGS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Elementary Schools:										
Board Office (1989):										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capacity	0	0	0	0	0	0	0	0	0	0
Enrollment	0	0	0	0	0	0	0	0	0	0
Grounds Department (1995):										
Square Feet	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960	8,960
Capacity	0	0	0	0	0	0	0	0	0	0
Enrollment	0	0	0	0	0	0	0	0	0	0
Forked River Elementary (1959):										
Square Feet	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800	45,800
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment (a)	418	395	419	407	452	493	540	540	545	549
Lanoka Harbor Elementary (1969):										
Square Feet	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630	51,630
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	504	488	456	479	504	543	593	593	579	589
Cedar Creek Elementary (1990):										
Square Feet	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420	64,420
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	496	502	515	526	536	559	599	599	619	613
Mill Pond Elementary (1980):										
Square Feet	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250	100,250
Capacity	975	975	975	975	975	975	975	975	975	975
Enrollment	733	772	779	775	786	763	679	679	707	730
Middle School:										
Lacey Twp Middle School (2000):										
Square Feet	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335	105,335
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	672	676	689	672	645	648	707	707	738	777
High School:										
Lacey Township High School (1981):										
Square Feet	288,500	276,175	276,175	276,175	276,175	276,175	276,175	276,175	276,175	276,175
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1177	1,189	1,179	1,185	1,279	1,337	1,460	1,460	1,460	1,453
Number of Schools at June 30, 2020:										
Elementary = 4										
Middle School = 1										
High School = 1										
Other = 2										

Source: District Facilities Office, District Records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

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

SCHOOL FACILITIES	PROJECT #(s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
High Schools:											
Lacey Township High School	N/A	\$ 336,671	\$ 350,777	\$ 252,925	\$ 244,228	\$ 848,588	\$ 464,905	\$ 500,583	\$ 604,141	\$ 320,586	\$ 365,774
Middle Schools:											
Lacey Township Middle School	N/A	123,471	133,789	96,468	104,326	311,487	310,394	323,937	231,075	208,213	222,803
Elementary Schools:											
Mill Pond Elementary	N/A	117,336	127,330	91,811	84,348	297,451	352,461	388,381	328,916	245,120	303,717
Cedar Creek Elementary	N/A	75,156	81,822	58,997	72,324	189,969	241,171	272,051	202,064	217,307	184,507
Lanoka Harbor Elementary	N/A	60,585	65,577	47,284	56,867	154,219	266,732	285,149	209,615	160,050	226,243
Forked River Elementary	N/A	53,683	58,172	41,944	48,728	136,706	267,586	296,205	243,100	179,605	232,008
Grand Total		\$ 766,902	\$ 817,467	\$ 589,429	\$ 610,821	\$ 1,938,420	\$ 1,903,249	\$ 2,066,306	\$ 1,818,911	\$ 1,330,881	\$ 1,535,052

**LACEY TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED**

	COVERAGE	DEDUCTIBLE
SCHOOL PACKAGE POLICY (1):		
Building and Contents (All Locations)	\$ 175,583,576	\$ 5,000
Equipment Breakdown	100,000,000	5,000
Computers - EDP Blanket	2,000,000	1,000
General Liability	31,000,000	-
General Automobile Liability		
Auto Physical Liability	31,000,000	-
Employee Benefit Liability	31,000,000	-
Crime - Employee Dishonesty	100,000	500
School Leaders Errors & Omissions	31,000,000	10,000
Workers's Compensation:		
Employers Liability	3,000,000	
Terrorism	1,000,000	
SURETY BONDS:		
School Business Administrator (1)	365,000	500
ENVIRONMENTAL LIABILITY (1):		
Limit of Liability	1,000,000	10,000
ENVIRONMENTAL LIABILITY (1):		
Accident Medical Benefit	5,000,000	25,000
Catastrophic Cash Benefit	1,000,000	25,000

This page intentionally left blank

SINGLE AUDIT SECTION

Fourth Section

This page intentionally left blank



Certified Public Accountants + Advisors

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lacey Township School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any 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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River, New Jersey
January 12, 2021



Certified Public Accountants + Advisors

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Lacey Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2020. The Lacey Township School District'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lacey Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Lacey Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Lacey Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 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 School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty
Certified Public Accountant
Public School Accountant, No. 2470

