

**SCHOOL DISTRICT
OF**

**DELRAN
TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Delran Township Board of Education

Delran, New Jersey

For the Fiscal Year Ended June 30, 2016

**Prepared by
Delran Township Board of Education
Finance Department**

DELRAN TOWNSHIP SCHOOL DISTRICT

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Introductory Section

DELRAN TOWNSHIP BOARD OF EDUCATION
52 Hartford Road
Delran, New Jersey 08075

Dr. Brian Brotschul, Superintendent
Dr. Christopher J. Russo, Business Administrator/Board Secretary
Mrs. Paulette Bearer, Director of Student Services
Mrs. Kari McGann-Director of Curriculum & Instruction

September 30, 2016

Honorable President and
Members of the Board of Education
Delran Township School District
Delran, NJ 08075

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Delran Township School District for the fiscal year ended June 30, 2016 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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 general purpose financial statements and schedules, as well as the auditor's 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 Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal award (uniform guidance): and the State of New Jersey Circular OMB15-08. 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 Delran School District is an independent reporting entity within the criteria adopted by the GASB as established by

NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Delran Public Schools and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular vocational as well as special education or handicapped youngsters. The District completed the 15-16 fiscal year with an average daily enrollment of 3,020 students, which is 41 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last 10 years.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	3,020	1.38%
2014-2015	2,979	0.78%
2013-2014	2,956	4.16%
2012-2013	2,838	-4.86%
2011-2012	2,983	2.37%
2010-2011	2,914	-0.72%
2009-2010	2,935	1.52%
2008-2009	2,891	1.12%
2007-2008	2,859	1.60%
2006-2007	2,814	0.32%

2) ECONOMIC CONDITION AND OUTLOOK:

There was no noticeable residential or commercial growth during the year. Enrollment increased by 41 students following an increase in the previous year.

During the spring of 2016 a model home in one of the newly approved developments was constructed just off of Hartford Road. No other homes in this development have been constructed to date. No work has begun on the development bordering Hartford and Bridgeboro Roads. A third development, along Hartford Road, no work has commenced. These lots are the last remaining buildable properties in Delran.

3) MAJOR INITIATIVES:

The District finalized plans for the Energy Savings Improvement Project (ESIP) and the Solar Power Purchase Agreement (PPA) during the year for a construction start date of October 2016. The ESIP will consist of new LED lighting in two of the District's schools, the ones that did not receive new lighting just prior to or during the recent referendum. Also included are new digital HVAC controls and new unit ventilators in

many classrooms. The PPA will include solar panels on all four school buildings and two ground mounts as well, one at the High School and the other at the Intermediate School. The PPA will produce 70% of the District's electric requirement.

The district is heavily engaged in activities related to Science, Technology, Engineering, Arts and Math (STEAM). As such, the district applied for, and subsequently received, a grant in the amount of \$60,000 from the Overdeck Foundation for technical assistance in this area. We have partnered with a dozen local and semi-local organizations in this area and are aggressively pursuing the development of formalized programs.

The district is engaged in an examination of the curriculum program in all areas of STEAM, robotics and sustainability. This has resulted in continued professional development opportunities that have been funded by the Board and grant sources. The district has also increased its programs in the arts, as well. Currently we have expanded the offerings at the intermediate school, funding an after school club, which is in addition to the programs at the 6-12 level.

New to the district are sustainability project managers at each school as well as robotics and engineering coaches. These initiatives are also coupled with the influx of a new mandated curricula in the area of science, called Next Generation Science Standards.

In the area of professional staff evaluation, the district completed an 18 month pilot program for a transition to a model that is oriented towards the practitioner instead of the data side of evaluation. The model, called Marshall Evaluation Rubric has been implemented without incident.

In literacy, the district continues to implement the Readers Workshop model from Teachers' College at the K-8 level. The district has supported professional development, curricula drafting and the funding of a literacy coach in order to see this work through. Additionally, this past year reflected a historic allocation in the area of literacy in the funding allocation by the Board.

As our English language learner and special education populations have increased, we have begun implementing programs that incorporate assistive technology as well as Universally Designed Differentiated Instructional practices in order to support our most at risk learners. This has allowed us to aggressively pursue opportunities for Least Restrictive Environments for special education students.

The district continues to implement Positive Behavior Supports in Schools for all students, with a particular focus on students who require additional behavioral supports. Lastly, we have begun formalizing our processes in the area of transitional services for students up to the age of 21, as appropriate.

The district continues to engage with the community in a host of ways. The Delran Education Foundation was established by local residents and has funded several thousand dollars' worth of education programming in the area of STEAM. The district is establishing parent feedback protocols for each school, as well as the district level in order to assess our progress and development of our mission for a five year plan.

In the area of business and operations, the district I focused on understanding the demographic report as well as the execution of feasibility studies for DIS, Millbridge and the athletic complex at DHS. The district is heavily involved in the development of formalized partnerships for in order to fund programs at all schools.

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 is compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance that 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 financial assistance, 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 financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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 projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governments

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 "Notes to the Financial Statements", Note 1.

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

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

9) OTHER INFORMATION:


Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Inverso and Stewart, LLC, performs the annual statutory audit of the Delran Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance): and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the staff of the Delran Public Schools for their concern in providing fiscal accountability to the citizens and taxpayers of the district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the support staff employed in the Business Office.

Respectfully submitted,

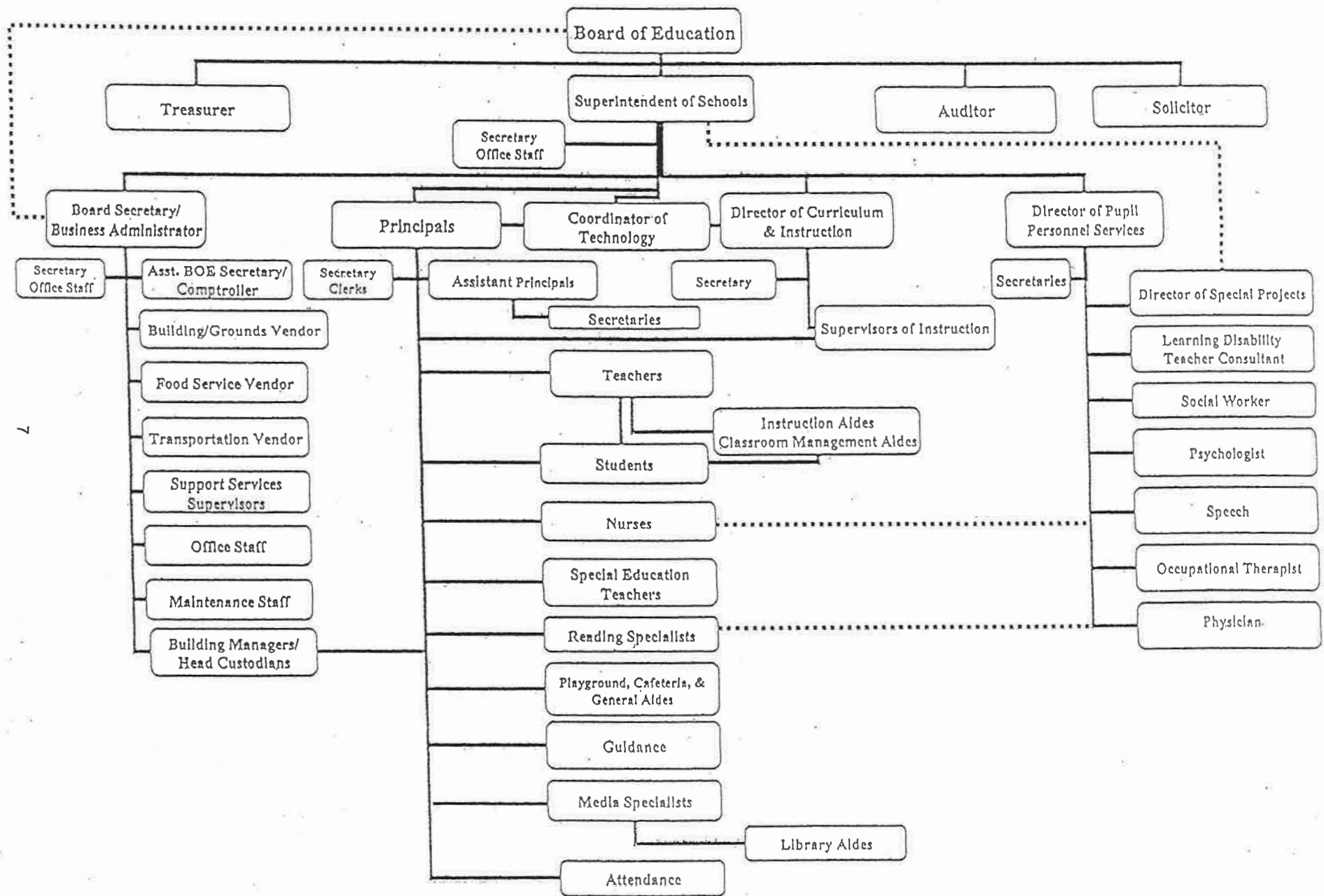


Brian Brotschul, Ed.D.
Superintendent



Christopher J. Russo, Ed.D.
Board Secretary/Business Administrator

DELTRAN BOARD OF EDUCATION
Organizational Chart



**DELRAN BOARD OF EDUCATION
DELRAN, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Glenn Kitley, President	2018
Thomas Jackson, Vice-President	2016
Joseph Biluck, Jr.	2017
Mary Melvin	2017
Mark Oberg	2018
Robert Porreca	2016
Amy Rafanello	2018
Tyler Seville	2016
Eileen Wachter	2017

Other Officials

Dr. Brian Brotschul, Superintendent
Christopher Russo, Ed.D. Board Secretary &
School Business Administrator
Dorothea Jones, Treasurer
Jonathan Busch, Solicitor

**DELRAN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

Busch Law Group
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Metuchen, NJ 08840

Architect

KDA Architects
277 Laurel Road
Voorhees, NJ 08043

Official Depository

TD Bank
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Delran, NJ 08075

Financial Section

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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delran Township School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2016 on my consideration of the Delran Township School District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Delran Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 30, 2016

INVERSO & STEWART, LLC
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-Member of-
 American Institute of CPAs
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

I 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 Delran Township School District, in the County of Burlington, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Delran 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 my 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, I do not express an opinion on the effectiveness of the Delran 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Delran Township School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is 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 which are described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as findings no: 2016-001 and 2016-002.

The Delran Township School District's Response to Findings

The Delran Township School District's response to the findings identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 30, 2016

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Delran Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

As management of the Board of Education of the Township of Delran, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$6,029,749 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$8,758,019. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the June state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District decreased by \$200,807 or an 3.22% decrease from the prior fiscal year-end balance. The majority of the decrease is attributable to the results of operations in the General Fund and repayment of long term debt obligations.
- Fund balance of the School District's governmental funds decreased by \$483,741 resulting in an ending fund balance of \$3,381,596. The majority of the decrease is attributable to the results of operations in the General Fund.
- Business-type activities have unrestricted net position of \$416,701 which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$2,321,381 which is the result of principal payments on debt obligations, the increase of compensated absences, the acquisition of a new capital lease and the increases in net pension liability.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities include the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's enterprise fund (Food Service Fund) is considered to be a major fund.

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2017. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2016.

The assets of the primary government activities exceeded liabilities by \$5,376,637 with an unrestricted deficit balance of \$8,758,019. The net position of the primary government does not include internal balances.

A net investment of \$10,878,711 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 3,020 public school students. Net position of \$1,044,651 has been restricted to provide resources for future capital expansion and renovation projects while \$1,963,689 has been restricted for budget appropriation, \$156,325 is reserved for maintenance, \$38,111 is reserved for future debt service, and \$100,517 has been restricted for encumbrances.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, net pension liability and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Delran Township School District
Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	\$ 3,642,748	\$ 4,018,345	\$ 515,822	\$ 407,381	\$ 4,158,570	\$ 4,425,726
Capital assets	<u>37,890,473</u>	<u>38,784,490</u>	<u>236,411</u>	<u>174,790</u>	<u>38,126,884</u>	<u>38,959,280</u>
Total assets	<u>41,533,221</u>	<u>42,802,835</u>	<u>752,233</u>	<u>582,171</u>	<u>42,285,454</u>	<u>43,385,006</u>
Deferred Outflows of Resources	<u>3,703,232</u>	<u>895,497</u>			<u>3,703,232</u>	<u>895,497</u>
Liabilities:						
Current Liabilities	2,532,258	2,264,177	99,121	13,922	2,631,379	2,278,099
Noncurrent Liabilities	<u>37,144,395</u>	<u>35,300,412</u>			<u>37,144,395</u>	<u>35,300,412</u>
Total liabilities	<u>39,676,653</u>	<u>37,564,589</u>	<u>99,121</u>	<u>13,922</u>	<u>39,775,774</u>	<u>37,578,511</u>
Deferred Inflows of Resources	<u>183,163</u>	<u>471,436</u>			<u>183,163</u>	<u>471,436</u>
Net position	<u>\$ 5,376,637</u>	<u>\$ 5,662,307</u>	<u>\$ 653,112</u>	<u>\$ 568,249</u>	<u>\$ 6,029,749</u>	<u>\$ 6,230,556</u>
Net position consist of:						
Net investment in						
Capital assets	\$ 10,878,711	\$ 10,712,615	\$ 236,411	\$ 174,790	\$ 11,115,122	\$ 10,887,405
Restricted net position	<u>3,255,945</u>	<u>3,669,292</u>			<u>3,255,946</u>	<u>3,669,292</u>
Unrestricted net position	<u>(8,758,019)</u>	<u>(8,719,600)</u>	<u>416,701</u>	<u>393,459</u>	<u>(8,341,319)</u>	<u>(8,326,141)</u>
Net position	<u>\$ 5,376,637</u>	<u>\$ 5,662,307</u>	<u>\$ 653,112</u>	<u>\$ 691,975</u>	<u>\$ 6,029,749</u>	<u>\$ 6,230,556</u>

Governmental Activities

Governmental activities decreased the net position of the School District during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- Long term debt increase of \$2,321,381.
- Capital assets had a net decrease of \$894,017.

Business-type Activities

Business-type activities decreased the School District's net position slightly. Key elements of the decrease in net position for business-type activities are as follows:

- The Food Services Fund had a net gain of \$84,863 for this fiscal year.

Delran Township School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 753,121	\$ 718,271	\$ 753,121	\$ 718,271
Operating grants and Contributions	7,183,901	5,459,573	546,300	508,483	7,730,201	5,968,056
General Revenues:						
Property Taxes	31,395,883	30,425,705			31,395,883	30,425,705
Unrestricted State Aid	11,964,625	12,121,250			11,964,625	12,121,250
Tuition	119,734	85,960			119,734	85,960
Other Revenues	136,753	98,568	60,936		197,689	98,568
Total Revenues	50,800,896	48,191,056	1,360,357	1,226,754	52,161,253	49,417,810
Expenses:						
Governmental Activities:						
Instruction	19,115,506	18,852,652			19,115,506	18,852,652
Tuition	2,154,434	2,300,538			2,154,434	2,300,538
Related Services	5,736,278	5,389,417			5,736,278	5,389,417
Administrative Services	2,857,639	2,998,630			2,857,639	2,998,630
Operations and Maintenance	5,640,717	3,450,635			5,640,717	3,450,635
Transportation	2,128,031	2,224,397			2,128,031	2,224,397
Employee Benefits	12,469,191	11,000,704			12,469,191	11,000,704
Interest on long-term Debt	959,055	1,156,126			959,055	1,156,126
Other	25,715	46,777			25,715	46,777
Business-Type Activities:						
Food Service Operations			1,275,494	1,350,480	1,275,494	1,350,480
Total Expenses	51,086,566	47,419,876	1,275,494	1,350,480	52,362,060	48,770,356
Increase (decrease) in net						
Assets before transfers	(285,670)	771,180	84,863	(123,726)	(200,807)	647,454
Transfers						
Changes in net position	(285,670)	771,180	84,863	(123,726)	(200,807)	647,454
Net position, July 1,	5,662,307	4,891,127	568,249	691,975	6,230,556	5,583,102
Net position, June 30,	\$ 5,376,637	\$ 5,662,307	\$ 653,112	\$ 568,249	\$ 6,029,749	\$ 6,230,556

Financial Analysis of the Governmental Funds

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

Governmental Funds - The focus of the School 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 School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,381,596, a decrease of \$483,741 in comparison with the prior year. Most of this decrease is the result of operations in the General Fund.

