

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF  
DOWNE TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION  
NEWPORT, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**DOWNE TOWNSHIP SCHOOL DISTRICT  
OUTLINE OF CAFR**

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## **INTRODUCTORY SECTION**

# DOWNE TOWNSHIP BOARD OF EDUCATION

Administrative Office  
220 Main Street, Newport, NJ 08345  
Voice: (856) 447-3878 Fax: (856) 447-5130

**Sherri Miller**  
Superintendent

**Lisa M. DiNovi**  
School Business Administrator/  
Board Secretary

November 18, 2016

Honorable President and  
Members of the Board of Education  
Downe Township District  
Cumberland County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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 Single Audit Act of 1984 and the US Office of Management and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08*, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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:** Downe Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Downe Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 179 students, which is a decrease from the previous year's enrollment. The following details the changes in the student enrollment of the district over the last years.

## Enrollment

Fiscal Year	Student Enrollment	Percent Change
2015-16	179	(6%)
2014-15	191	1%
2013-14	189	4%
2012-13	182	1%
2011-12	181	7%
2010-11	167	(4%)
2009-10	174	5%
2008-09	167	(3%)

**2. ECONOMIC CONDITION AND OUTLOOK:** Downe Township, Cumberland County, is a rural community located on the Delaware Bay in the southern tip of Cumberland County in New Jersey. Almost half of Downe's 35,712 acres is marsh land, and more than 11,500 of these areas are owned outright by the State of New Jersey. Moreover, the state maintains control over much of the rest of the township through the Coastal Area Facilities Review Act (CAFRA) and Wetlands and Fresh Water wetlands Acts regulations. Currently over 85% of the township remains underdeveloped and is either woodland or wetland which gives rise to low population density (33% persons per square mile) in county. There are over 800 residential

homes in the township, about 400 of which are mobile structures. The township is geographically isolated and there are few recreational activities or enrichment opportunities for youngsters. In addition, residents must go outside the community for basic medical and mental health services. Within Downe's borders there are three small communities. Fortescue, a fishing resort on the bay, has a seasonal tourist/sports fisherman economy; Dividing Creek and Newport have limited commercial activity primarily consisting of service stations and small grocery stores. Industrial development is minimal; what exists centers around natural resources and involves agriculture and sand mining. According to the 2014 NJ Annual Labor Force Estimates, the unemployment rate in Downe Township is 10.7%

The district is a rural school system and classified in the lowest category by the New Jersey State Department of Education in respect to indicators of social economic status. The seven socioeconomic variables that were utilized from the 1990 United States Census were: (a) education level, (b) occupational status, (c) density, (d) urbanization, (e) income, (f) unemployment, and (g) poverty. According to a 1990 publication by the New Jersey State Department of Education entitled "School District Guidelines: how to Interpret and Use the Class, School, and District Summary Reports":

The variables were combined using a statistical technique called principal components analysis, which resulted in a single measure of socioeconomic status for each district. Districts were then ranked according to their value on this measure and divided into 10 equally-sized groups. Hence, DFGs range from A (lowest socioeconomic districts) to J (highest socioeconomic district).

Downe Township has a DFG rating of A. This is the lowest range of socioeconomic classification.

The future outlook for District financing continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education and on the availability of tax revenue to the State. State revenue is extremely sensitive to economic conditions.

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

As a recipient of federal and state 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.

**4. 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

**6. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increase or decrease in relation to prior year.

Revenue	Amount	Percent of Total	Increase / (Decrease) for June 30, 2016	Percent of Increase (Decrease)
Local Source	\$ 1,383,268.	32.68%	\$ 5,488.	0.40%
State Sources	2,680,695.	63.33%	49,048.	1.83%
Federal Sources	175,214.	4.00%	(6,085.)	-3.60%
<b>TOTAL</b>	<b>\$ 4,184,641.</b>	<b>100.00%</b>	<b>\$ 48,451.</b>	<b>1.14%</b>

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increase or decrease in relation to prior year.

Expenditures	Amount	Percent of Total	Increase / (Decrease)for June 30, 2016	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$1,342,902.	32.29%	\$ (141,827.)	-10.56%
Undistributed Expenditures	2,813,861.	67.65%	(126,390.)	-4.49%
Capital Outlay	2,704.	0.07%	0.	0.00%
<b>TOTAL</b>	<b>4,159,467.</b>	<b>100.00%</b>	<b>\$ (268,217.)</b>	

**7. DEBT ADMINISTRATION:** At June 30, 2016, the District's outstanding debt issues included \$0 of general obligation bonds and \$0 capital lease.