Toms River, New Jersey
January 12, 2021

LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM/TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	UNEARNED REVENUE	BALANCE, JUNE 30, 2020 (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services Medical Assistance Program (SEMI) Total Medicaid Cluster	93.778	1905NJ5MAP	100-054-7540-211	65,531	7/1/19-6/30/20	-	65,531	(65,531)	-	-	-	-
Total U.S. Department of Health and Human Services				65,531		-	65,531	(65,531)	-	-	-	-
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture Child Nutrition Cluster:												
School Breakfast Program	10.553	191NJ04N1099	100-010-3350-028	47,372	7/1/19-6/30/20	-	47,372	(47,372)	-	-	-	-
COVID-19 School Breakfast Program	10.553	191NJ04N1099	100-010-3350-028	16,815	7/1/19-6/30/20	-	10,919	(16,815)	-	-	(5,896)	-
School Breakfast Program	10.553	181NJ04N1099	100-010-3350-028	46,159	7/1/18-6/30/19	(2,499)	2,499	-	-	-	-	-
						(2,499)	60,790	(64,187)	-	-	(5,896)	-
National School Lunch Program	10.555	191NJ04N1099	100-010-3350-028	275,666	7/1/19-6/30/20	-	275,666	(275,666)	-	-	-	-
COVID-19 National School Lunch Program	10.555	191NJ04N1099	100-010-3350-028	27,915	7/1/19-6/30/20	-	18,162	(27,915)	-	-	(9,753)	-
National School Lunch Program	10.555	181NJ04N1099	100-010-3350-028	396,128	7/1/18-6/30/19	(11,419)	11,419	-	-	-	-	-
National Performance Based Lunch	10.555	191NJ04N1099	100-010-3350-026	10,907	7/1/19-6/30/20	-	10,907	(10,907)	-	-	-	-
COVID-19 National Performance Based Lunch	10.555	191NJ04N1099	100-010-3350-026	573	7/1/19-6/30/20	-	373	(573)	-	-	(200)	-
National Performance Based Lunch	10.555	181NJ04N1099	100-010-3350-026	14,972	7/1/18-6/30/19	(415)	415	-	-	-	-	-
School Milk Program	10.556	191NJ04N1099	100-010-3350-027	10	7/1/19-6/30/20	-	10	(10)	-	-	-	-
School Milk Program	10.556	181NJ04N1099	100-010-3350-027	14	7/1/18-6/30/19	(1)	1	-	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	191NJ04N1099	Unavailable	82,749	7/1/19-6/30/20	-	82,749	(82,749)	-	-	-	-
						(11,835)	399,702	(397,820)	-	-	(9,953)	-
Total Child Nutrition Cluster				460,492		(14,334)	460,492	(462,007)	-	-	(15,849)	-
Total U.S. Department of Agriculture				460,492		(14,334)	460,492	(462,007)	-	-	(15,849)	-
U.S. Department of Education Passed Through New Jersey Department of Education CARES Act	84.425D	S425D200027	N/A	522,987	3/1/20-9/30/22	-	-	(124,131)	-	-	(124,131)	-
Every Student Succeeds Act (ESSA) Title I - Part A	84.010	S010A190030	100-034-5064-194	644,505	7/1/19-9/30/20	-	590,318	(646,462)	-	-	(56,144)	-
Title I - Part A	84.010	S010A180030	100-034-5064-194	699,701	7/1/18-6/30/19	(1,50,942)	150,942	-	-	-	-	-
						(1,50,942)	741,260	(646,462)	-	-	(56,144)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A190029	100-034-5063-290	139,901	7/1/19-9/30/20	-	121,631	(139,925)	-	-	(18,294)	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A180029	100-034-5063-290	161,470	7/1/18-6/30/19	(45,884)	45,884	-	-	-	-	-
						(45,884)	167,515	(139,925)	-	-	(18,294)	-
Title III - English Language Acquisition	84.365	S365A190030	100-034-5064-187	1,292	7/1/19-9/30/20	-	1,084	(1,084)	-	-	-	-
						-	1,084	(1,084)	-	-	-	-
Title IV - Part A	84.424	S424A180031	100-034-5063-348	40,639	7/1/19-9/30/20	-	20,527	(20,527)	-	-	-	-
Title IV - Part A	84.424	S424A180031	100-034-5063-348	41,978	7/1/18-6/30/19	(35,182)	35,182	-	-	-	-	-
						(35,182)	55,709	(20,527)	-	-	-	-
Special Education Cluster:												
I.D.E.A. Part B	84.027	H027A190100	100-034-5065-016	986,131	7/1/19-9/30/20	-	845,381	(917,774)	-	-	(72,393)	-
I.D.E.A. Part B	84.027	H027A180100	100-034-5065-016	982,930	7/1/18-6/30/19	(211,537)	211,537	-	-	-	-	-
						(211,537)	1,056,918	(917,774)	-	-	(72,393)	-
I.D.E.A. Preschool	84.173	H183A190114	100-034-5065-020	33,777	7/1/19-9/30/20	-	33,777	(33,777)	-	-	-	-
						-	33,777	(33,777)	-	-	-	-
Total Special Education Cluster				982,930		(211,537)	1,090,695	(951,551)	-	-	(72,393)	-
Total U.S. Department of Education				2,056,263		(443,545)	2,056,263	(1,883,680)	-	-	(270,962)	-
Total Expenditures of Federal Awards				2,582,286		(457,879)	2,582,286	(2,411,218)	-	-	(286,811)	-