The unreserved fund balance for the School District at the end of the fiscal year includes a combination of an unreserved fund balance for the General Fund of \$125,651, \$478,709 for the Capital Projects Fund and \$38,111 for the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$518,594, 2) appropriated as a revenue source in the subsequent year's budget \$1,215,921, 3) reserved for excess surplus in accordance with state statute \$747,768, 4) reserved for encumbrances \$100,517, 5) or reserved for maintenance \$156,325.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the June state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$1,199,736, while total fund balance (budgetary basis) was \$3,891,513. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$46,224,925. Unreserved fund balance (budgetary basis) represents 2.60% of expenditures while total fund balance (budgetary basis) represents 8.42% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$38,126,884 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$832,396, or a 2.14% decrease. The decrease is due to depreciation less current year additions.

**Delran Township School District
Capital Asset (net of accumulated depreciation)
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Construction in Progress	\$ 25,198,232	\$ 25,198,232	\$ -	\$ -	\$ 25,198,232	\$ 25,198,232
Buildings and Building Improvements	12,284,663	12,969,639			12,284,663	12,969,639
Equipment	407,578	616,619	236,411	174,790	643,989	791,409
Net position	\$ 37,890,473	\$ 38,784,490	\$ 236,411	\$ 174,790	\$ 38,126,884	\$ 38,959,280

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2016, the School District had total bonded debt outstanding of \$27,105,000. Additionally, the School District has long-term obligations for capital leases in the amount of \$620,194, \$923,609 in compensated absences, and \$9,440,369 in net pension liability.

General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$61,096,160 and the available borrowing capacity was \$33,991,160.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2016-17 fiscal year.

- For the 2016-17 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$1,462,662 or 4.98%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2016-17 General Fund Budget is \$124,953 greater than the previous year or a .29% increase. The district tax rate increased from \$2.21 in 2015 to \$2.29 in 2016.

For the Future

The Delran Township School District is in very good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes as state aid has remained stagnant. Delran Township is primarily a residential community, with very few large ratables; thus the burden is focused on homeowners to share the tax burden.

In conclusion, the Delran Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Delran School District Business Administrator, 52 Hartford Rd., Delran, New Jersey, 08075.

Basic Financial Statements

District-Wide Financial Statements

DELRAN TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 669,232	\$ 477,644	\$ 1,146,876
Receivables, net	2,764,971	28,339	2,793,310
Inventory		9,839	9,839
Restricted assets:			
Restricted cash and cash equivalents	208,545		208,545
Capital assets, net (Note 5)	37,890,473	236,411	38,126,884
Total assets	<u>41,533,221</u>	<u>752,233</u>	<u>42,285,454</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on Defeasance	1,830,620		1,830,620
Deferred outflows of resources from pensions	1,872,612		1,872,612
Total Deferred outflows of resources	<u>3,703,232</u>	<u>-</u>	<u>3,703,232</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>45,236,453</u>	<u>752,233</u>	<u>45,988,686</u>
LIABILITIES:			
Accounts payable	91,916	82,835	174,751
Payable to state government	85,946		85,946
Unearned revenue	83,290	16,286	99,576
Accrued interest	209,141		209,141
Noncurrent liabilities:			
Due within one year	2,061,965		2,061,965
Due beyond one year	37,144,395		37,144,395
Total liabilities	<u>39,676,653</u>	<u>99,121</u>	<u>39,775,774</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	183,163		183,163
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>39,859,816</u>	<u>99,121</u>	<u>39,958,937</u>
NET POSITION:			
Net investment in capital assets	10,878,711	236,411	11,115,122
Restricted for:			
Debt Service Fund	38,111		38,111
Capital Projects	1,044,651		1,044,651
Other purposes	2,173,183		2,173,183
Unrestricted	(8,758,019)	416,701	(8,341,318)
Total Net Position	<u>\$ 5,376,637</u>	<u>\$ 653,112</u>	<u>\$ 6,029,749</u>

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

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 13,777,859	\$ -	\$ 467,246	\$ (13,310,613)	\$ -	\$ (13,310,613)
Special education	4,181,113		360,932	(3,820,181)		(3,820,181)
Other instruction	1,156,534			(1,156,534)		(1,156,534)
Support Services:						
Tuition	2,154,434			(2,154,434)		(2,154,434)
Student & instruction related services	5,736,278		577,305	(5,158,973)		(5,158,973)
General administrative services	646,719			(646,719)		(646,719)
School administrative services	1,523,544			(1,523,544)		(1,523,544)
Central services	687,376			(687,376)		(687,376)
Plant operations and maintenance	5,640,717		948,028	(4,692,689)		(4,692,689)
Pupil transportation	2,128,031			(2,128,031)		(2,128,031)
Employee benefits	12,469,191		4,374,105	(8,095,086)		(8,095,086)
Interest on long-term debt	959,055		456,285	(502,770)		(502,770)
Unallocated depreciation and amortization	25,715			(25,715)		(25,715)
Total governmental activities	<u>51,086,566</u>		<u>7,183,901</u>	<u>(43,902,665)</u>		<u>(43,902,665)</u>
Business-type activities:						
Food Service	1,275,494	753,121	546,300		23,927	23,927
Total business-type activities	<u>1,275,494</u>	<u>753,121</u>	<u>546,300</u>		<u>23,927</u>	<u>23,927</u>
Total primary government	<u>\$ 52,362,060</u>	<u>\$ 753,121</u>	<u>\$ 7,730,201</u>	<u>\$ (43,902,665)</u>	<u>\$ 23,927</u>	<u>\$ (43,878,738)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				29,341,706		29,341,706
Taxes levied for debt service				2,054,177		2,054,177
Federal and state aid not restricted				11,964,625		11,964,625
Tuition Revenue				119,734		119,734
Contributed Capital					60,936	60,936
Miscellaneous income				136,753		136,753
Total general revenues, special items, extraordinary items and transfers				<u>43,616,995</u>	<u>60,936</u>	<u>43,677,931</u>
Change in Net Position				(285,670)	84,863	(200,807)
Net Position—July 1				5,662,307	568,249	6,230,556
Net Position—June 30				<u>\$ 5,376,637</u>	<u>\$ 653,112</u>	<u>\$ 6,029,749</u>

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

Fund Financial Statements

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

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 185,844	\$ -	\$ 429,448	\$ 53,940	\$ 669,232
Receivables, net	457,928	1,162,782	302,451		1,923,161
Interfund receivables, net	2,068,517		39,294		2,107,811
Restricted cash and cash equivalents	208,545				208,545
Total assets	\$ 2,920,834	\$ 1,162,782	\$ 771,193	\$ 53,940	\$ 4,908,749
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	64,112	27,804			91,916
Intergovernmental payable:					
State		85,946			85,946
Interfund payables	39,294	965,742	245,136	15,829	1,266,001
Unearned revenues		83,290			83,290
Total liabilities	103,406	1,162,782	245,136	15,829	1,527,153
Fund Balances:					
Restricted for:					
Excess surplus	747,768				747,768
Excess surplus - designated for subsequent year's expenditures	540,921				540,921
Maintenance reserve	156,325				156,325
Capital reserve	518,594				518,594
Assigned to:					
Year-end encumbrances	53,169		47,348		100,517
Subsequent year's expenditures	675,000				675,000
Unassigned	125,651		478,709	38,111	642,471
Total fund balances	2,817,428		526,057	38,111	3,381,596
Total liabilities and fund balances	\$ 2,920,834	\$ 1,162,782	\$ 771,193	\$ 53,940	

Unreserved

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 \$60,902,009 and the accumulated depreciation is \$23,011,536. 37,890,473

Deferred Loss on Defeasance 1,830,620

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. (209,141)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of Resources from Pensions	1,872,612	
Net Pension Liability	(9,440,369)	
Deferred Inflows of Resources from Pensions	(183,163)	(7,750,920)

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

General Obligation Bonds	(27,105,000)	
Bond Premium	(1,117,188)	
Capital Lease Payable	(620,194)	
Compensated Absences Payable	(923,609)	(29,765,991)

Net position of governmental activities \$ 5,376,637

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

DELRAN TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 29,341,706	\$ -	\$ -	\$ 2,054,177	\$ 31,395,883
Tuition charges	119,734				119,734
Miscellaneous	128,660			8,093	136,753
Total revenues-local sources	29,590,100			2,062,270	31,652,370
Local sources		14,758			14,758
State sources	16,273,442	231,758	948,028	456,285	17,909,513
Federal sources	65,288	1,158,967			1,224,255
Total revenues	45,928,830	1,405,483	948,028	2,518,555	50,800,896
EXPENDITURES:					
Current expense:					
Regular instruction	12,684,347	467,246			13,151,593
Special education instruction	3,820,181	360,932			4,181,113
Other instruction	1,156,534				1,156,534
Support services and undistributed costs:					
Tuition	2,154,434				2,154,434
Student & instruction related services	5,158,973	577,305			5,736,278
General administrative services	560,285				560,285
School administrative services	1,523,544				1,523,544
Central services	515,319				515,319
Admin. Info. Tech	172,057				172,057
Plant operations and maintenance	3,690,640				3,690,640
Pupil transportation	2,128,031				2,128,031
Unallocated employee benefits	12,204,931				12,204,931
Capital outlay	455,649		1,534,670		1,990,319
Debt service:					
Principal				1,385,000	1,385,000
Interest and other charges				1,276,516	1,276,516
Total expenditures	46,224,925	1,405,483	1,534,670	2,661,516	51,826,594
Excess (deficiency) of revenues over (under) expenditures	(296,095)		(586,642)	(142,961)	(1,025,698)
Other Financing Sources (Uses):					
Proceeds of refunding bonds				24,609,674	24,609,674
Proceeds of capital lease	360,886				360,886
Payment to escrow agent				(24,428,603)	(24,428,603)
Transfers in			1,039,294		1,039,294
Transfers out	(1,039,294)				(1,039,294)
Total other financing sources (uses)	(678,408)		1,039,294	181,071	541,957
Net change in fund balance	(974,503)		452,652	38,110	(483,741)
Fund balances, July 1	3,791,931		73,405	1	3,865,337
Fund balances, June 30	\$ 2,817,428	\$ -	\$ 526,057	\$ 38,111	\$ 3,381,596

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

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

Total net change in fund balances - governmental funds (from B-2) \$ (483,741)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in the governmental funds as expenditures. However, on 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 outlay in the current fiscal year.

Depreciation expense	\$	(864,343)	
Disposal of assets		(36,818)	
Capital outlay		<u>7,144</u>	(894,017)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 1,385,000

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 199,567

The proceeds of a capital lease are an other financing source of revenue in the governmental funds funds but are not report in the statement of activities. (360,886)

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. (264,260)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition to the reconciliation. 317,461

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (184,794)

Change in net position of governmental activities \$ (285,670)

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

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

	Business-type Activities Enterprise Funds <hr/> Food Service Program <hr/>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 477,644
Accounts receivable	28,339
Inventories	9,839
	515,822
Total current assets	515,822
Noncurrent assets:	
Equipment	700,962
Less accumulated depreciation	(464,551)
	236,411
Total noncurrent assets	236,411
Total assets	\$ 752,233
 LIABILITIES	
Current liabilities:	
Accounts Payable	82,835
Unearned revenue	16,286
	99,121
Total liabilities	99,121
 NET POSITION	
Net investment in capital assets	236,411
Unrestricted	416,701
	653,112
Total net position	\$ 653,112

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

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

	Business-type Activities Enterprise Funds
	Food Service Program
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 394,268
Daily sales-non-reimbursable programs	358,853
	753,121
Operating expenses:	
Salaries	417,353
Benefits	84,614
Supplies and materials	44,106
Depreciation	30,624
Management fee	74,185
Software/Equipment	47,600
Repairs and maintenance of equipment	43,845
Cost of sales - reimbursable programs	350,802
Cost of sales - nonreimbursable programs	151,139
Direct expenses	31,179
Other expenses	47
	1,275,494
Total operating expenses	1,275,494
Operating income (loss)	(522,373)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	12,034
Federal sources:	
National school lunch program	350,020
National school breakfast program	71,954
U.S.D.A. commodities	112,292
Contributed capital	60,936
	607,236
Total nonoperating revenues (expenses)	607,236
Change in net position	84,863
Net position- July 1	568,249
Net position - June 30	\$ 653,112

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

DELRAN TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2016

		Business-type Activities Enterprise Funds
		Food Service Program
Cash flows from operating activities:		
Receipts from customers	\$	752,439
Payments to employees		(474,415)
Payments to suppliers		(607,829)
Net cash used for operating activities		(329,805)
Cash flows from noncapital financing activities:		
State sources		12,176
Federal sources		428,065
Net cash provided by non-capital financing activities		440,241
Cash flows from capital activities:		
Purchases of fixed assets		-
Net cash used for capital activities		-
Cash flows from investing activities:		
Interest and dividends		-
Net cash provided by investing activities		-
Net increase in cash and cash equivalents		110,436
Balances - July 1		367,208
Balances - June 30	\$	477,644
Reconciliation of operating loss to net cash provided		
(used) by operating activities:		
Operating income (loss)	\$	(522,373)
Adjustments to reconcile operating income (loss) to net		
cash provided by (used for) operating activities:		
Depreciation		30,624
Federal commodities		112,292
(Increase) decrease in accounts receivable		(3,046)
(Increase) decrease in inventories		(1,192)
Increase (decrease) in accounts payable		51,526
Increase (decrease) in unearned revenue		2,364
Total adjustments		192,568
Net cash provided by (used for) operating activities	\$	(329,805)

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS:		
Cash and cash equivalents	\$ 147,979	\$ 1,352,178
Interfund		
Total assets	<u>\$ 147,979</u>	<u>\$ 1,352,178</u>
LIABILITIES:		
Accounts payable	\$ 6,112	\$ -
Interfund payable		841,810
Payroll deductions and withholdings		224,524
Net payroll		1,407
Due to student groups		284,437
Total liabilities	<u>6,112</u>	<u>\$ 1,352,178</u>
NET POSITION:		
Held in trust for unemployment claims and other purposes	<u>\$ 141,867</u>	

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

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

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Employee contributions	\$ 37,533
Board contribution	
Total Contributions	37,533
Investment earnings:	
Interest	
Net investment earnings	
Total additions	37,533
DEDUCTIONS:	
Unemployment claims	63,888
Total deductions	63,888
Change in Net Position	(26,355)
Net Position - July 1	168,222
Net Position - June 30	\$ 141,867

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

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Delran Township School District (District) is a Type II school district located in Burlington County, New Jersey and covers an area of approximately 7.5 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Delran's students in grades K through 12. The Delran School District has an approximate enrollment at June 30, 2016 of 3,020 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide 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 Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. 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.

Basis of Presentation

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

The School District's basic financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's 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 non-instructional equipment classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which 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 and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise fund is:

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

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

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(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:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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 accounting as presented in the general fund budgetary comparison schedule 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 balances – governmental funds. Note that the School District does not report encumbrances outstanding at 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 one or more June 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. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. 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), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Outflows/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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	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 absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on 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, governmental 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. Bonds are recognized as a liability on the fund financial statements when due.

Net Position - Net position represents the difference between the 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 the acquisition, construction, or improvement of those assets.

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

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Fund Balance – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance 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. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2016.