**8. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan 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.

**9. 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.

**10. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Triantos & Delp, CPA, LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Revisions of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGEMENTS:**

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

Respectfully submitted,



Sherri Miller  
Superintendent



Lisa M. DiNovi  
Business Administrator/Board Secretary



**DOWNE TOWNSHIP BOARD OF EDUCATION  
NEWPORT, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Stultz Taylor, President	2016
Marie Blizzard	2016
Jesse Briggs	2017
John Cerrito	2017
Dyron Corley	2017
Marylou Henderson	2018
Vicki Issertell	2018
Zachary King	2018
Darla Saulin	2016

**Other Officials**

Sherri Miller, Superintendent

Lisa M. DiNovi, School Business Administrator/Board Secretary

Georgiana Scharnagl, Treasurer of School Monies

Frank DiDomenico, Solicitor

**DOWNE TOWNSHIP BOARD OF EDUCATION**  
**Consultants and Advisors**

**Audit Firm**

Triantos & Delp, CPA, LLC  
645 South Main Road  
Vineland, NJ 08360

**Attorney**

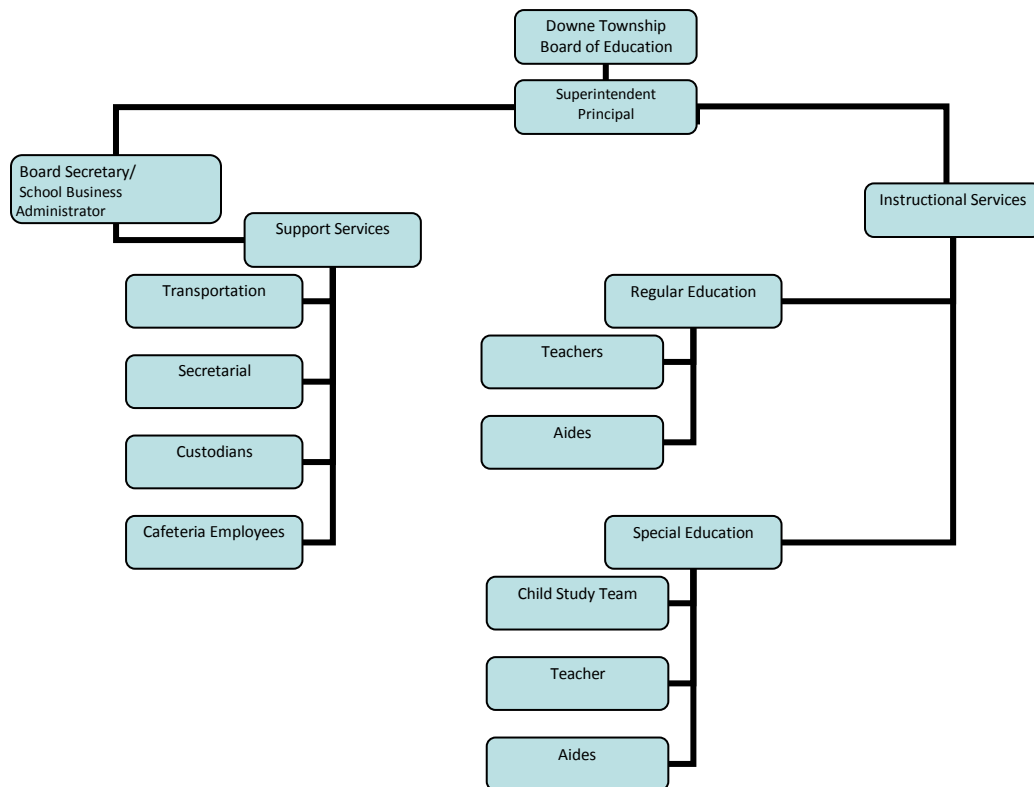
Frank DiDomenico, Attorney at Law  
8 LaSalle Drive  
P.O. Box 1356  
Vineland, NJ 08360-01356