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

LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE, JUNE 30, 2020		MEMO CUMULATIVE TOTAL EXPENDITURES	
									UNEARNED REVENUE	DUE TO GRANTOR		
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
Special Education Categorical Aid	495-034-5120-089	\$ 2,504,516	7/1/19-6/30/20	-	2,504,516	(2,504,516)	-	-	-	-	245,913	\$ 2,504,516
Security Aid	495-034-5120-084	483,794	7/1/19-6/30/20	-	483,794	(483,794)	-	-	-	-	47,503	483,794
Equalization Aid	495-034-5120-078	17,130,415	7/1/19-6/30/20	-	17,130,415	(17,130,415)	-	-	-	-	1,681,999	17,130,415
Total State Aid Public				-	20,118,725	(20,118,725)	-	-	-	-	1,975,415	20,118,725
Transportation Aid	495-034-5120-014	228,519	7/1/19-6/30/20	-	228,519	(228,519)	-	-	-	-	22,438	228,519
Extraordinary Aid	495-034-5120-044	585,724	7/1/19-6/30/20	-	585,724	(585,724)	-	-	-	(585,724)	-	585,724
Additional Non-Public Transportation Aid	495-034-5120-044	524,720	7/1/18-6/30/19	(524,720)	524,720	-	-	-	-	-	-	-
Additional Non-Public Transportation Aid	495-034-5120-014	8,120	7/1/19-6/30/20	-	-	(8,120)	-	-	-	(8,120)	-	8,120
Reimbursed TPAF Social Security Contribution:	495-034-5120-014	5,428	7/1/18-6/30/19	(5,428)	5,428	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution:	495-034-5094-003	2,057,826	7/1/19-6/30/20	-	1,956,098	(2,057,826)	-	-	-	(101,728)	-	2,057,826
TPAF - Post Retirement	495-034-5094-003	1,964,978	7/1/18-6/30/19	(97,186)	97,186	-	-	-	-	-	-	-
Medical (Noncash Assistance):	495-034-5094-001	2,138,990	7/1/19-6/30/20	-	2,138,990	(2,138,990)	-	-	-	-	-	2,138,990
TPAF - Pension	495-034-5094-002	5,765,757	7/1/19-6/30/20	-	5,765,757	(5,765,757)	-	-	-	-	-	5,765,757
TPAF - Long-Term Disability	495-034-5094-004	3,904	7/1/19-6/30/20	-	3,904	(3,904)	-	-	-	-	-	3,904
Total General Fund				(627,334)	30,839,327	(30,907,565)	-	-	-	(695,572)	1,997,853	30,907,565
Special Revenue Fund												
Non-Public Aid:												
Textbooks	100-034-5120-064	694	7/1/18-6/30/19	694	-	-	-	(694)	-	-	-	-
Nursing Services	100-034-5120-070	1,261	7/1/18-6/30/19	1,261	-	-	-	(1,261)	-	-	-	-
Technology Initiative	100-034-5120-373	468	7/1/18-6/30/19	468	-	-	-	(468)	-	-	-	-
Security Aid	100-034-5120-509	1,950	7/1/18-6/30/19	1,950	-	-	-	(1,950)	-	-	-	-
Total Special Revenue Fund				4,373	-	-	-	(4,373)	-	-	-	-
Debt Service Fund:												
Debt Service Aid	495-034-5120-075	531,608	7/1/19-6/30/20	-	531,608	(531,608)	-	-	-	-	-	531,608
Total Debt Service Fund				-	531,608	(531,608)	-	-	-	-	-	531,608
New Jersey Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	11,452	7/1/19-6/30/20	-	8,456	(11,452)	-	-	-	(2,996)	-	11,452
National School Lunch Program	100-010-3350-023	13,024	7/1/19-6/30/20	(362)	362	-	-	-	-	-	-	-
Total Enterprise Fund				(362)	8,818	(11,452)	-	-	-	(2,996)	-	11,452
Total State Financial Assistance				(623,323)	31,379,753	(31,450,625)	-	(4,373)	-	(698,568)	1,997,853	31,450,625
State Financial Assistance Programs not Subject to Calculation for Major Program Determinator												
TPAF - Post Retirement	495-034-5094-001	\$ 2,138,990	7/1/19-6/30/20			\$ 2,138,990						
Medical (Noncash Assistance)	495-034-5094-002	5,765,757	7/1/19-6/30/20			5,765,757						
TPAF - Pension	495-034-5094-003	3,904	7/1/19-6/30/20			3,904						
TPAF - Long-Term Disability	495-034-5094-004		7/1/19-6/30/20									
Insurance (Noncash Assistance)												
Total State Financial Assistance Subject to Calculation for Major Program Determination						\$ (23,541,974)						

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

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Lacey Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

LACEY TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020 (Continued)

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$45,776 for the general fund and (\$104,266) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 65,531	\$ 30,953,341	\$ 31,018,872
Special Revenue Fund	1,779,414	-	1,779,414
Debt Service Fund	-	531,608	531,608
Food Service Fund	462,007	11,452	473,459
Total Awards & Financial Assistance	<u>\$ 2,306,952</u>	<u>\$ 31,496,401</u>	<u>\$ 33,803,353</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Lacey Township School District had no loan balances outstanding at June 30, 2020.

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A190100	Special Education Cluster: I.D.E.A. Part B
84.173	H183A190114	I.D.E.A. Preschool

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? X yes no

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II - Financial Statement Findings

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

None.

**LACEY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**LACEY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.