Restricted – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, 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 imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Issued Accounting Pronouncements - In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (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 of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$4,683,949 as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$4,433,949 was collateralized under GUDPA.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

3. CAPITAL RESERVE ACCOUNT

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 New Jersey Department of Education, 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 fiscal 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 to 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, 2015 to June 30, 2016 fiscal year is as follows:

Balance – July 1, 2015	\$	1,257,888
Increased by:		
Transfer by Board Resolution	\$ 300,000	
Interest Earned		300,000
		1,557,888
Decreased by:		
Budgeted Withdrawal		1,039,294
		1,039,294
Balance – June 30, 2016	\$	518,594

The June 30, 2016 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2016 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Fund	Total
State Aid	\$ 414,294	\$ -	\$ 302,451	\$ 541	\$ 717,286
Federal Aid		1,158,967		21,447	1,180,414
Other	43,634	3,815		6,351	53,800
Total Accounts Receivable	\$ 457,928	\$ 1,162,782	\$ 302,451	\$ 28,339	\$ 1,951,500

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustment</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Construction in Progress	\$ 25,198,232	\$	\$	\$ 25,198,232
Total capital assets, not being Depreciated	<u>25,198,232</u>			<u>25,198,232</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	976,251	7,144	21,589	961,806
Building and Building Improvements	32,229,838			32,229,838
Machinery and Equipment	2,990,371		478,238	2,512,133
Totals at historical cost	<u>36,196,460</u>	<u>7,144</u>	<u>499,827</u>	<u>35,703,777</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(617,382)	(31,027)	(7,056)	(641,354)
Building and Building Improvements	(19,619,068)	(646,559)		(20,265,627)
Equipment	(2,373,752)	(186,757)	(455,954)	(2,104,555)
Totals accumulated depreciation	<u>(22,610,202)</u>	<u>(864,343)</u>	<u>(463,009)</u>	<u>(23,011,536)</u>
Total Capital Assets, being depreciated, net	<u>13,586,258</u>			<u>12,692,241</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,784,490</u>	<u>\$ (857,199)</u>	<u>36,818</u>	<u>\$ 37,890,473</u>
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 608,717	\$ 92,245	\$	\$ 700,962
Less accumulated depreciation	<u>(433,927)</u>	<u>(30,624)</u>		<u>(464,551)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 174,790</u>	<u>\$ 61,621</u>	\$	<u>\$ 236,411</u>

Depreciation expense in the amount of \$ 864,343 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 605,040
Administration	86,434
Plant Operations and Maintenance	129,651
Unallocated	<u>43,218</u>
Total	<u>\$ 864,343</u>

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2016 consisted of the following

	<u>Food Service</u>
Food	\$ 8,287
Supplies	<u>1,552</u>
	<u>\$ 9,839</u>

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2015</u>		<u>Additions</u>		<u>Reductions</u>		<u>Principal Outstanding June 30, 2016</u>		<u>Amount Due Within One Year</u>
Compensated Absences	\$ 902,383	\$	21,226	\$		\$	923,609	\$	-
Capital Lease Payable	458,875		360,886		199,567		620,194		245,599
General Obligation Bonds	27,613,000		23,475,000		23,983,000		27,105,000		1,720,000
Bond Premium			1,142,145		24,957		1,117,188		96,366
Net Pension Liability	7,910,721		1,529,648				9,440,369		
	<u>\$ 36,884,979</u>	\$	<u>26,528,905</u>	\$	<u>24,207,524</u>	\$	<u>39,206,360</u>	\$	<u>2,061,965</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are as follows:

2009 School Bonds dated July 15, 2009 in the amount of \$3,630,000 due in annual installments through July 15, 2018 bearing interest rate of 4.00%.

2015 School Refunding Bonds dated October 6, 2015 in the amount of \$2,115,000 due in annual installments through January 15, 2023 bearing interest rates ranging from 2.00% - 4.00%.

2016 School Refunding Bonds dated April 14, 2016 in the amount of \$21,360,000 due in annual installments through July 15, 2029 bearing interest rates ranging from 2.00% - 4.00%.

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,720,000	\$ 640,691	\$ 2,360,691
2018	1,595,000	768,094	2,363,094
2019	1,655,000	703,793	2,358,793
2020	1,700,000	642,794	2,342,794
2021	1,765,000	579,693	2,344,693
2022-2026	9,835,000	1,878,719	11,713,719
2027-2030	8,835,000	479,597	9,314,597
	<u>\$ 27,105,000</u>	<u>\$ 5,693,381</u>	<u>\$ 32,798,381</u>

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

Refunding School Bonds

On May 29, 2015 the School District issued \$2,115,000 in refunding school bonds with a variable interest rate of 2.00% to 4.00% to advance refund \$2,085,000 of outstanding callable 2005 refunding bonds. The net proceeds of \$2,187,716 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 refunding bonds.

The School District advanced refunded the 2005 refunding bonds to reduce its total debt service payments over the next eight years by \$124,388 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$120,884.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

7. LONG-TERM OBLIGATIONS (Continued)

Refunding School Bonds (Continued)

On April 14, 2016 the School District issued \$21,360,000 in general obligation refunding bonds with a variable interest rate of 2.00% to 4.00% to advance refund \$20,513,000 of outstanding callable 2009 school bonds. The net proceeds of \$22,429,996 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 school bonds.

The School District advanced refunded the 2009 school bonds to reduce its total debt service payments over the next fourteen years by \$1,875,366 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$1,611,187.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

As of June 30, 2016, the District had the following capital leases:

<u>Equipment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Phone Lease	June 15, 2017	2.05%	\$ 287,800
Brocade Network Switches	July 20, 2017	2.17%	177,651
Dell Computers	August 1, 2016	5.09%	162,331
Dell Computers	October 15, 2016	1.53%	67,327
Dell Computers	December 20, 2016	1.53%	23,055
Surveillance System	January 26, 2020	1.92%	122,130
Installation of Access Points	July 31, 2020	1.82%	170,664
Chromebooks	July 1, 2018	1.90%	190,222

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 245,599	\$ 8,639	\$ 254,238
2018	156,567	7,120	163,687
2019	122,546	4,069	126,615
2020	60,107	1,763	61,870
2021	35,375	644	36,019
	<u>\$ 620,194</u>	<u>\$ 22,235</u>	<u>\$ 642,429</u>

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. OPERATING LEASES

At June 30, 2016, the School District had an operating lease agreement in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2016 were \$101,376. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ 101,376
June 30, 2018	101,376
June 30, 2019	101,376
June 30, 2020	<u>59,136</u>
Total future minimum lease payments	<u>\$ 363,264</u>

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

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.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$6,463,198 and revenue of \$6,463,198 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	554,399,005	1,763,205,593
Collective net pension liability (Non-Employer – State of New Jersey)	63,577,864,440	53,446,745,367
State's portion of the net pension liability that was associated with the district	105,851,685	87,593,477
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.1674755276%	.1638892624%

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

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.53%
Government Bonds	01.75%	1.39%
Credit Bonds	13.50%	2.72%
Mortgages	02.10%	2.54%
Inflation-Indexed Bonds	01.50%	1.47%
High Yield Bonds	02.00%	4.57%
Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	06.40%	8.46%
Private Real Estate Property	04.25%	3.97%
Timber	01.00%	4.09%
Farmland	01.00%	4.61%
Private Equity	09.25%	9.15%
Commodities	01.00%	3.58%
Hedge Funds – MultiStrategy	04.00%	4.59%
Hedge Funds – Equity Hedge	04.00%	5.68%
Hedge Funds - Distressed	04.00%	4.30%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2016	\$ 61,210	\$ -	\$ 281,971	\$ 18,374	\$ 361,555
2015	57,987	-	268,237	22,095	348,319
2014	90,024	(34,555)	243,872	5,091	304,432

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

For the year ended June 30, 2016, the District recognized pension expense of \$667,496. At June 30, 2016, the District reported a liability of \$9,440,369 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,214	\$ -
Changes of assumptions	1,013,820	
Net Difference between projected and actual earnings on pension plan investments		151,783
Changes in proportion	243,565	31,380
District contributions subsequent to the measurement date	390,013	
Total	\$ 1,872,612	\$ 183,163

\$390,013 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

For the year ended:	Net Deferred Outflows of Resources
2016	\$ 244,756
2017	244,756
2018	244,756
2019	362,615
2020	202,553
Total	\$ 1,299,436

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	.0420543940%	.0422519522%

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

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

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 11,733,224	\$ 9,440,369	\$ 7,518,056

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

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

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

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2016	\$ 4,727	\$ 4,727
2015	1,499	1,499
2014	631	631

10. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

10. POST-RETIREMENT BENEFITS (Continued)

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2016 was \$1,659,071 which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$1,393,329 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$1,321,705 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance – The District maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior four years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Board Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 37,533	\$ -	\$ -	\$ 63,888	\$ 141,867
2014-2015	47,002			45,780	168,222
2013-2014	35,408			51,821	167,000
2012-2013	33,539		232	80,443	183,413
2011-2012	33,558		1,400	71,099	230,085

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

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 amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated 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 the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2016, the liability for compensated absences in the governmental activities was \$923,609.

15. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 2,068,517	\$ 39,294
Special Revenue		965,742
Capital Projects	39,294	245,136
Debt Service		15,829
Fiduciary		841,810
	<u>\$ 2,107,811</u>	<u>\$ 2,107,811</u>

All interfund balances are expected to be paid or collected within the subsequent year.

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2016, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2016, a deficit of \$8,758,019 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances June 30, 2016	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 125,651
Liabilities:	
Accrued Interest Payable	(209,141)
Net Pension Difference	(7,750,920)
Compensated Absences	<u>(923,609)</u>
Unrestricted Net Position (Deficit)	<u>\$ (8,758,019)</u>

18. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District’s fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$747,768 presented on the budgetary basis of accounting (Exhibit C-1). In addition, \$540,921 of excess fund balance generated during the 2014-2015 fiscal year has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$518,594, all of which is restricted for future capital outlay expenditures for capital projects in the School District’s approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2016, the balance in the maintenance reserve account is \$156,325. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District’s fund balance are summarized as follows:

General Fund:

Other Purposes – At June 30, 2016 the School District has \$53,169 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Delran Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

18. FUND BALANCES (Continued)

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2016, \$675,000 of general fund balance.

Capital Projects Fund:

Other Purposes – At June 30, 2016 the School District has \$47,348 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2016, \$125,651 of general fund balance was unassigned.

Capital Projects Fund – As of June 30, 2016, \$478,709 of capital projects fund balance was unassigned.

Debt Service Fund – As of June 30, 2016, \$38,111 of debt service fund balance was unassigned.

19. LITIGATION

The School District is a defendant in a few legal proceedings. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

DELTRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 29,341,706	\$ -	\$ 29,341,706	\$ 29,341,706	\$ -
Tuition - Individuals	50,000		50,000	81,250	31,250
Tuition - Other LEA's				38,484	38,484
Capital reserve interest	500		500		(500)
Unrestricted miscellaneous revenue	30,000		30,000	128,660	98,660
Total local sources	29,422,206		29,422,206	29,590,100	167,894
State sources:					
Categorical special education aid	1,707,479		1,707,479	1,707,479	
Equalization aid	9,568,442		9,568,442	9,568,442	
Security aid	74,011		74,011	74,011	
Transportation aid	112,213		112,213	112,213	
Under adequacy aid	14,105		14,105	14,105	
PARCC readiness aid	29,660		29,660	29,660	
Per pupil growth aid	29,660		29,660	29,660	
Homeless Tuition Aid				4,535	4,535
Extraordinary aid				330,740	330,740
Additional non-public transportation aid				18,411	18,411
On-behalf TPAF pension contributions (non-budgeted)				1,393,329	1,393,329
On-behalf TPAF medical (non-budgeted)				1,659,071	1,659,071
Reimbursed TPAF social security contributions (non-budgeted)				1,321,705	1,321,705
Total state sources	11,535,570		11,535,570	16,263,361	4,727,791
Federal sources:					
Medicaid reimbursement	53,798		53,798	65,288	11,490
Total federal sources	53,798		53,798	65,288	11,490
TOTAL REVENUES	41,011,574		41,011,574	45,918,749	4,907,175
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	702,898	(76,366)	626,532	626,531	1
Grades 1-5	3,745,528	(172,738)	3,572,790	3,572,787	3
Grades 6-8	2,757,215	(31,763)	2,725,452	2,725,450	2
Grades 9-12	4,654,381	53,638	4,708,019	4,708,018	1
Total Instruction	11,860,022	(227,229)	11,632,793	11,632,786	7
Regular Programs - Home Instruction:					
Salaries of teachers	58,905	28,033	86,938	86,938	
Purchased professional - educ services	14,500	(636)	13,864	13,864	
Total Home Instruction	73,405	27,397	100,802	100,802	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	\$ -	\$ 34,279	\$ 34,279	\$ 34,279	\$ -
Purchased professional - educ services	137,170	(87,060)	50,110	50,110	-
Purchased technical services	174,200	(94,054)	80,146	80,146	-
Other purchased services	220,012	(889)	219,123	216,721	2,402
General supplies	415,416	28,525	443,941	427,554	16,387
Textbooks	265,698	(144,479)	121,219	120,854	365
Other objects	23,825	(1,900)	21,925	21,095	830
Total Undistributed Instruction	<u>1,236,321</u>	<u>(265,578)</u>	<u>970,743</u>	<u>950,759</u>	<u>19,984</u>
Total - Regular Programs - Instruction	<u>13,169,748</u>	<u>(465,410)</u>	<u>12,704,338</u>	<u>12,684,347</u>	<u>19,991</u>
Special Educ Instruction: Learning/Lang. Disabilities					
Salaries of teachers	367,193	(2,714)	364,479	364,479	-
Other salaries for instruction	77,384	5,580	82,964	82,447	517
General supplies	7,000	(6,022)	978	978	-
Textbooks	1,500	(1,500)	-	-	-
Total Learning/Language Disabilities	<u>453,077</u>	<u>(4,656)</u>	<u>448,421</u>	<u>447,904</u>	<u>517</u>
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	186,762	16,303	203,065	202,576	489
Other salaries for instruction	170,788	(23,510)	147,278	145,799	1,479
General supplies	900	(761)	139	139	-
Textbooks	500	(152)	348	348	-
Total Multiple Disabilities	<u>358,950</u>	<u>(8,120)</u>	<u>350,830</u>	<u>348,862</u>	<u>1,968</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,537,580	90,606	2,628,186	2,628,186	-
Other salaries for instruction	50,199	(1,836)	48,363	47,859	504
General supplies	17,000	(4,914)	12,086	12,086	-
Textbooks	2,000	(569)	1,431	1,431	-
Total Resource Room/Resource Center	<u>2,606,779</u>	<u>83,287</u>	<u>2,690,066</u>	<u>2,689,562</u>	<u>504</u>
Preschool Disabilities - Part-time					
Salaries of teachers	186,529	(920)	185,609	185,029	580
Other salaries for instruction	50,735	38,243	88,978	88,978	-
General supplies	2,500	(1,604)	896	896	-
Total Preschool Disabilities - Part-time	<u>239,764</u>	<u>35,719</u>	<u>275,483</u>	<u>274,903</u>	<u>580</u>
Autism					
Salaries of teachers	58,950	-	58,950	58,950	-
Total Autism	<u>58,950</u>	<u>-</u>	<u>58,950</u>	<u>58,950</u>	<u>-</u>
Total Special Education - Instruction	<u>3,717,520</u>	<u>106,230</u>	<u>3,823,750</u>	<u>3,820,181</u>	<u>3,569</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	-	77,349	77,349	77,349	-
Total Bilingual Education - Instruction	<u>-</u>	<u>77,349</u>	<u>77,349</u>	<u>77,349</u>	<u>-</u>
Bilingual Education - Instruction					
Salaries	241,682	18,298	259,980	258,479	1,501
Purchased professional - educational services	12,000	(1,126)	10,874	10,874	-
Total Bilingual Education - Instruction	<u>253,682</u>	<u>17,172</u>	<u>270,854</u>	<u>269,353</u>	<u>1,501</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Act - Inst.					
Salaries	\$ 210,281	\$ (11,650)	\$ 198,631	\$ 197,765	\$ 866
Other purchased services	2,500	(500)	2,000	2,000	
Supplies and materials	20,250	7,800	28,050	25,928	2,122
Other objects	500	200	700	650	50
Total School-Sponsored Cocurr. Act. - Inst	233,531	(4,150)	229,381	226,343	3,038
School-Sponsored Athletics - Inst.					
Salaries	406,055	(10,780)	395,275	388,304	6,971
Other purchased services	78,050	17,527	95,577	95,311	266
Supplies and materials	58,590	(647)	57,943	57,283	660
Other objects	2,337	(500)	1,837	1,256	581
Total School-Sponsored Athletics - Inst	545,032	5,600	550,632	542,154	8,478
Other Supplemental/At Risk Programs - Inst.					
Salaries of Reading Specialists	116,800	(58,531)	58,269	41,335	16,934
Total Supplemental/At Risk Programs - Inst	116,800	(58,531)	58,269	41,335	16,934
Undistributed Expenditures - Instruction					
Tuition to other lea's w/i state - regular	73,000	43,410	116,410	105,046	11,364
Tuition to other lea's w/i state - special	272,080	(122,632)	149,448	149,448	
Tuition to county voc. school dist. - reg.	98,689	19,119	117,808	117,808	
Tuition to county voc. school dist. - spl.	56,025	(8,265)	47,760	47,760	
Tuition to CSSD & reg. day schools	523,274	177,936	701,210	701,210	
Tuition to priv. sch. for the disabled w/i state	1,383,720	(274,264)	1,109,456	996,356	113,100
Tuition - state facilities	36,806		36,806	36,806	
Tuition - other	47,598	(47,598)			
Total Undistributed Expenditures - Instruction	2,491,192	(212,294)	2,278,898	2,154,434	124,464
Undistributed Expenditures - Attend. and Social Work					
Salaries	49,403	3,748	53,151	52,003	1,148
Total Undistributed Expenditures - Attendance	49,403	3,748	53,151	52,003	1,148
Undistributed Expenditures - Health Services					
Salaries	296,249	2,343	298,592	297,139	1,453
Purchased professional and technical services	11,200	50,413	61,613	60,962	651
Other Objects	1,495		1,495	1,495	
Supplies and materials	6,675	(132)	6,543	4,854	1,689
Total Undistributed Expenditures - Health Svcs.	315,619	52,624	368,243	364,450	3,793
Undist. Expend. - Speech, OT, PT, & Rel. Serv.					
Salaries	454,270	(43,034)	411,236	405,931	5,305
Purchased professional and educ. services	20,000	4,925	24,925	24,925	
Supplies and materials	4,000	(3,704)	296	296	
Total Undst. Expend. - Speech, OT, PT, & Rel. Serv.	478,270	(41,813)	436,457	431,152	5,305
Undist. Expend. - Sp. Ed. - Extraordinary Services.					
Salaries	504,499	(37,319)	467,180	454,946	12,234
Total Undst. Expend. - Special Ed.- Extra. Serv.	504,499	(37,319)	467,180	454,946	12,234