**Official Depository**

Cape Bank  
2745 S Delsea Drive  
Vineland, NJ 08360

**Architects & Planner**

Manders/Merighi Associates  
Architects & Planner  
1138 East Chestnut Avenue  
Vineland, NJ 08360



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Downe Township School District in the County of Cumberland, in the 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 Board of Education's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Downe Township Board of Education in the County of Cumberland, 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, Schedules Related to Accounting and Reporting for Pension, and Notes to the Required Supplemental Information on pages 37 through 51 and 52 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Downe Township Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance)*, and schedule of expenditures of state awards as required by New Jersey OMB's Circular 15-08, *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 basic financial statements. The accompanying introductory information, statistical sections, combining and individual non-major fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the Downe Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Downe Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

November 18, 2016

**REQUIRED SUPPLEMENTARY INFORMATION–PART I**



# **MANAGEMENT'S DECISION AND ANALYSIS**

# **DOWNE TOWNSHIP BOARD OF EDUCATION**

Administrative Office  
220 Main Street, Newport, NJ 08345  
Voice: (856) 447-3878 Fax: (856) 447-5130

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Downe Township Board of Education (DTBOE) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district.

- The first two statements are *district-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short and long-term* financial information about the activities of the district operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1  
Major Features of District-Wide and Fund Financial Statements  
Fund Financial Statements

	<b>District-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets - Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net assets -Statement of revenues, expenses, and changes in fund net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified Accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; the district's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the type of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets and deferred outflows and liabilities and deferred inflows- are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

- *Business-type activities* - The District charges fees to help it cover the cost for certain services it provides. The District's food services program is included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State Law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like completing approved capital projects) or to show that it is properly using certain revenues (like federal grants).

The District has four kinds of funds:

- *Governmental Fund* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences between them).
- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds* (the other kind of proprietary fund) are utilized to report activities that provide supplies and services for the District's other programs and activities and for other Districts (student transportation).
- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (in thousands)**

**Net assets:** The District's *combined* net assets are \$48 on June 30, 2016 (see Table A-1). Business-type activities have a deficit net assets as of June 30, 2016. The balance of the total net assets, which is \$154 is attributed to governmental activities.

**Changes in net assets** (in thousands): The District's total revenues are \$4,676 for the fiscal period ending June 30, 2016 (see Table A-2). Property taxes and state formula aid accounted for 69% of the District's revenue. 16% is derived from state and federal aid for specific programs, and the remainder, 15% from fees charged for services and miscellaneous resources.

The District's expenses are predominantly related to educating and caring for students 55%. The purely administrative activities of the District accounted for 5% of total costs. Salary increases due to contractual agreements for teachers and other educational staff are included in the instruction-related costs. Total revenue surpassed expenses, increasing net assets approximately \$10 from last year, primarily in governmental activities.

**Governmental Activities**

Revenues for the District's governmental activities amounted to \$4,612. Total expenses amounted to \$4,598. The increase in net assets in governmental activities was \$23 for 2016.

**Business-type Activities**

Revenues of the District's business-type activities amounted to \$64 and expenses were \$77. Factors contributing to these results included:

- Food Services – Transfer from general fund - \$7.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS** (in thousands)

The financial performance of the District as a whole reflects the district's efforts to reduce the budget in order to reduce the local taxes. As the district completed the year, its governmental funds reported *combined* balances of \$760. Local source revenues was less than anticipated in the 2016 budget by \$25.

**General Fund Budgetary Highlights** (in thousands)

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were all of the same category:

- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$342 in fund balance and \$16 in prior year encumbrance to fund the appropriation plan for this fiscal period. The actual result was an increase in fund balance of \$43.

Actual expenditures for capital outlay amounted to \$3 in the Operating Fund and \$0 in the capital projects fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION** (in thousands)**Capital Assets**

By the end of 2016, the District had invested 2,275 in a broad range of capital assets, including school buildings, athletic facilities, computer and audiovisual equipment, and administrative offices. (see Table A-3) (More detailed information about capital assets can be found in Note 7 to the financial statements.) Total depreciation expense for the year was \$54 while building improvements and additions to equipment and furniture amounted to \$0.

**Long-term Debt**

At year-end, the District has outstanding bonds in the amount of \$0 and capital lease principal in the amount of \$0. (More detailed information about long-term debt can be found in Note 9 to the financial statements).