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance					
Salaries of other professional staff	\$ 659,455	\$ (59,829)	\$ 599,626	\$ 599,626	\$ -
Salaries of secretarial and clerical assistants	183,227	(60,310)	122,917	118,029	4,888
Other purchased services (400-500)	300		300	55	245
Supplies and materials	4,000	3,775	7,775	7,768	7
Total Undst. Expend. - Guidance	846,982	(116,364)	730,618	725,478	5,140
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	673,712	(39,044)	634,668	631,812	2,856
Salaries of secretarial and clerical assistants	92,322	2,230	94,552	94,037	515
Purchased professional and educ. services	500,000	518,422	1,018,422	1,017,377	1,045
Other purchased services (400-500)	18,304	400	18,704	17,736	968
Supplies and materials	16,000	13,915	29,915	25,574	4,341
Other objects	3,300		3,300	2,909	391
Total Undst. Expend. - Child Study Teams	1,303,638	495,923	1,799,561	1,789,445	10,116
Undist. Expend. - Improvement of Instr. Services					
Salaries of Supervisor of Instruction	151,475	64,350	215,825	215,825	
Salaries of other professional staff	57,612	3,513	61,125	56,345	4,780
Salaries of secretarial and clerical assistants	49,403		49,403	49,403	
Salaries of Facilitators, Math & Literacy Coaches	79,225		79,225	79,225	
Purchased professional and educ. services		8,316	8,316	8,316	
Supplies and materials	3,000	10,500	13,500	13,479	21
Other objects	700	930	1,630	1,079	551
Total Undst. Expend. - Improvement of Instr. Services	341,415	87,609	429,024	423,672	5,352
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	453,425	1,268	454,693	450,153	4,540
Salaries of Technology Coordinators	192,373	138,000	330,373	330,372	1
Purchased professional and technical services	26,495	1,508	28,003	23,337	4,666
Supplies and materials	34,200	2,964	37,164	35,763	1,401
Total Undst. Expend. - Educ. Media Serv./Sch. Library	706,493	143,740	850,233	839,625	10,608
Instructional Staff Training Services					
Salaries of secretarial and clerical assistance	26,752		26,752	19,340	7,412
Purchased professional and educ. services	500	39,100	39,600	39,503	97
Other purchased services (400-500)	33,519	(7,558)	25,961	19,359	6,602
Supplies and materials	1,000		1,000		1,000
Total Instructional Staff Training Services	61,771	31,542	93,313	78,202	15,111
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	305,312	-	305,312	304,417	895
Legal services	66,500	36,646	103,146	102,494	652
Audit Fees	38,000	(195)	37,805	20,600	17,205
Architectural/Engineering Services	61,500	(14,168)	47,332	2,792	44,540
Other purchased professional services	15,500		15,500	4,635	10,865
Purchased technical services	11,000		11,000	1,000	10,000
Communications/Telephone	119,203	(33,060)	86,143	61,416	24,727
BOE Other purchased services (400-500)	5,500		5,500	2,827	2,673
Other purchased services (400-500)	17,100		17,100	10,468	6,632
General supplies	14,315	46,260	60,575	11,618	48,957
BOE In-House Training/Meeting Supplies	3,200		3,200		3,200
Miscellaneous expenditures	12,500	3,445	15,945	15,658	287
BOE membership dues and fees	21,000	1,360	22,360	22,360	
Total Undst. Expend. - Supp. Serv. General Admin.	690,630	40,288	730,918	560,285	170,633

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	\$ 976,631	\$ (11,993)	\$ 964,638	\$ 964,638	\$ -
Salaries of secretarial and clerical assistants	397,724	20,804	418,528	417,528	1,000
Purchased professional and technical services	75,199	7,261	82,460	75,795	6,665
Other purchased services	2,600	(1,400)	1,200	930	270
Supplies and Materials	59,385	(1,460)	57,925	52,156	5,769
Other objects	16,915	(1,306)	15,609	12,497	3,112
Total Undst. Expend. - Supp. Serv. School Admin.	1,528,454	11,906	1,540,360	1,523,544	16,816
Undist. Expend. - Central Services					
Salaries	447,118	(20,289)	426,829	418,622	8,207
Purchased professional services	30,500	35,612	66,112	66,112	
Purchased technical services	21,249	3,859	25,108	22,760	2,348
Misc. purchased services	2,700		2,700	1,020	1,680
Supplies and materials	10,000		10,000	5,627	4,373
Other objects	7,500		7,500	1,178	6,322
Total Undst. Expend. - Central Services	519,067	19,182	538,249	515,319	22,930
Undist. Expend. - Admin. Info. Tech.					
Purchased technical services	102,270	(29,044)	73,226	70,903	2,323
Other purchased services	100,771	419	101,190	91,494	9,696
Supplies and Materials		9,736	9,736	9,660	76
Total Undst. Expend. - Admin. Info. Tech.	203,041	(18,889)	184,152	172,057	12,095
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	612,290	(33,649)	578,641	575,368	3,273
Cleaning, repair, and maintenance services	468,079	(105,000)	363,079	316,606	46,473
General supplies	15,400	10,000	25,400	11,502	13,898
Total Undst. Expend. - Required Maint. Sch. Facilities	1,095,769	(128,649)	967,120	903,476	63,644
Undist. Expend. - Other Oper. & Maint. of Plant					
Salaries	50,526	-	50,526	42,296	8,230
Salaries of non-instructional aids	93,105	9,567	102,672	102,109	563
Purchased professional - tech services	30,140	6,461	36,601	31,262	5,339
Cleaning, repair, and maintenance services	1,177,407	(108,687)	1,068,720	1,058,029	10,691
Other purchased property services	58,140	5,000	63,140	61,827	1,313
Insurance	189,604		189,604	185,438	4,166
Miscellaneous purchased services	1,020		1,020	970	50
General supplies	303,250	26,139	329,389	306,721	22,668
Energy (electricity)	798,000	(124,100)	673,900	600,668	73,232
Energy (natural gas)	347,868	(109,889)	237,979	187,178	50,801
Other objects	1,530		1,530	715	815
Total Undst. Expend. - Other Oper. & Maint. of Plant	3,050,590	(295,509)	2,755,081	2,577,213	177,868
Undist. Expend. - Care and Upkeep of Grounds					
Salaries	51,126		51,126	51,126	
Purchased professional and technical services	188,900		188,900	156,725	32,175
Total Undst. Expend. - Care and Upkeep of Grounds	240,026	-	240,026	207,851	32,175
Security					
Purchased professional and technical services	3,200		3,200	2,100	1,100
Total Undst. Expend. - Oper. & Maint. of Plant Services	4,389,585	(424,158)	3,965,427	3,690,640	274,787

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Trans. Services					
Salaries for pupil trans (bet home & sch) - reg.	\$ 24,447	\$ 2,211	\$ 26,658	\$ 26,531	\$ 127
Salaries for pupil trans (bet home & sch) - sp. ed.	18,020	(1)	18,019	16,633	1,386
Salaries for pupil trans (other than bet home & sch)	2,300	1	2,301	2,124	177
Salaries student transportation - nonpublic	6,773		6,773	6,252	521
Contr. serv. (bet. home & sch.) - vendors	1,353,990	(188,900)	1,165,090	1,045,910	119,180
Contr. serv. (other than bet. home & sch.) - vendors	169,147	13,500	182,647	182,589	58
Contr. serv. (sp ed stds) - vendors	916,085	(110,913)	805,172	701,713	103,459
Contr. serv. (sp ed stds) - joint agreements	60,780	20,000	80,780	77,629	3,151
Contr. Serv. - aid in lieu pymts - nonpub sch	78,161		78,161	63,206	14,955
Misc. purchased services - transportation	12,235		12,235	5,444	6,791
Total Undst. Expend. - Student Trans. Services	2,641,938	(264,102)	2,377,836	2,128,031	249,805
Unallocated Benefits - Employee Benefits					
Group insurance					
Social security contributions	393,300	24,356	417,656	417,656	
Other retirement contributions - PERS	406,000	(23,100)	382,900	362,003	20,897
Workmen's Compensation	194,604		194,604	192,045	2,559
Health benefits	6,365,396	285,047	6,650,443	6,610,046	40,397
Tuition reimbursements	47,300	(26,800)	20,500	13,971	6,529
Unused sick payments to terminated/retired staff		41,100	41,100	41,100	
Other Employee Benefits	107,806	116,914	224,720	194,005	30,715
Total Unallocated Benefits - Employee Benefits	7,514,406	417,517	7,931,923	7,830,826	101,097
On-behalf TPAF pension contributions (non-budgeted)				1,393,329	(1,393,329)
On-behalf TPAF medical (non-budgeted)				1,659,071	(1,659,071)
Reimbursed TPAF social security contributions (non-budgeted)				1,321,705	(1,321,705)
Total Undistributed Expenditures - TPAF				4,374,105	(4,374,105)
Total Undistributed Expenditures	24,586,403	189,140	24,775,543	28,108,214	(3,332,671)
Total General Current Expense	42,622,716	(132,600)	42,490,116	45,769,276	(3,279,160)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures - instruction	9,000	5,400	14,400	4,916	9,484
Undistributed expenditures - req. maint. school facilities		71,000	71,000	13,600	57,400
Undistributed expenditures - custodial services		56,200	56,200	56,137	63
Total Equipment	9,000	132,600	141,600	74,653	66,947
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA funding	20,110		20,110	20,110	
Total Facilities Acquisition and Construction Services	20,110	-	20,110	20,110	-
Assets acquired under capital leases (non-budgeted):					
Equipment					
Undistributed expenditures - instruction				170,664	(170,664)
Undistributed expenditures - noninstruction				190,222	(190,222)
Total assets acquired under capital leases	-	-	-	360,886	(360,886)
Total Capital Outlay	29,110	132,600	161,710	455,649	(293,939)
Total Expenditures	\$ 42,651,826	\$ -	\$ 42,651,826	\$ 46,224,925	\$ (3,573,099)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELRAN TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures:	\$ (1,640,252)	\$ -	\$ (1,640,252)	\$ (306,176)	\$ 1,334,076
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(1,000,000)		(1,000,000)	(1,039,294)	(39,294)
Proceeds from Capital Lease				360,886	360,886
Total Other Financing Sources	(1,000,000)		(1,000,000)	(678,408)	321,592
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,640,252)		(2,640,252)	(984,584)	1,655,668
Fund Balance, July 1	4,876,097		4,876,097	4,876,097	
Fund Balance, June 30	\$ 2,235,845	\$ -	\$ 2,235,845	\$ 3,891,513	\$ 1,655,668
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 540,921	
Reserve for Excess Surplus				747,768	
Maintenance Reserve				156,325	
Capital Reserve				518,594	
Assigned Fund Balance					
Year-end Encumbrances				53,169	
Designated for Subsequent Years Expenditures				675,000	
Unassigned Fund Balance				1,199,736	
				3,891,513	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(1,074,085)	
Fund Balance per Government Fund (GAAP)				\$ 2,817,428	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	\$ -	\$ 36,907	\$ 36,907	\$ 14,758	\$ (22,149)
State sources	259,985	58,288	318,273	231,758	(86,515)
Federal sources	876,277	379,071	1,255,348	1,158,967	(96,381)
Total revenues	1,136,262	474,266	1,610,528	1,405,483	(205,045)
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	265,982	265,982	246,068	19,914
Purchased professional - educ. services	423,078	(258,459)	164,619	93,817	70,802
Purchased professional - tech. services	41,067	(3,900)	37,167	36,143	1,024
Tuition		325,000	325,000	325,000	
General supplies	597,590	(491,479)	106,111	91,262	14,849
Textbooks	28,643	4,703	33,346	32,638	708
Other Objects		3,250	3,250	3,250	-
Total instruction	1,090,378	(154,903)	935,475	828,178	107,297
Support services:					
Salaries of other professional staff		54,540	54,540	28,840	25,700
Other salaries		350	350		350
Personal services - employee benefits		22,363	22,363	9,142	13,221
Purchased professional - educ. services		430,589	430,589	396,467	34,122
Purchased professional and technical services	45,884	21,621	67,505	66,005	1,500
Travel		46,845	46,845	30,809	16,036
Other purchased services		6,890	6,890	15,890	(9,000)
Supplies and materials		45,821	45,821	30,128	15,693
Other objects		150	150	24	126
Total support services	45,884	629,169	675,053	577,305	97,748
Facilities acquisition and construction services:					
Building					
Non- Instructional equipment					
Total facilities acq. and const. services					
Total expenditures	1,136,262	474,266	1,610,528	1,405,483	205,045
Total outflows	1,136,262	474,266	1,610,528	1,405,483	205,045
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

DELRAN TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 45,918,749	\$ 1,405,483
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,084,166	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,074,085)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 45,928,830</u>	<u>\$ 1,405,483</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 46,224,925	\$ 1,405,483
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 46,224,925</u>	<u>\$ 1,405,483</u>

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

DELRAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0420543940%	0.0422519522%	0.0404034841%
District's proportionate share of the net pension liability (asset)	\$ 9,440,369	\$ 7,910,721	\$ 7,721,909
District's covered-employee payroll	2,908,363	2,886,816	2,838,281
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.59%	274.03%	272.06%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

DELRAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 390,013	\$ 361,555	\$ 348,319
Contributions in relation to the contractually required contributions	<u>(390,013)</u>	<u>(361,555)</u>	<u>(348,319)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,908,363	2,886,816	2,838,281
Contributions as a percentage of covered-employee payroll	13.41%	12.52%	12.27%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

DELRAN TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1674755276%	0.1638892624%	0.1672709993%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 105,851,685	\$ 87,593,477	\$ 84,537,447
Total	\$ 105,851,685	\$ 87,593,477	\$ 84,537,447
District's covered-employee payroll	17,728,774	17,726,454	17,428,428
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

Delran Township School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016

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

Changes of benefit term: 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.

Changes of assumptions: Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

1. Public Employees' Retirement System (PERS)

Changes of benefit term: 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.

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

Other Supplementary Information

Special Revenue Fund

DELRAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ 14,758	\$ 14,758
State sources	129,843	-	101,915	-	231,758
Federal sources	-	436,532	722,435	-	1,158,967
Total Revenues	129,843	436,532	824,350	14,758	1,405,483
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	244,818	-	1,250	246,068
Professional education services	93,700	117	-	-	93,817
Tuition	-	-	325,000	-	325,000
Professional technical services	36,143	-	-	-	36,143
Other purchased services	-	-	-	-	-
General supplies	-	52,815	35,954	2,493	91,262
Textbooks	-	-	32,638	-	32,638
Other Objects	-	-	3,250	-	3,250
Total instruction	129,843	297,750	396,842	3,743	828,178
Support services:					
Salaries of other professional staff	-	28,840	-	-	28,840
Other salaries	-	-	-	-	-
Personal services-employee benefits	-	9,142	-	-	9,142
Purchased prof. and educational services	-	54,035	336,440	5,992	396,467
Purchase professional and technical services	-	-	66,005	-	66,005
Travel	-	30,809	-	-	30,809
Other purchased services (400-500)	-	15,890	-	-	15,890
Other objects	-	24	-	-	24
Supplies and materials	-	42	25,063	5,023	30,128
Total support services	-	138,782	427,508	11,015	577,305
Facilities acquisition and const. serv.:					
Building	-	-	-	-	-
Non- Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.:	-	-	-	-	-
Total Expenditures	129,843	436,532	824,350	14,758	1,405,483
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

DELRAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	<u>Chapter 192 - Auxillary Services</u>		<u>Chapter 193 - Handicapped Services</u>			Carried Forward (Exh. E-1A)
	<u>Comp. Education</u>	<u>ESL</u>	<u>Corrective Speech</u>	<u>Suppl. Instruction</u>	<u>Exam & Classification</u>	
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	52,622	4,314	6,689	30,075	36,143	129,843
Federal sources						
Total Revenues	<u>52,622</u>	<u>4,314</u>	<u>6,689</u>	<u>30,075</u>	<u>36,143</u>	<u>129,843</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers						
Professional education services	52,622	4,314	6,689	30,075		93,700
Professional technical services					36,143	36,143
Other Objects						
Total instruction	<u>52,622</u>	<u>4,314</u>	<u>6,689</u>	<u>30,075</u>	<u>36,143</u>	<u>129,843</u>
Support services:						
Personal services-employee benefits						
Purchased prof. and educational services						
Purchase professional and technical services						
Travel						
Tuition						
Other purchased services (400-500)						
Supplies and materials						
Total support services						
Facilities acquisition and const. serv.:						
Instructional equipment						
Total facilities acquisition and const. serv.:						
Total Expenditures	<u>52,622</u>	<u>4,314</u>	<u>6,689</u>	<u>30,075</u>	<u>36,143</u>	<u>129,843</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DELRAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	E.S.E.A. as amended by No Child Left Behind (N.C.L.B.)				Carried Forward (Exh. E-1A)
	Title I Current Yr.	Title II-A Current Yr.	Title III Immigrant - CY	Title III Current Yr.	
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources					
Federal sources	342,634	61,076	8,864	23,958	436,532
Total Revenues	342,634	61,076	8,864	23,958	436,532
EXPENDITURES:					
Instruction:					
Salaries of teachers	242,117			2,701	244,818
Professional education services			117		117
General supplies	38,486		5,161	9,168	52,815
Textbooks					
Other Objects					
Total instruction	280,603		5,278	11,869	297,750
Support services:					
Salaries of other professional staff	13,912	12,750	2,178		28,840
Salaries of secretaries & clerical assistants					
Other salaries					
Personal services-employee benefits	9,093	42	7		9,142
Purchased prof. and educational services	19,025	22,539	1,401	11,070	54,035
Travel	13,111	16,703		995	30,809
Other purchased services (400-500)	6,890	9,000			15,890
Supplies and materials		42			42
Other objects				24	24
Total support services	62,031	61,076	3,586	12,089	138,782
Facilities acquisition and const. serv.:					
Instructional equipment					
Total facilities acquisition and const. serv.:					
Total Expenditures	342,634	61,076	8,864	23,958	436,532
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

DELRAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	IDEA		Carried Forward (Exh. E-1A)
					Basic Current Yr.	Preschool Current Yr.	
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	32,638	52,830	3,272	13,175	-	-	101,915
Federal sources					702,685	19,750	722,435
Total Revenues	32,638	52,830	3,272	13,175	702,685	19,750	824,350
EXPENDITURES:							
Instruction:							
Salaries of teachers							
Professional education services							
Professional technical services							
Tuition					325,000		325,000
Other purchased services							
General supplies			3,272		27,682	5,000	35,954
Textbooks	32,638						32,638
Other objects						3,250	3,250
Total instruction	32,638		3,272		352,682	8,250	396,842
Support services:							
Personal services-employee benefits							
Purchased prof. and educational services					336,440		336,440
Purchase professional and technical services		52,830		13,175			66,005
Travel							
Miscellaneous expenditures							
Supplies and materials					13,563	11,500	25,063
Total support services		52,830		13,175	350,003	11,500	427,508
Facilities acquisition and const. serv.:							
Building							
Non- Instructional equipment							
Total facilities acquisition and const. serv.:							
Total Expenditures	32,638	52,830	3,272	13,175	702,685	19,750	824,350
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DELRAN TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Capacity Grant	Sustainable NJ	Rain Gardens for Recess	Carried Forward (Exh. E-1A)
REVENUES:				
Local sources	\$ 2,000	\$ 3,743	\$ 9,015	\$ 14,758
State sources				-
Federal sources				-
Total Revenues	<u>2,000</u>	<u>3,743</u>	<u>9,015</u>	<u>14,758</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers		1,250		1,250
Professional education services				
Professional technical services				
Tuition				
Other purchased services				
General supplies		2,493		2,493
Textbooks				
Other objects				
Total instruction		<u>3,743</u>		<u>3,743</u>
Support services:				
Personal services-employee benefits				
Purchased prof. and educational services	2,000		3,992	5,992
Purchase professional and technical services				
Travel				
Miscellaneous expenditures				
Supplies and materials			5,023	5,023
Total support services	<u>2,000</u>		<u>9,015</u>	<u>11,015</u>
Facilities acquisition and const. serv.:				
Building				
Non- Instructional equipment				
Total facilities acquisition and const. serv.:				
Total Expenditures	<u>2,000</u>	<u>3,743</u>	<u>9,015</u>	<u>14,758</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Fund

**DELRAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2016**

Revenues and Other Financing Sources:	
SDA Grant	\$ 948,028
Transfer from Capital Reserve	1,039,294
Total revenues and other financing sources	1,987,322
 Expenditures and Other Financing (Uses):	
Purchased professional services	22,827
Construction services	1,511,843
Total expenditures and other financing (uses)	1,534,670
Excess (deficiency) or revenues over (under) expenditures	452,652
Fund Balance - July 1, 2015	73,405
Fund Balance - June 30, 2016	\$ 526,057

DELRAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Various Improvements to District Facilities
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant				
Transfer from capital reserve				
Bond proceeds	\$ 25,858,000	\$ -	\$ 25,858,000	\$ 25,858,000
Total revenues	25,858,000		25,858,000	25,858,000
Expenditures and Other Financing Uses:				
Purchased professional services	3,738,652		3,738,652	3,738,652
Construction services	21,361,870	15,165	21,377,035	21,377,035
Other Objects	668,908		668,908	668,908
Total expenditures	25,769,430	15,165	25,784,595	25,784,595
Excess (deficiency) or revenues over (under) expenditures	\$ 88,570	\$ (15,165)	\$ 73,405	\$ 73,405
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	12/09/08			
Bonds Authorized	\$0			
Bonds Issued	\$0			
Original Authorized Cost	\$0			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$0			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	06/30/12			
Revised target completion date	N/A			

DELRAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Roof Replacement and Crawlspace Ventilation
From Inception and for the Fiscal Year ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant		\$ 948,028	\$ 948,028	\$ 948,028
Transfer from capital reserve		1,039,294	1,039,294	1,039,294
Total revenues		<u>1,987,322</u>	<u>1,987,322</u>	<u>1,987,322</u>
Expenditures and Other Financing Uses:				
Purchased professional services		22,827	22,827	22,827
Construction services		1,511,843	1,511,843	1,511,843
		<u>1,534,670</u>	<u>1,534,670</u>	<u>1,534,670</u>
Excess (deficiency) or revenues over (under) expenditures	-	<u>\$ 452,652</u>	<u>\$ 452,652</u>	<u>\$ 452,652</u>
Additional project information:				
Project Number	1060-007-14-1002			
Grant Date	7/1/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$1,987,322			
Additional Authorized Cost	\$0			
Revised Authorized Cost	\$1,987,322			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original target completion date	09/30/15			
Revised target completion date	06/30/16			

DELRAN TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2016

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction and various improvements to the District's facilities	12/9/08	\$ 25,858,000	\$ 25,784,595	-	\$ 73,405
Middle School Roof Replacement and Crawlspace ventilation	7/1/2015	<u>1,987,322</u>		<u>1,534,670</u>	<u>452,652</u>
Total		<u>\$ 27,845,322</u>	<u>\$ 25,784,595</u>	<u>\$ 1,534,670</u>	<u>\$ 526,057</u>

Proprietary Funds

DELRAN TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
as of June 30, 2016

	Food Service Fund
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 477,644
Accounts receivable:	
State	541
Federal	21,447
Other	6,351
Inventories	9,839
Total current assets	515,822
Fixed assets:	
Equipment	700,962
Less: Accumulated depreciation	(464,551)
Total fixed assets	236,411
Total assets	\$ 752,233
LIABILITIES:	
Current liabilities:	
Accounts Payable	\$ 82,835
Unearned revenue	16,286
Total current liabilities	99,121
NET POSITION:	
Net investment in capital assets	236,411
Unreserved retained earnings	416,701
Total Net Position	\$ 653,112

DELRAN TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Change in Fund Net Position
for the Fiscal Year ended June 30, 2016

	Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 394,268
Total-daily sales-reimbursable programs	394,268
Daily sales non-reimbursable programs	358,853
Total operating revenue	753,121
OPERATING EXPENSES:	
Salaries	417,353
Benefits	84,614
Supplies and materials	44,106
Depreciation	30,624
Management fee	74,185
Software/Equipment	47,600
Repairs and maintenance of equipment	43,845
Cost of sales - reimbursable programs	350,802
Cost of sales - nonreimbursable programs	151,139
Direct services	31,179
Other	47
Total operating expenses	1,275,494
Operating income (loss)	(522,373)
Non-operating revenues:	
State sources:	
State school lunch program	12,034
Federal sources:	
National school lunch program	350,020
National school breakfast program	71,954
U.S.D.A. commodities	112,292
Contributed Capital	60,936
Total non-operating revenues	607,236
Net income (loss)	84,863
Net Position - July 1	568,249
Net Position - June 30	\$ 653,112

DELRAN TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Years ended June 30, 2016

	Food Service Fund
Cash flows from operating activities:	
Cash receipts from customers	\$ 752,439
Cash payments to employees for services	(474,415)
Cash payments to suppliers for goods and services	(607,829)
	(329,805)
Net cash used by operating activities	
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	440,241
	440,241
Net cash provided by noncapital financing activities	
Cash flows from capital financing activities:	
Purchases of fixed assets	-
	-
Net cash used by capital financing activities	
Cash flows from investing activities:	
Interest on investments	-
	-
Net cash provided by investing activities	
Net increase (decrease) in cash and cash equivalents	110,436
Cash and cash equivalents, July 1	367,208
Cash and cash equivalents, June 30	\$ 477,644
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (522,373)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	30,624
Federal commodities	112,292
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	(3,046)
(Increase)/decrease in inventory	(1,192)
Increase/(decrease) in unearned revenue	2,364
Increase/(decrease) in accounts payable	51,526
	51,526
Net cash used by operating activities	\$ (329,805)

Fiduciary Funds

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

	<u>Agency Funds</u>		<u>Employee Benefit Trust Funds</u>	<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation</u>	
ASSETS:				
Cash and cash equivalents	\$ 284,437	\$ 1,067,741	\$ 147,979	\$ 1,500,157
TOTAL ASSETS	\$ 284,437	\$ 1,067,741	\$ 147,979	\$ 1,500,157
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 6,112	\$ 6,112
Interfund payable		841,810		841,810
Payroll deductions and withholdings		224,524		224,524
Net payroll		1,407		1,407
Due to student groups	284,437			284,437
Total liabilities	284,437	1,067,741	6,112	1,358,290
NET POSITION:				
Restricted for:				
Reserved for unemployment claims			141,867	141,867
Total net position	\$ -	\$ -	\$ 141,867	\$ 141,867

DELRAN TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
 Statement of Change in Fiduciary Net Position
 for the Fiscal Year ended June 30, 2016

	<u>Unemployment Compensation Insurance Fund</u>
REVENUES:	
Local sources:	
Employee contributions	<u>\$ 37,533</u>
Total Revenues	<u>37,533</u>
 EXPENDITURES:	
Current Expense:	
Undistributed Expenditures:	
Unemployment claims	<u>63,888</u>
Total Expenditures	<u>63,888</u>
Excess (deficiency) of revenues over (under) expenditures	(26,355)
Net Assets July 1	<u>168,222</u>
Net Assets June 30	<u><u>\$ 141,867</u></u>

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30, 2016</u>	<u>Balance</u> <u>June 30, 2016</u>
Deiran School District					
Activity Funds	\$ 311,938	\$ 671,510	\$ 714,691	\$ -	\$ 268,757
Athletic Funds	<u>15,430</u>	<u>184,171</u>	<u>183,921</u>	<u>-</u>	<u>15,680</u>
Total	<u>\$ 344,964</u>	<u>\$ 855,681</u>	<u>\$ 898,612</u>	<u>\$ -</u>	<u>\$ 284,437</u>

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

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 183,584	\$ 34,444,552	\$ 33,560,395	\$ 1,067,741
Total assets	<u>\$ 199,453</u>	<u>\$ 34,444,552</u>	<u>\$ 33,560,395</u>	<u>\$ 1,067,741</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 59,254	\$ 18,007,060	\$ 17,841,790	\$ 224,524
Net payroll		14,043,308	14,041,901	1,407
Interfund payable	<u>124,330</u>	<u>2,394,184</u>	<u>1,676,704</u>	<u>841,810</u>
Total liabilities	<u>\$ 199,453</u>	<u>\$ 34,444,552</u>	<u>\$ 33,560,395</u>	<u>\$ 1,067,741</u>

Long-Term Debt Schedules

DELRAN TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding Bonds	11/15/1998	\$ 7,095,000				\$ 710,000	\$ -	\$ 710,000	\$ -
Refunding Bonds	9/15/2005	3,715,000				2,340,000		2,340,000	
Refunding Bonds	10/6/2015	2,115,000	01/15/2017	\$ 280,000	2.000%		2,115,000		2,115,000
			01/15/2018	285,000	4.000%				
			01/15/2019	295,000	2.000%				
			01/15/2020	305,000	2.000%				
			01/15/2021	310,000	2.000%				
			01/15/2022	315,000	4.000%				
			01/15/2023	325,000	2.000%				
Balance Forward						\$ 3,050,000	\$ 2,115,000	\$ 3,050,000	\$ 2,115,000

DELRAN TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
Balance brought forward						\$ 3,050,000	\$ 2,115,000	\$ 3,050,000	\$ 2,115,000
School Bonds	7/15/2009	\$ 25,858,000	07/15/2016 07/15/2017 07/15/2018	\$ 1,160,000 1,210,000 1,260,000	4.000% 4.000% 4.000%	24,563,000		20,933,000	3,630,000
Refunding School Bonds	4/14/2016	21,360,000	7/15/2016 7/15/2017 7/15/2018 7/15/2019 7/15/2020 7/15/2021 7/15/2022 7/15/2023 7/15/2024 7/15/2025 7/15/2026 7/15/2027 7/15/2028 7/15/2029	280,000 100,000 100,000 1,395,000 1,455,000 1,515,000 1,575,000 1,980,000 2,045,000 2,080,000 2,125,000 2,180,000 2,245,000 2,285,000	2.000% 3.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 2.000% 2.000% 2.125% 4.000% 2.250% 2.500%		21,360,000		21,360,000
						<u>\$ 27,613,000</u>	<u>\$ 23,475,000</u>	<u>\$ 23,983,000</u>	<u>\$ 27,105,000</u>

DELRAN TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Capital Leases
June 30, 2016

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2015	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2016
Phone System	2.05%	\$ 287,800	\$ 116,252	-	\$ 57,536	\$ 58,716
Brodcade Network Switches	2.17%	177,651	106,558		34,760	71,798
Computers	5.09%	162,331	54,050		54,050	-
Computers	1.53%	67,327	44,613		22,137	22,476
Computers	1.53%	23,055	15,272		7,578	7,694
Surveillance System	1.92%	122,130	122,130		23,506	98,624
Installation of Access Points	1.82%	170,664		170,664		170,664
Chromebooks	1.90%	190,222		190,222		190,222
Total			<u>\$ 458,875</u>	<u>\$ 360,886</u>	<u>\$ 199,567</u>	<u>\$ 620,194</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,054,177	\$ -	\$ 2,054,177	\$ 2,054,177	\$ -
Miscellaneous				8,093	8,093
Total revenues - local sources	<u>2,054,177</u>		<u>2,054,177</u>	<u>2,062,270</u>	<u>8,093</u>
State sources:					
Debt service aid type II	456,285		456,285	456,285	
Total revenues - state sources	<u>456,285</u>		<u>456,285</u>	<u>456,285</u>	
Total Revenues	<u>2,510,462</u>		<u>2,510,462</u>	<u>2,518,555</u>	<u>8,093</u>
EXPENDITURES:					
Regular debt service:					
Redemption of principal	1,385,000		1,385,000	1,385,000	
Interest on bonds	1,125,463		1,125,463	1,095,445	30,018
Expenses of refunding bonds				181,071	(181,071)
Total Expenditures	<u>2,510,463</u>		<u>2,510,463</u>	<u>2,661,516</u>	<u>(151,053)</u>
Excess (Deficiency) of revenues over (under) expenditures	(1)		(1)	(142,961)	(142,960)
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds				24,609,674	24,609,674
Payment to refunded bond escrow agent				(24,428,603)	(24,428,603)
Total Other Financing Sources (Uses)				<u>181,071</u>	<u>181,071</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1)		(1)	38,110	38,111
Fund Balances, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,111</u>	<u>\$ 38,111</u>