The state limits the amount of general obligation debt the District can issue to 3 percent of the equalized valuation of all taxable property within the District. As of June 30, 2016, the District's limit is \$4,721.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

As in past years, the restriction on the amount the school may raise in taxes is a concern for future budgets and unforeseen expenditures, however, becoming a choice district has helped in the budget process.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherri Miller, Superintendent/Principal, Downe Township Board of Education, 220 Main Street, Newport, NJ 08345.

Table A-1  
Downe Township Board of Education's Net Position  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
Current and Noncurrent Assets	\$ 749.	\$ 825.	\$ 4.	\$ 2.	\$ 753.	\$ 827.	9.8%
Capital Assets	603.	550.	4.	4.	607.	554.	-8.7%
<b>Total Assets</b>	<u>\$ 1,352.</u>	<u>\$ 1,375.</u>	<u>\$ 8.</u>	<u>\$ 6.</u>	<u>\$ 1,360.</u>	<u>\$ 1,381.</u>	<u>1.5%</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 125.</u>	<u>\$ 249.</u>	<u>\$ 10.</u>	<u>\$ 20.</u>	<u>\$ 0.</u>	<u>\$ 269.</u>	<u>0.0%</u>
Current Liabilities	\$ 130.	\$ 121.	\$ 18.	\$ 27.	\$ 148.	\$ 148.	0.0%
Noncurrent Liabilities	1,115.	1,262.	85.	98.	1,200.	1,360.	13.3%
<b>Total Liabilities</b>	<u>\$ 1,245.</u>	<u>\$ 1,383.</u>	<u>\$ 103.</u>	<u>\$ 125.</u>	<u>\$ 1,348.</u>	<u>\$ 1,508.</u>	<u>11.9%</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 101.</u>	<u>\$ 87.</u>	<u>\$ 8.</u>	<u>\$ 7.</u>	<u>\$ 0.</u>	<u>\$ 94.</u>	<u>0.0%</u>
Net Position							
Invested in Capital Assets							
Net of Related Debt	\$ 588.	\$ 550.	\$ 4.	\$ 4.	\$ 592.	\$ 554.	-6.4%
Restricted	485.	725.	0.	0.	485.	725.	49.5%
Unrestricted	(942.)	(1,121.)	(97.)	(110.)	(1,039.)	(1,231.)	18.5%
<b>Total Net Position</b>	<u>\$ 131.</u>	<u>\$ 154.</u>	<u>\$ (93.)</u>	<u>\$ (106.)</u>	<u>\$ 38.</u>	<u>\$ 48.</u>	<u>26.3%</u>

Table A-2  
Downe Township Board of Education's  
Changes in Net Position  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015-2016</u>
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 51.	\$ 44.	\$ 9.	\$ 8.	\$ 60.	\$ 52.	-13.3%
Federal & State Categorical Grants	552.	676.	54.	49.	606.	725.	19.6%
General Revenues							
Property Taxes	1,312.	1,338.	0.	0.	1,312.	1,338.	2.0%
State Formula Aid	2,541.	1,885.	0.	0.	2,541.	1,885.	-25.8%
Other	7.	669.	17.	7.	24.	676.	2716.7%
<b>Total Revenues</b>	<u>\$ 4,463.</u>	<u>\$ 4,612.</u>	<u>\$ 80.</u>	<u>\$ 64.</u>	<u>\$ 4,543.</u>	<u>\$ 4,676.</u>	<u>2.9%</u>
<b>Expenses</b>							
Instruction - Related	\$ 1,415.	\$ 1,374.	\$ 0.	\$ 0.	\$ 1,415.	\$ 1,374.	-2.9%
Student Support Services	1,238.	1,095.	71.	77.	1,309.	1,172.	-10.5%
Maintenance & Operations	253.	248.	0.	0.	253.	248.	-2.0%
Transportation	415.	373.	0.	0.	415.	373.	-10.1%
Administration	242.	245.	0.	0.	242.	245.	1.2%
Other	1,097.	1,254.	0.	0.	1,097.	1,254.	14.3%
<b>Total Expenses</b>	<u>\$ 4,660.</u>	<u>\$ 4,589.</u>	<u>\$ 71.</u>	<u>\$ 77.</u>	<u>\$ 4,731.</u>	<u>\$ 4,666.</u>	<u>-1.4%</u>
<b>Increase/ (decrease) in Net Position</b>	<u>\$ (197.)</u>	<u>\$ 23.</u>	<u>\$ 9.</u>	<u>\$ (13.)</u>	<u>\$ (188.)</u>	<u>\$ 10.</u>	<u>-105.3%</u>