Statistical Section

Delran Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 3,295,486	\$ 4,226,078	\$ 5,221,496	\$ (14,312,597)	\$ (967,535)	\$ 7,020,702	\$ 8,434,666	\$ 9,582,074	\$ 10,712,615	\$ 10,878,711
Restricted for:										
Special revenue	(3,264)	(3,264)	-	-	-	-	-	-	-	-
Capital projects	189,971	849,032	1,356,230	21,479,919	9,217,174	2,507,499	143,044	88,570	1,331,293	1,044,651
Debt service	(10,342)	(52,579)	(86,248)	(701,109)	(213,011)	184,770	16,772	498	1	38,111
Other purposes	7,062,578	7,915,528	7,282,414	3,875,254	2,529,736	3,466,309	5,342,050	3,931,940	2,337,998	2,173,183
Unrestricted	(721,550)	(683,683)	(1,728,251)	(788,526)	(342,961)	(1,166,724)	(1,361,007)	(1,294,478)	(8,719,600)	(8,758,019)
Total governmental activities net position	\$ 9,812,879	\$ 12,251,112	\$ 12,045,641	\$ 9,552,941	\$ 10,223,403	\$ 12,012,556	\$ 12,575,525	\$ 12,308,604	\$ 5,662,307	\$ 5,376,637
Business-type activities:										
Net investment in capital assets	\$ 256,477	\$ 224,670	\$ 195,690	\$ 192,514	\$ 164,259	\$ 176,928	\$ 215,563	\$ 214,303	\$ 174,790	\$ 236,411
Unrestricted	170,470	195,764	273,440	330,327	408,582	411,440	391,787	477,672	393,459	416,701
Total business-type activities net position	\$ 426,947	\$ 420,434	\$ 469,130	\$ 522,841	\$ 572,841	\$ 588,368	\$ 607,350	\$ 691,975	\$ 568,249	\$ 653,112
District-wide:										
Net investment in capital assets	\$ 3,551,963	\$ 4,450,748	\$ 5,417,186	\$ (14,120,083)	\$ (803,276)	\$ 7,197,630	\$ 8,650,229	\$ 9,796,377	\$ 10,887,405	\$ 11,115,122
Restricted:										
Special revenue	(3,264)	(3,264)	-	-	-	-	-	-	-	-
Capital projects	189,971	849,032	1,356,230	21,479,919	9,217,174	2,507,499	143,044	88,570	1,331,293	1,044,651
Debt service	(10,342)	(52,579)	(86,248)	(701,109)	(213,011)	184,770	16,772	498	1	38,111
Other purposes	7,062,578	7,915,528	7,282,414	3,875,254	2,529,736	3,466,309	5,342,050	3,931,940	2,337,998	2,173,183
Unrestricted	(551,080)	(487,919)	(1,454,811)	(458,199)	65,621	(755,284)	(969,220)	(816,806)	(8,326,141)	(8,341,318)
Total district net position	\$ 10,239,826	\$ 12,671,546	\$ 12,514,771	\$ 10,075,782	\$ 10,796,244	\$ 12,600,924	\$ 13,182,875	\$ 13,000,579	\$ 6,230,556	\$ 6,029,749

Delran Township School District
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 12,380,846	\$ 13,161,949	\$ 14,396,344	\$ 13,033,498	\$ 12,943,169	\$ 12,361,189	\$ 12,889,137	\$ 13,585,210	\$ 13,678,892	\$ 13,777,859
Special education	2,109,361	2,330,219	3,201,869	3,795,323	3,572,329	3,587,291	3,824,781	4,022,642	3,992,508	4,181,113
Other instruction	790,876	890,677	1,013,788	1,187,641	1,101,835	1,128,614	1,201,593	1,217,019	1,181,252	1,156,534
Support Services:										
Tuition	1,242,768	1,284,943	1,495,174	1,081,770	1,356,143	1,745,432	1,778,003	2,079,494	2,300,538	2,154,434
Student & instruction related services	3,535,523	3,922,247	3,751,828	4,399,657	3,966,987	4,148,865	4,491,056	4,802,353	5,389,417	5,736,278
School administrative services	1,164,681	1,208,038	1,322,191	1,336,227	1,356,442	1,432,907	1,630,873	1,567,995	1,536,975	1,523,544
General and business administrative services	1,412,575	1,418,003	1,414,539	1,545,657	1,400,947	1,407,930	1,390,571	1,491,862	1,461,655	1,334,095
Plant operations and maintenance	3,318,621	3,807,123	3,803,935	3,757,852	3,837,723	3,629,140	4,465,667	4,253,137	3,450,635	5,640,717
Pupil transportation	1,988,912	2,082,499	2,471,071	2,226,338	2,496,052	2,665,982	2,672,346	2,262,203	2,224,397	2,128,031
Business and other support services										
Unallocated employee benefits	6,283,323	7,210,921	7,031,078	7,900,143	8,182,693	8,211,029	9,534,225	9,802,155	11,000,704	12,469,191
Special schools										
Charter schools										
Interest on long-term debt	480,644	439,576	388,309	1,379,222	1,360,773	1,321,345	1,291,209	1,236,235	1,156,126	959,055
Unallocated depreciation	68,598	64,480	63,600	67,622	66,101	65,478	6,910	42,481	46,777	25,715
Total governmental activities expenses	<u>34,776,728</u>	<u>37,820,675</u>	<u>40,353,726</u>	<u>41,710,950</u>	<u>41,641,194</u>	<u>41,705,202</u>	<u>45,176,371</u>	<u>46,362,796</u>	<u>47,419,876</u>	<u>51,086,566</u>
Business-type activities:										
Food service	861,220	923,356	966,803	993,206	938,826	1,015,497	1,070,224	1,094,819	1,350,480	1,275,494
Total business-type activities expense	<u>861,220</u>	<u>923,356</u>	<u>966,803</u>	<u>993,206</u>	<u>938,826</u>	<u>1,015,497</u>	<u>1,070,224</u>	<u>1,094,819</u>	<u>1,350,480</u>	<u>1,275,494</u>
Total district expenses	<u>\$ 35,637,948</u>	<u>\$ 38,744,031</u>	<u>\$ 41,320,529</u>	<u>\$ 42,704,156</u>	<u>\$ 42,580,020</u>	<u>\$ 42,720,699</u>	<u>\$ 46,246,595</u>	<u>\$ 47,457,605</u>	<u>\$ 48,770,356</u>	<u>\$ 52,362,060</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 4,492,975	\$ 5,068,069	\$ 3,993,923	\$ 4,630,190	\$ 4,418,345	\$ 4,655,117	\$ 4,777,516	\$ 5,020,135	\$ 5,459,573	\$ 7,183,901
Total governmental activities program revenues	<u>4,492,975</u>	<u>5,068,069</u>	<u>3,993,923</u>	<u>4,630,190</u>	<u>4,418,345</u>	<u>4,655,117</u>	<u>4,777,516</u>	<u>5,020,135</u>	<u>5,459,573</u>	<u>7,183,901</u>

(Continued)

Delran Township School District
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	\$ 684,291	\$ 698,247	\$ 753,695	\$ 732,684	\$ 697,438	\$ 703,921	\$ 668,896	\$ 703,279	\$ 718,271	\$ 753,121
Operating grants and contributions	173,003	212,821	259,573	311,084	287,425	324,993	417,918	478,165	508,483	546,300
Capital grants and contributions										
Total business type activities program revenues	857,294	911,068	1,013,268	1,043,768	984,863	1,028,914	1,086,814	1,181,444	1,226,754	1,299,421
Total district program revenues	\$ 5,350,269	\$ 5,979,137	\$ 5,007,191	\$ 5,673,958	\$ 5,403,208	\$ 5,684,031	\$ 5,864,330	\$ 6,201,579	\$ 6,686,327	\$ 8,483,322
Net (Expense)/Revenue:										
Governmental activities	(30,283,753)	(32,752,606)	(36,359,803)	(37,080,760)	(37,222,849)	(37,050,085)	(40,398,855)	(41,342,651)	(41,960,303)	(43,902,665)
Business-type activities	(3,926)	(12,288)	46,465	50,562	46,037	13,417	16,590	86,625	(123,726)	23,927
Total district-wide net expense	<u>(30,287,679)</u>	<u>(32,764,894)</u>	<u>(36,313,338)</u>	<u>(37,030,198)</u>	<u>(37,176,812)</u>	<u>(37,036,668)</u>	<u>(40,382,265)</u>	<u>(41,256,026)</u>	<u>(42,084,029)</u>	<u>(43,878,738)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	22,780,246	23,729,696	22,966,971	24,062,969	24,790,975	25,383,164	26,290,827	26,816,644	28,374,222	29,341,706
Taxes levied for debt service	1,095,818	1,121,154	1,112,255	1,061,880	2,084,404	1,864,473	1,942,891	2,090,932	2,051,483	2,054,177
Unrestricted grants and contributions	8,966,317	9,465,504	10,959,286	8,909,354	10,436,232	11,330,345	12,240,166	11,949,588	12,121,250	11,964,625
Investment earnings	376,447	333,393	149,001	376,633	249,539	45,436	103,035	104,203	-	-
Miscellaneous income	219,216	541,092	966,819	177,224	332,161	215,820	767,136	114,363	184,528	256,487
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	33,438,044	35,190,839	36,154,332	34,588,060	37,893,311	38,839,238	41,344,055	41,075,730	42,731,483	43,616,995
Business-type activities:										
Investment earnings	7,466	5,775	2,231	3,149	3,963	2,110	392	-	-	-
Contributed capital	-	-	-	-	-	-	-	-	-	60,936
Total business-type activities	7,466	5,775	2,231	3,149	3,963	2,110	392	-	-	60,936
Total district-wide	33,445,510	35,196,614	36,156,563	34,591,209	37,897,274	38,841,348	41,344,447	41,075,730	42,731,483	43,677,931
Change in Net Position:										
Governmental activities	\$ 3,154,291	\$ 2,438,233	\$ (205,471)	\$ (2,492,700)	\$ 670,462	\$ 1,789,153	\$ 945,200	\$ (266,921)	\$ 771,180	\$ (285,670)
Business-type activities	3,540	(6,513)	48,696	53,711	50,000	15,527	16,982	86,625	(123,726)	84,863
Total district-wide	<u>\$ 3,157,831</u>	<u>\$ 2,431,720</u>	<u>\$ (156,775)</u>	<u>\$ (2,438,989)</u>	<u>\$ 720,462</u>	<u>\$ 1,804,680</u>	<u>\$ 962,182</u>	<u>\$ (180,296)</u>	<u>\$ 647,454</u>	<u>\$ (200,807)</u>

Delran Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved for:										
Encumbrances	\$ 335,644	\$ 59,051	\$ 312,789	\$ 57,849	\$ 44,859	\$ 105,738	\$ 214,577	\$ 72,938	\$ 4,487	\$ 53,169
Maintenance reserve		300,000	300,000	300,000	300,000	300,000	300,000	156,325	156,325	156,325
Capital reserve		600,000	1,107,198	1,118,432	1,389,314	1,847,731	1,551,146	1,102,219	1,257,888	518,594
Legally restricted	40,959	13,839	257,647	247,093	600,000	400,000	909,015	621,248	701,580	675,000
Excess surplus	6,685,975	7,542,638	6,411,978	3,270,312	1,584,877	2,660,571	2,367,312	1,979,210	1,475,606	1,288,689
Unreserved	252,457	287,635	(117,525)	(176,790)	103,435	(33,044)	62,240	161,861	196,045	125,651
Total general fund	<u>\$ 7,315,035</u>	<u>\$ 8,803,163</u>	<u>\$ 8,272,087</u>	<u>\$ 4,816,896</u>	<u>\$ 4,022,485</u>	<u>\$ 5,280,996</u>	<u>\$ 5,404,290</u>	<u>\$ 4,093,801</u>	<u>\$ 3,791,931</u>	<u>\$ 2,817,428</u>
All Other Governmental Funds										
Reserved:										
Encumbrances				\$ 5,267,712	\$ 5,267,712	\$ 532,688	\$ 119,180	\$ 15,165	\$ -	\$ -
Debt service reserve	\$ 174,692	\$ 105,500	\$ 105,500							
Unreserved, reported in:										
Special revenue fund	(3,264)	(3,264)	-	-	-	-	-	-	-	-
Capital projects fund	189,971	143,532	143,532	2,560,148	2,560,148	127,080	23,864	73,405	73,405	526,057
Debt service fund	34,470	146,006	88,765	412,472	412,472	184,770	16,772	498	1	38,111
Total all other governmental funds	<u>\$ 395,869</u>	<u>\$ 391,774</u>	<u>\$ 337,797</u>	<u>\$ 8,240,332</u>	<u>\$ 8,240,332</u>	<u>\$ 844,538</u>	<u>\$ 159,816</u>	<u>\$ 89,068</u>	<u>\$ 73,406</u>	<u>\$ 564,168</u>

Delran Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 23,876,064	\$ 24,850,850	\$ 24,079,226	\$ 25,124,849	\$ 26,875,379	\$ 27,247,637	\$ 28,233,718	\$ 28,907,576	\$ 30,425,705	\$ 31,395,883
Tuition charges	40,900	23,982	19,847	7,929	17,962	45,436	103,035	104,203	85,960	119,734
Interest earnings	395,882	333,393	149,001	249,459	173,375	57,426	1,983	-	5,669	4,397
Miscellaneous	165,233	522,481	956,133	296,469	400,240	170,106	773,798	117,054	92,899	147,114
State sources	12,580,096	13,646,901	14,010,276	10,290,352	13,538,492	14,430,812	16,004,392	15,793,662	16,465,984	17,909,513
Federal sources	872,844	881,301	933,772	3,249,192	1,306,208	1,542,938	1,010,364	1,173,370	1,114,839	1,224,255
Total revenue	37,931,019	40,258,908	40,148,255	39,218,250	42,311,656	43,494,355	46,127,290	46,095,865	48,191,056	50,800,896
Expenditures										
Instruction										
Regular Instruction	11,682,456	12,586,255	13,190,862	13,133,971	12,219,571	11,896,904	12,259,661	12,877,848	13,026,318	13,151,593
Special education instruction	2,109,361	2,330,219	3,201,869	3,795,323	3,572,329	3,587,291	3,824,781	4,022,642	3,992,508	4,181,113
Other instruction	790,876	890,677	1,013,788	1,187,641	1,101,835	1,128,614	1,201,593	1,217,019	1,181,252	1,156,534
Support Services:										
Tuition	1,242,768	1,284,943	1,495,174	1,081,770	1,356,143	1,745,432	1,778,003	2,079,494	2,300,538	2,154,434
Student & instruction related services	3,535,523	3,922,247	3,751,828	4,399,657	3,966,987	4,148,865	4,491,056	4,802,353	5,389,417	5,736,278
School administrative services	1,164,681	1,208,038	1,322,191	1,336,227	1,356,442	1,407,930	1,533,690	1,567,995	1,536,975	1,523,544
General and business admin. services	1,327,956	1,332,288	1,330,582	1,466,900	1,325,230	1,358,437	1,390,571	1,396,782	1,368,100	1,247,661
Plant operations and maintenance	3,254,389	3,913,069	3,733,560	3,942,649	3,671,948	3,300,342	3,972,164	4,180,860	3,989,204	3,690,640
Pupil transportation	1,988,912	2,082,499	2,471,071	2,226,338	2,496,052	2,665,982	2,672,346	2,262,203	2,224,397	2,128,031
Employee benefits	6,283,323	7,210,921	7,031,078	7,900,143	8,182,693	8,211,029	9,534,225	9,802,155	10,931,521	12,204,931
Capital outlay	577,093	855,066	627,153	6,492,769	13,604,868	7,586,870	1,725,450	1,016,984	269,700	1,990,319
Debt service:										
Principal	978,164	1,035,158	1,152,271	1,164,415	1,929,409	1,344,788	1,301,769	1,354,515	1,330,000	1,385,000
Interest and other charges	505,320	460,495	411,881	360,116	936,725	1,249,154	1,291,209	1,236,234	1,181,170	1,276,516
Total expenditures	35,440,822	39,111,875	40,733,308	48,487,919	55,720,232	49,631,638	46,976,518	47,817,084	48,721,100	51,826,594
Excess (Deficiency) of revenues over (under) expenditures	2,490,197	1,147,033	(585,053)	(9,269,669)	(13,408,576)	(6,137,283)	(849,228)	(1,721,219)	(530,044)	(1,025,698)
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	25,858,000	-	-	-	-	-	24,609,674
Payment to escrow agent	-	-	-	-	-	-	-	-	-	(24,428,603)
Capital leases	-	337,000	-	473,178	-	-	287,800	339,982	212,512	360,886
Transfers in	16,464	129,422	5,523	487,257	168,493	16,271	495	-	-	1,039,294
Transfers out	(16,464)	(129,422)	(5,523)	(487,257)	(168,493)	(16,271)	(495)	-	-	(1,039,294)
Total other financing sources (uses)	-	337,000	-	26,331,178	-	-	287,800	339,982	212,512	541,957
Net change in fund balances	\$ 2,490,197	\$ 1,484,033	\$ (585,053)	\$ 17,061,509	\$ (13,408,576)	\$ (6,137,283)	\$ (561,428)	\$ (1,381,237)	\$ (317,532)	\$ (483,741)
Debt service as a percentage of noncapital expenditures	4.26%	3.91%	3.90%	3.63%	6.81%	6.17%	5.73%	5.54%	5.18%	5.34%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Delran Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Rentals</u>	<u>Other</u> <u>Refunds</u>	<u>Shared</u> <u>Services</u>	<u>Sale of Used</u> <u>Equipment</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 376,447	\$ 40,900	\$ 33,780	\$ 80,081	\$ 13,603	\$ 28,974			\$ 2,354	\$ 576,139
2008	319,602	23,982	1,019	480,577	15,951	9,928		5,104	4,531	860,694
2009	143,478	19,847	31,500	859,384	12,284	32,663			10,916	1,110,072
2010	127,174	7,929	16,227	81,676	5,986	49,491			6,329	294,812
2011	81,046	17,962	26,480	172,231	21,476	62,305			31,707	413,207
2012	35,355	45,436	30,863	73,824	30,352	17,256			6,099	239,185
2013	9,006	103,035	94,364	616,259	26,157	19,020			1,835	869,676
2014	6,315	104,203	14,286	44,135	10,012	18,240	15,000		6,375	218,566
2015	5,669	85,960	22,808	6,271	15,859	14,859	4,167	6,772	22,163	184,528
2016	4,397	119,734		7,430	20,338	93,338		2,359	798	248,394
	<u>\$ 966,701</u>	<u>\$ 110,620</u>	<u>\$ 109,006</u>	<u>\$ 1,420,042</u>	<u>\$ 47,824</u>	<u>\$ 71,565</u>	<u>\$ 19,167</u>	<u>\$ 5,104</u>	<u>\$ 17,801</u>	<u>\$ 2,546,905</u>

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Source: District records

**Delran Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2007	\$ 11,987,800	\$1,199,464,900	\$ 2,823,700	\$ 179,900	\$ 268,014,700	\$ 2,869,100	\$ 62,667,200	\$1,548,007,300	\$ 1,956,648	\$1,549,963,948	\$ 87,338,600	\$ 1.572	\$ 1,753,458,732
2008	10,615,400	1,207,542,700	2,823,700	179,900	174,869,700	97,679,200	60,038,300	1,553,748,900	2,056,707	1,555,805,607	91,067,000	1.573	1,857,786,056
2009	10,835,400	1,209,423,100	2,823,700	179,900	177,794,200	100,366,400	60,038,300	1,561,461,000	2,232,503	1,563,693,503	92,044,000	1.573	1,879,230,871
2010	11,141,100	1,209,484,800	2,567,800	157,500	181,397,500	99,666,400	60,038,300	1,564,453,400	2,217,978	1,566,671,378	94,488,000	1.659	1,847,618,019
2011	11,153,500	1,207,677,800	2,567,800	157,500	182,561,200	98,921,200	60,038,300	1,563,077,300	1,938,751	1,565,016,051	94,152,600	1.730	1,786,214,752
2012	8,652,500	1,077,936,200	2,079,700	176,400	170,578,392	93,005,700	54,979,400	1,407,408,292	2,167,078	1,409,575,370	94,024,900	1.954	1,676,731,931
2013	8,661,300	1,078,760,400	2,079,700	176,400	170,339,392	91,643,700	54,979,400	1,406,640,292	1,793,488	1,408,433,780	92,892,800	2.042	1,595,150,639
2014	8,788,000	1,077,322,500	2,101,800	165,100	169,197,092	88,908,700	55,459,400	1,401,942,592	1,428,041	1,403,370,633	101,459,700	2.113	1,556,849,076
2015	8,788,000	1,077,316,900	2,101,800	165,100	169,007,792	86,908,700	55,459,400	1,399,747,692	100	1,399,747,792	101,847,100	2.209	1,538,686,754
2016	13,182,000	1,077,929,700	1,358,000	63,600	168,505,292	84,813,300	55,669,400	1,401,521,292	94	1,401,521,386	102,348,400	2.294	1,501,077,722

Source: Municipal Tax Assessor

Note:

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Information not available.

**Delran Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Delran School District Direct Rate			Overlapping Rates		Municipal Open Space	Fire District	Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Delran	Burlington County			
2007	\$ 1.501	\$ 0.071	\$ 1.572	\$ 0.561	\$ 0.477	\$ 0.020	\$ 0.123	\$ 2.753
2008	1.501	0.072	1.573	0.612	0.465	0.020	0.123	2.793
2009	1.504	0.070	1.573	0.637	0.458	0.020	0.103	2.791
2010	1.559	0.100	1.659	0.669	0.449	0.020	0.108	2.905
2011	1.604	0.126	1.730	0.683	0.433	0.020	0.114	2.980
2012	1.819	0.135	1.954	0.744	0.452	0.023	0.127	3.300
2013	1.899	0.143	2.042	0.756	0.431	0.023	0.134	3.386
2014	1.966	0.147	2.113	0.756	0.425	0.023	0.133	3.450
2015	2.062	0.147	2.209	0.765	0.455	0.023	0.155	3.607
2016	2.147	0.147	2.294	0.764	0.437	0.023	0.150	3.668

Source: Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Delran Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Berk & Berk Hunter's Glen	\$ 39,239,000	2.80%	Hunter's Glen Apartments	\$ 44,478,900	2.87%
New Jersey American Water Co.	26,299,800	1.88%	Whitesell Enterprises	30,310,300	1.96%
Whitesell Enterprises	23,800,700	1.70%	New Jersey American Water	28,664,600	1.85%
Hartford Corners	22,856,400	1.63%	McMillan Inc.	18,394,100	1.19%
Tenby Chase Investors, LLC	16,460,400	1.17%	Tenby Chase Investors, LLC	18,188,300	1.17%
Simon & Schuster	14,841,700	1.06%	Simon & Schuster	15,820,300	1.02%
GPT Cinnaminson Owners	10,500,000	0.75%	Liberty Property Dev. Corp	15,749,900	1.02%
Target	9,598,900	0.68%	Delran Shopping Associates	11,237,000	0.72%
Lowes	9,096,200	0.65%	Delran Holding Corporation	9,666,300	0.62%
KIOP Delran	7,729,400	0.55%	McKesson Corporation	8,030,900	0.52%
Total	\$ 180,422,500	12.87%		\$ 200,540,600	12.94%

Source: Municipal Tax Assessor

**Delran Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 22,819,961	\$ 22,819,961	100.00%	-
2008	24,363,457	24,363,457	100.00%	-
2009	24,465,038	24,465,038	100.00%	-
2010	24,602,038	24,602,038	100.00%	-
2011	26,000,114	26,000,114	100.00%	-
2012	27,061,508	27,061,508	100.00%	-
2013	27,540,678	27,540,678	100.00%	-
2014	28,770,728	28,770,728	100.00%	-
2015	29,666,560	29,666,560	100.00%	-
2016	30,910,794	30,910,794	100.00%	-

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

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

Delran Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Capital Leases	EDA Loans	Certificates of Participation Payable	Capital Leases	Total District		
2007	\$ 9,965,000	\$ 1,875,192	\$ 504,007	\$ 810,000	\$ -	\$ 13,154,199	1.69%	\$ 778
2008	9,250,000	1,655,206	438,848	555,000	-	11,899,054	1.48%	709
2009	8,435,000	1,080,728	371,578	285,000	-	10,172,306	1.28%	608
2010	33,483,000	787,700	302,162	-	-	34,572,862	4.26%	2,045
2011	32,618,000	286,501	230,437	-	-	33,134,938	3.92%	1,959
2012	31,443,000	104,872	156,283	-	-	31,704,155	3.65%	1,875
2013	30,218,000	79,189	79,514	-	-	30,376,703	3.48%	1,805
2014	28,943,000	418,281	-	-	-	29,361,281	3.25%	1,744
2015	27,613,000	458,875	-	-	-	28,071,875	c	1,674
2016	27,105,000	620,194	-	-	-	27,725,194	c	c

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

- a Based on Per Capita Income for Burlington County
- b Based on School District Population as of July 1.
- c Not available

Delran Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 9,965,000	\$ -	\$ 9,965,000	0.64%	590
2008	9,250,000	-	9,250,000	0.59%	551
2009	8,435,000	-	8,435,000	0.54%	504
2010	33,483,000	-	33,483,000	2.14%	1,980
2011	32,618,000	-	32,618,000	2.08%	1,928
2012	31,443,000	-	31,443,000	2.23%	1,860
2013	30,218,000	-	30,218,000	2.15%	1,795
2014	28,943,000	-	28,943,000	2.06%	1,719
2015	27,613,000	-	27,613,000	1.97%	1,647
2016	27,105,000	-	27,105,000	1.93%	c

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

- a** See Exhibit J-6 for property tax data.
- b** Population data can be found in Exhibit J-14.
- c** Information not available.

**Delran Township School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2015**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Delran	\$ 16,414,680	100.000%	\$ 16,414,680
Burlington County General Obligation Debt	282,131,755	3.361%	9,482,448
			25,897,128
Subtotal, overlapping debt			25,897,128
Delran Township School District Direct Debt			28,598,000
Total direct and overlapping debt			\$ 54,495,128

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

Debt outstanding data provided by each governmental unit.

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

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Delran Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2013	\$ 1,554,126,938
	2014	1,534,861,607
	2015	<u>1,493,223,482</u>
	[A]	\$4,582,212,027
Average equalized valuation of taxable property	[A/3]	\$ 1,527,404,009
Debt limit (4% of average equalized valuation)	[B]	61,096,160 ^a
Net bonded school debt	[C]	<u>27,105,000</u>
Legal debt margin	[B-C]	\$ 33,991,160

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 59,839,702	\$ 67,896,609	\$ 72,324,384	\$ 73,785,280	\$ 72,946,567	\$ 70,327,689	\$ 67,043,440	\$ 64,058,599	\$ 62,349,753	\$ 61,096,160
Total net debt applicable to limit	<u>10,659,007</u>	<u>9,878,849</u>	<u>34,293,000</u>	<u>33,483,000</u>	<u>32,618,000</u>	<u>31,443,000</u>	<u>30,218,000</u>	<u>28,943,000</u>	<u>27,613,000</u>	<u>27,105,000</u>
Legal debt margin	<u>\$ 49,180,695</u>	<u>\$ 58,017,760</u>	<u>\$ 38,031,384</u>	<u>\$ 40,302,280</u>	<u>\$ 40,328,567</u>	<u>\$ 38,884,689</u>	<u>\$ 36,825,440</u>	<u>\$ 41,884,931</u>	<u>\$ 41,884,931</u>	<u>\$ 33,991,160</u>
Total net debt applicable to the limit as a percentage of debt limit	17.81%	14.55%	47.42%	45.38%	44.71%	44.71%	45.07%	45.18%	44.29%	44.36%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Delran Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	16,899	\$ 780,531,012	\$ 46,188	3.0%
2008	16,787	802,687,192	47,816	4.1%
2009	16,728	797,072,472	47,649	7.1%
2010	16,909	812,426,723	48,047	7.5%
2011	16,915	844,988,825	49,955	7.3%
2012	16,905	868,747,950	51,390	7.2%
2013	16,832	871,645,120	51,785	8.2%
2014	16,834	904,776,998	53,747	5.4%
2015	16,767	e	e	4.1%
2016	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development.
- ^b Personal income for Delran Township.
- ^c Per Capita for Burlington County.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- ^e Not available.

Delran Township School District
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Years

Exhibit J-16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	196	198	200	204	193	196	196	205	208	211
Special education	12	21	27	27	26	31	31	34	40	41
Other special education	13	19	22	22	12	12	13	13	10	10
Support Services:										
Student & instruction related services	46	49	47	48	75	74	76	80	80	76
School administrative services	17	17	17	17	17	17	17	17	20	20
General and business administrative services	2	2	2	4	4	4	4	4	4	4
Plant operations and maintenance	13	12	12	13	12	12	12	12	12	12
Pupil transportation	1	1	1	1	1	1	1	1	1	1
Business and other support services	11	9	8	7	9	9	9	9	9	8
Total	<u>311</u>	<u>328</u>	<u>336</u>	<u>343</u>	<u>349</u>	<u>356</u>	<u>359</u>	<u>375</u>	<u>384</u>	<u>383</u>

Source: District Personnel Records

Delran Township School District
 Operating Statistics,
 Last Ten Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate	Middle	Senior High School				
2007	2,818	\$ 33,380,245	\$ 11,845	1.75%	221	1:16	1:14	1:13	1:11	2,814	2,670	0.32%	94.88%
2008	2,850	36,761,156	12,899	8.89%	238	1:16	1:14	1:13	1:12	2,859	2,717	1.60%	95.03%
2009	2,939	38,542,003	13,114	1.67%	249	1:16	1:14	1:13	1:12	2,891	2,756	1.12%	95.33%
2010	2,984	40,470,619	13,563	3.42%	253	1:16	1:14	1:11	1:12	2,935	2,848	1.52%	97.04%
2011	2,955	39,249,230	13,282	-2.07%	231	1:16	1:14	1:11	1:11	2,914	2,831	-0.72%	97.15%
2012	2,938	39,450,826	13,428	1.10%	239	1:16	1:14	1:11	1:11	2,893	2,812	-0.72%	97.20%
2013	2,887	42,658,090	14,776	10.04%	240	1:16	1:14	1:11	1:11	2,838	2,754	-1.90%	97.04%
2014	2,950	44,209,351	14,986	1.42%	252	1:16	1:14	1:11	1:11	2,956	2,826	4.16%	95.60%
2015	2,980	45,940,230	15,416	2.87%	258	1:16	1:14	1:11	1:11	2,979	2,840	0.78%	95.33%
2016	3,018	47,174,159	15,631	1.39%	262	1:16	1:14	1:11	1:11	3,020	2,888	1.38%	95.63%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Delran Township School District
School Building Information
Last Nine Fiscal Years**

Exhibit J-18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Delran High School (1975)										
Square Feet	147,355	147,355	147,355	147,355	147,355	147,355	158,436	158,436	158,436	158,436
Capacity (students)	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Enrollment	782	876	901	900	877	867	819	842	851	884
Delran Middle School (1960)										
Square Feet	87,800	87,800	87,800	87,800	87,800	87,800	100,851	100,851	100,851	100,851
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	713	694	670	652	661	672	691	690	691	723
Delran Intermediate School (1996)										
Square Feet	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Capacity (students)	745	745	745	745	745	745	745	745	745	745
Enrollment	623	600	635	655	663	668	694	689	695	660
Millbridge Elementary School (1970)										
Square Feet	74,074	74,074	74,074	74,074	74,074	74,074	85,000	85,000	85,000	85,000
Capacity (students)	945	945	945	945	945	945	945	945	945	945
Enrollment	688	689	686	728	713	686	634	735	741	753

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Number of Schools at June 30, 2016
 Elementary = 2
 Middle School = 1
 High School = 1

Source: District Facilities Office

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.