Table A-3  
Downe Township Board of Education's Capital Assets  
(Net of Depreciation)  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2015-2016
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	
Land	\$ 15.	\$ 15.	\$ 0.	\$ 0.	\$ 15.	\$ 15.	0.0%
Construction in Progress	0.	0.	0.	0.	0.	0.	100.0%
Site Improvement	306.	284.	0.	0.	306.	284.	-7.2%
Buildings & Improvements	176.	167.	0.	0.	176.	167.	-5.1%
Machinery & Equipment	106.	84.	4.	9.	110.	93.	-15.5%
<b>Total</b>	<u>\$ 603.</u>	<u>\$ 550.</u>	<u>\$ 4.</u>	<u>\$ 9.</u>	<u>\$ 607.</u>	<u>\$ 559.</u>	<u>-7.9%</u>



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,762.	\$ 0.	\$ 2,762.
Investments	685,744.	0.	685,744.
Receivables, Net	136,549.	2,091.	138,640.
Capital assets, Net	549,879.	4,096.	553,975.
<b>Total Assets</b>	<b>1,374,934.</b>	<b>6,187.</b>	<b>1,381,121.</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	248,181.	20,035.	268,216.
<b>LIABILITIES:</b>			
Accounts Payable	28,215.	0.	28,215.
Accounts Payable-Pension	44,763.	3,597.	48,360.
Interfund Payable	0.	23,753.	23,753.
Unearned Revenue	35,657.	0.	35,657.
Noncurrent Liabilities			
Due Within One Year	11,842.	0.	11,842.
Due in More than One Year	61,942.	1,360.	63,302.
Net Pension Liability	1,200,146.	96,578.	1,296,724.
<b>Total Liabilities</b>	<b>1,382,565.</b>	<b>125,288.</b>	<b>1,507,853.</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	86,511.	6,943.	93,454.
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	549,879.	4,096.	553,975.
Restricted for:			
Capital Projects	125,171.	0.	125,171.
Other Purposes.	599,759.	0.	599,759.
Unrestricted	(1,120,770.)	(110,105.)	(1,230,875.)
<b>Total Net Position</b>	<b>\$ 154,039.</b>	<b>\$ (106,009.)</b>	<b>\$ 48,030.</b>

See Accompanying Notes to the Basic Financial Statements

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 728,346.	\$ 0.	\$ 0.	\$ 0.	\$ (728,346.)	\$ 0.	\$ (728,346.)
Special education	558,441.				(558,441.)		(558,441.)
Other special instruction	84,877.				(84,877.)		(84,877.)
Other instruction	3,276.				(3,276.)		(3,276.)
<b>Support services:</b>							
Tuition	656,219.				(656,219.)		(656,219.)
Student & instruction related services	439,276.				(439,276.)		(439,276.)
School administrative services	71,578.				(71,578.)		(71,578.)
General and business administrative services	86,290.				(86,290.)		(86,290.)
Central services	86,792.				(86,792.)		(86,792.)
Plant operations and maintenance	247,758.				(247,758.)		(247,758.)
Pupil transportation	373,031.	34,292.			(338,739.)		(338,739.)
Employee benefits	1,240,093.		675,694.		(564,399.)		(564,399.)
Internal service fund	9,902.	9,903.			1.		1.
State debt service assessment	2,704.				(2,704.)		(2,704.)
<b>Total governmental activities</b>	<b>4,588,583.</b>	<b>44,195.</b>	<b>675,694.</b>	<b>0.</b>	<b>(3,868,694.)</b>	<b>0.</b>	<b>(3,868,694.)</b>
<b>Business-type activities:</b>							
Food Service	77,657.	8,265.	49,003.	0.	0.	(20,389.)	(20,389.)
<b>Total business-type activities</b>	<b>77,657.</b>	<b>8,265.</b>	<b>49,003.</b>	<b>0.</b>	<b>0.</b>	<b>(20,389.)</b>	<b>(20,389.)</b>
<b>Total primary government</b>	<b>\$ 4,666,240.</b>	<b>\$ 52,460.</b>	<b>\$ 724,697.</b>	<b>\$ 0.</b>	<b>\$ (3,868,694.)</b>	<b>\$ (20,389.)</b>	<b>\$ (3,889,083.)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					\$ 1,337,757.	\$	\$ 1,337,757.
Federal and State aid not restricted					1,884,618.		1,884,618.
Federal and State aid restricted					665,721.		665,721.
Tuition received					4,750.		4,750.
Investment Earnings					2,115.		2,115.
Miscellaneous Income					4,354.		4,354.
Transfers					(7,491.)	7,491.	0.
<b>Total general revenues, special items, extraordinary items and transfers</b>					<b>3,891,824.</b>	<b>7,491.</b>	<b>3,899,315.</b>
Change in Net Position					23,130.	(12,898.)	10,232.
<b>Net Position—beginning</b>					<b>130,909.</b>	<b>(93,111.)</b>	<b>37,798.</b>
<b>Net Position—ending</b>					<b>\$ 154,039.</b>	<b>\$ (106,009.)</b>	<b>\$ 48,030.</b>