Delran Township School District
 Schedule of Required Maintenance
 Last Ten Years

Exhibit J-19

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

	Project #	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
* School Facilities												
Delran School District												
Millbridge School	N/A	\$ 230,195	\$ 372,824	\$ 194,640	\$ 229,153	\$ 146,740	\$ 139,392	\$ 225,170	\$ 255,682	\$ 203,415	\$ 180,695	\$ 2,177,906
Intermediate School	N/A	240,204	389,033	165,444	194,780	124,729	118,483	191,395	217,330	172,902	153,591	1,967,891
Middle School	N/A	220,187	356,614	233,569	274,984	176,088	167,270	270,204	306,818	244,098	216,834	2,466,666
High School	N/A	310,263	502,501	379,549	446,850	286,142	271,815	439,081	498,580	396,658	352,356	3,883,795
Total School Facilities		<u>\$ 1,000,849</u>	<u>\$ 1,620,972</u>	<u>\$ 973,202</u>	<u>\$ 1,145,767</u>	<u>\$ 733,699</u>	<u>\$ 696,960</u>	<u>\$ 1,125,850</u>	<u>\$ 1,278,410</u>	<u>\$ 1,017,073</u>	<u>\$ 903,476</u>	<u>\$ 10,496,258</u>

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

**Delran Township School District
Insurance Schedule
June 30, 2016**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Republic Franklin Ins Co		
Commercial Package:		
Property - Blanket Coverage	\$ 104,113,942	\$ 1,000
Flood	2,015,000	25,000
Earthquake	2,000,000	25,000
General Liability	3,000,000	-
Business Auto	1,000,000	1,000
Employee Dishonesty	400,000	250
Crime	100,000	500
Commercial Inland Marine	71,979	250
School District and Educators Legal Liability	1,000,000/2,000,000	
Abuse and Molestation Liability Coverage	1,000,000/3,000,000	
Employee Benefit Programs Liability	1,000,000/3,000,000	1,000
Worker's Compensation - New Jersey School Board	2,000,000	
Commercial Umbrella Liability - Utica Mutual Insurance	15,000,000	
Student Accident Coverage - New Jersey School Board		
Accident Medical Expense Benefit	6,000,000	
Catastrophe Cash Benefit	1,000,000	
Student Accident Coverage - Berkley Life and Health Ins. Co.		
Interscholastic Sports	25,000	
Surety Bond Coverage's - RLI Insurance Co.		
Treasurer	275,000	
School Business Administrator	300,000	

Source: District records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

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 American Institute of CPAs
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
 ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
 UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
 ASSISTANCE AS REQUIRED BY NEW JERSEY TREASURY CIRCULAR OMB 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

I have audited Delran Township School District (School District), in the County of Burlington, State of New Jersey'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, 2016. The 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 the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Treasury Circular OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey Treasury Circular OMB 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Delran Township School District, in the County of Burlington, State of New Jersey 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 fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Delran 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 my audit of compliance, I 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 and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey Treasury Circular OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Delran Township School District's internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey Treasury Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Delran Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I issued my report thereon dated September 30, 2016, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey Treasury Circular OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information of the Board of Education, the New Jersey Department of Education, and Federal awarding agencies.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 30, 2016

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	June 30, 2016		
						Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education																
General Fund:																
Medical Assistance Program	93.778	1605NJ5MAP	N/A	\$ 62,038	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ 65,288	\$ (65,288)	\$ -	\$ -	\$ -	\$ -	
Total General Fund						-	-	-	-	65,288	(65,288)	-	-	-	-	
U.S. Department of Education																
Special Revenue Fund:																
No Child Left Behind (N.C.L.B.)																
Title I - Current Year	84.010A	S010A150030	NCLB-1060-16	383,540	7/1/15 - 6/30/16						(342,634)			(342,634)		
Title I - Prior Year	84.010A	S010A150030	NCLB-1060-15	332,492	7/1/14 - 6/30/15	(69,215)				69,215						
Title I - Prior Year	84.010A	S010A150030	NCLB-1060-14	345,377	7/1/13 - 6/30/14	(13,696)				13,696						
Title IIA - Current Year	84.367A	S367A150029	NCLB-1060-16	86,957	7/1/15 - 6/30/16						(61,076)			(61,076)		
Title IIA - Prior Year	84.367A	S367A150029	NCLB-1060-15	51,574	7/1/14 - 6/30/15	(8,147)				8,147						
Title IIA - Prior Year	84.367A	S367A150029	NCLB-1060-14	50,887	7/1/13 - 6/30/14	(669)				669						
Title III - Current Year	84.365A	S365A150030	NCLB-1060-16	28,838	7/1/15 - 6/30/16						(23,958)			(23,958)		
Title III - Prior Year	84.365A	S365A150030	NCLB-1060-15	28,412	7/1/14 - 6/30/15	(13,536)				13,536						
Title III - Prior Year	84.365A	S365A150030	NCLB-1060-14	16,737	7/1/13 - 6/30/14	(4,862)				4,861		1				
Title III - Current Year - Immigrant	84.365A	S365A150030	NCLB-1060-16	10,488	7/1/15 - 6/30/16						(8,864)			(8,864)		
Title III - Prior Year - Immigrant	84.365A	S365A150030	NCLB-1060-15	5,850	7/1/14 - 6/30/15	(1,916)				1,916						
Individuals With Disabilities Act (I.D.E.A.)																
Part B - Basic - Current Year	84.027	H027A150100	IDEA-1060-16	722,145	7/1/15 - 6/30/16						(702,685)			(702,685)		
Part B - Basic - Prior Year	84.027	H027A150100	IDEA-1060-15	682,290	7/1/14 - 6/30/15	(144,146)				144,145		1				
Part B - Preschool - Current Year	84.173	H173A150114	IDEA-1060-16	23,580	7/1/15 - 6/30/16						(19,750)			(19,750)		
Part B - Preschool - Prior Year	84.173	H173A150114	IDEA-1060-15	22,452	7/1/14 - 6/30/15	(735)				735						
Race To The Top	84.413A	B413A120008	RTTT-1060-14	17,586	7/1/13 - 6/30/14	(17,586)				17,586						
Total Special Revenue Fund						(274,508)	-	-	-	274,506	(1,158,967)	2	-	(1,158,967)	-	
U.S. Department of Agriculture																
Enterprise Fund:																
Food Distribution Program	10.565	16161NJ304N1099	N/A	112,292	7/1/15 - 6/30/16					112,292	(112,292)					
National School Lunch Program	10.555	16161NJ304N1099	N/A	350,020	7/1/15 - 6/30/16					333,882	(350,020)			(16,338)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	331,683	7/1/14 - 6/30/15	(20,103)				20,103						
School Breakfast Program	10.553	16161NJ304N1099	N/A	71,954	7/1/15 - 6/30/16					66,845	(71,954)			(5,109)		
School Breakfast Program	10.553	16161NJ304N1099	N/A	88,676	7/1/14 - 6/30/15	(7,434)				7,434						
Total Enterprise Fund						(27,537)	-	-	-	540,356	(534,266)	-	-	(21,447)	-	
Total Federal Awards						\$ (302,045)	\$ -	\$ -	\$ -	\$ 880,150	\$ (1,758,521)	\$ 2	\$ -	\$ (1,180,414)	\$ -	

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

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

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2015			Carryover (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2016		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education														
General Fund:														
Extraordinary Aid	16-495-034-5120-044	\$330,740	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (330,740)	\$ -	\$ (330,740)	\$ -	\$ -	
Extraordinary Aid	15-495-034-5120-044	446,621	7/1/14 - 6/30/15	(446,621)				446,621						
Additional Nonpublic Transportation Aid	16-04103190	18,411	7/1/15 - 6/30/16						(18,411)		(18,411)			
Additional Nonpublic Transportation Aid	15-04103190	13,953	7/1/14 - 6/30/15	(13,953)										
Special Education Categorical Aid	16-495-034-5120-089	1,707,479	7/1/15 - 6/30/16					1,548,494	(1,707,479)		(158,985)			
Special Education Categorical Aid	15-495-034-5120-089	1,707,479	7/1/14 - 6/30/15	(160,477)				160,477						
Equalization Aid	16-495-034-5120-078	9,568,442	7/1/15 - 6/30/16					8,677,518	(9,568,442)		(890,924)			
Equalization Aid	15-495-034-5120-078	9,568,442	7/1/14 - 6/30/15	(899,286)				899,286						
Security Aid	16-495-034-5120-084	74,011	7/1/15 - 6/30/16					67,120	(74,011)		(6,891)			
Security Aid	15-495-034-5120-084	74,011	7/1/14 - 6/30/15	(6,956)				6,956						
Transportation Aid	16-495-034-5120-014	112,213	7/1/15 - 6/30/16					101,765	(112,213)		(10,448)			
Transportation Aid	15-495-034-5120-014	112,213	7/1/14 - 6/30/15	(10,546)				10,546						
Under Adequacy Aid	16-495-034-5120-096	14,105	7/1/15 - 6/30/16					12,792	(14,105)		(1,313)			
Under Adequacy Aid	15-495-034-5120-096	14,105	7/1/14 - 6/30/15	(1,325)				1,325						
Homeless Aid	16-495-034-5120-005	4,535	7/1/15 - 6/30/16					4,535	(4,535)					
Homeless Aid	15-495-034-5120-005	39,599	7/1/14 - 6/30/15	(22,952)				22,952						
PARCC Readiness Aid	16-495-034-5120-098	29,660	7/1/15 - 6/30/16					26,898	(29,660)		(2,762)			
PARCC Readiness Aid	15-495-034-5120-098	29,660	7/1/14 - 6/30/15	(2,788)				2,788						
Per Pupil Growth Aid	16-495-034-5120-097	29,660	7/1/15 - 6/30/16					26,898	(29,660)		(2,762)			
Per Pupil Growth Aid	15-495-034-5120-097	29,660	7/1/14 - 6/30/15	(2,788)				2,788						
On Behalf TPAF - Pension	16-495-034-5094-002	1,393,329	7/1/15 - 6/30/16					1,393,329	(1,393,329)					
On Behalf TPAF - Post Retirement Medical	16-495-034-5094-001	1,659,071	7/1/15 - 6/30/16					1,659,071	(1,659,071)					
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,321,705	7/1/15 - 6/30/16					1,256,563	(1,321,705)		(65,142)			
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	1,327,844	7/1/14 - 6/30/15	(64,020)				64,020						
Total General Fund				(1,631,712)	-	-	-	16,406,695	(16,263,361)	-	(1,488,378)	-	-	
Special Revenue Fund														
N.J. Nonpublic Aid:														
Textbook Aid	16-100-034-5120-064	33,346	7/1/15 - 6/30/16					33,346	(32,638)				708	
Textbook Aid	15-100-034-5120-064	38,191	7/1/14 - 6/30/15			240				(240)				
Nursing Aid	16-100-034-5120-070	52,830	7/1/15 - 6/30/16					52,830	(52,830)				11,912	
Technology Initiative	16-100-034-5120-373	15,184	7/1/15 - 6/30/16					15,184	(3,272)				-	
Technology Initiative	15-100-034-5120-373	20,512	7/1/14 - 6/30/15			192				(192)			1,500	
Security Aid		14,675	7/1/15 - 6/30/16					14,675	(13,175)					
Auxiliary Services:														
Compensatory Education	16-100-034-5120-067	104,062	7/1/15 - 6/30/16					104,062	(52,822)				51,440	
Compensatory Education	15-100-034-5120-067	107,496	7/1/14 - 6/30/15			37,737				(37,737)				
English as a Second Language	16-100-034-5120-067	21,569	7/1/15 - 6/30/16					21,569	(4,314)				17,255	
English as a Second Language	15-100-034-5120-067	18,910	7/1/14 - 6/30/15			5,938				(5,938)				
Handicapped Services:														
Examination & Classification	16-100-034-5120-066	37,167	7/1/15 - 6/30/16					37,167	(36,143)				1,024	
Examination & Classification	15-100-034-5120-066	54,756	7/1/14 - 6/30/15			1,982				(1,982)				
Corrective Speech	16-100-034-5120-066	6,940	7/1/15 - 6/30/16					6,940	(6,689)				251	
Corrective Speech	15-100-034-5120-066	16,787	7/1/14 - 6/30/15			8,747				(8,747)				
Supplemental Instruction	16-100-034-5120-066	31,931	7/1/15 - 6/30/16					31,931	(30,075)				1,856	
Supplemental Instruction	15-100-034-5120-066	43,159	7/1/14 - 6/30/15			6,906				(6,906)				
Total Special Revenue Fund				-	-	61,742	-	317,704	(231,758)	(61,742)	-	-	85,946	

Continued

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

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2015			Carryover (Walkover) Amount	Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2016		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
New Jersey School Development Authority														
Capital Projects Fund														
Middle School Roof Replacement	1060-007-14-1002	\$948,028	7/1/14 - 6/30/15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,577	\$ (948,028)	\$ -	\$ (302,451)	\$ -	\$ -
Debt Service Fund														
Debt Service Aid Type II	16-495-034-5120-017	456,285	7/1/15 - 6/30/16	-	-	-	-	-	456,285	(456,285)	-	-	-	-
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	12,034	7/1/15 - 6/30/16						11,493	(12,034)		(541)		
State School Lunch Program	15-100-010-3350-023	11,418	7/1/14 - 6/30/15	(684)					684					
Total Enterprise Fund				(684)	-	-	-	-	12,177	(12,034)	-	(541)	-	-
Total State Financial Assistance				<u>\$ (1,632,396)</u>	<u>\$ -</u>	<u>\$ 61,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,838,438</u>	<u>\$ (17,911,466)</u>	<u>\$ (61,742)</u>	<u>\$ (1,791,370)</u>	<u>\$ -</u>	<u>\$ 85,946</u>
Less: State Financial Expenditures Not Subject to Major Program Determination														
On-Behalf TPAF Contribution - Pension (Non-Budgeted)										(1,393,329)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)										(1,659,071)				
Total State Financial Expenditures Subject to Major Program Determination										<u>\$ (14,859,066)</u>				

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

Delran Township School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Delran Township School District ("School District"). The School District is defined in Note 1 to the School District's basic financial statements. 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, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in 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 Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the 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 of the 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 two June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$10,081 in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information 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 are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 65,288	\$ 16,273,442	\$ 16,338,730
Special Revenue	1,158,967	231,758	1,390,725
Capital Projects		948,028	948,028
Debt Service		456,285	456,285
Food Service	534,266	12,034	546,300
Total	\$ 1,758,521	\$ 17,921,547	\$ 19,680,068

**Delran Township School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School District for the year ended June 30, 2016. 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, 2016.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal	State
Prior Year Receivable Canceled	\$ 2	\$ -

**DELRAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

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

Noncompliance material to basic financial statements noted? X yes no

Federal Awards

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>School Breakfast Program</u>

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

Auditee qualified as low-risk auditee? X yes no

**DELRAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes _____ no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5094-003	Reimbursed TPAF Social Security Contributions
1060-007-14-1002	School Development Authority Grant
16-100-010-3350-023	School Lunch Program

**DELRAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding #2016-001

Criteria or specific requirement:

The District is responsible for the reconciliation of its payroll agency account. Part of the reconciliation process is the preparation of an analysis of the balance detailing the amount of the withholdings payable to the various payroll agencies.

Condition:

The district did not maintain a payroll agency analysis as part of its payroll agency account reconciliation process. This resulted in an accumulation of funds in this account that did not agree with liabilities subsequently paid to payroll agencies resulting in unidentified funds in the payroll agency account.

Context:

As part of the payroll audit procedures, amounts remitted to payroll agencies subsequent to June 30, 2016 for the fiscal year were reviewed and it was determined that excess funds existed in the account.

Effect:

The District deposited funds in the account which exceeded the amount needed to pay payroll agencies as of June 30, 2016

Cause:

The District did not maintain a monthly analysis and the accumulation of differences over the year contributed to the unidentified balances.

Recommendation:

That the District's payroll agency cash reconciliation process includes an analysis of the balance.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**DELRAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings (Continued)

Finding #2016-002

Criteria or specific requirement:

N.J.A.C. 6A:23-16.12 and good internal control requires supporting documentation for all receipts and disbursements.

Condition:

Receipts supporting documentation was not maintained for the High School, Intermediate, Middle, and Millbridge School Student Activity Funds. Also, disbursement supporting documentation was not maintained for the Intermediate School Student Activity Fund.

Context:

The audit testing revealed numerous receipts for the High School, Intermediate, and Millbridge Student Activity Funds did not have the required supporting documentation. Also, supporting documentation of disbursements for the Intermediate School Student Activity Fund was not available for examination.

Effect:

The District did not comply with N.J.A.C. 6A:23-16.12.

Cause:

Unknown

Recommendation:

That supporting documentation is maintained for all student activity fund receipts and disbursements.

View of Responsible Officials and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**DELRAN TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

**DELRAN TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and NJOMB's Circular 14-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.