See Accompanying Notes to the Basic Financial Statements

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

DOWNE TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 685,744.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 685,744.
Due from other funds	121,608.	0.		0.	0.	121,608.
Receivables from other governments	20,003.	80,321.	0.	0.	0.	100,324.
<b>Total assets</b>	<b>\$ 827,355.</b>	<b>\$ 80,321.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 907,676.</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 12,273.	\$ 15,942.	\$ 0.	\$ 0.	\$ 0.	\$ 28,215.
Interfund payable	4,500.	79,631.	0.	0.	0.	84,131.
Unearned revenue	0.	35,657.	0.	0.	0.	35,657.
<b>Total liabilities</b>	<b>16,773.</b>	<b>131,230.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>148,003.</b>
<b>Fund Balances:</b>						
<b>Restricted for:</b>						
Excess surplus -- designated for subsequent year's expenditures	0.	0.	0.	0.	0.	0.
Excess surplus --current year	361,618.	0.	0.	0.	0.	361,618.
Maintenance reserve	104,277.	0.	0.	0.	0.	104,277.
Emergency reserve	33,432.	0.	0.	0.	0.	33,432.
Capital reserve	125,171.	0.	0.	0.	0.	125,171.
Tuition reserve	78,000.	0.	0.	0.	0.	78,000.
<b>Committed to:</b>						
Other purposes	1,624.	0.	0.	0.	0.	1,624.
<b>Assigned to:</b>						
Designated by BOE for subsequent year's expenditures	20,808.	0.	0.	0.	0.	20,808.
<b>Unassigned:</b>						
General fund	85,652.	0.	0.	0.	0.	85,652.
Special revenue fund	0.	(50,909.)	0.	0.	0.	(50,909.)
<b>Total fund balances</b>	<b>810,582.</b>	<b>(50,909.)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>759,673.</b>
<b>Total liabilities and fund balances</b>	<b>\$ 827,355.</b>	<b>\$ 80,321.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$ 2,290,453. and the accumulated depreciation is \$ 1,740,574. (See Note 7). \$ 549,879.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 9). (73,784.)

Internal service fund net assets 1,510.

Pension related items:

Deferred outflow of resources	\$ 248,181.	
Deferred inflow of resources	(86,511.)	
Pension account payable	(44,763.)	
Net pension liability	(1,200,146.)	
<b>Total pension related items</b>		<b>(1,083,239.)</b>

Net assets of governmental activities **\$ 154,039.**

See Accompanying Notes to the Basic Financial Statements

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
<b>REVENUES:</b>						
Local sources:						
Local tax levy	\$ 1,337,757.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 1,337,757.
Tuition charges	4,750.	0.	0.	0.	0.	4,750.
Transportation	34,292.	0.	0.	0.	0.	34,292.
Interest earned	2,115.	0.	0.	0.	0.	2,115.
Miscellaneous	2,240.	2,114.	0.	0.	0.	4,354.
Total local sources	1,381,154.	2,114.	0.	0.	0.	1,383,268.
State sources	2,170,109.	510,586.	0.	0.	0.	2,680,695.
Federal sources	13,994.	155,135.	0.	0.	0.	169,129.
Total revenues	3,565,257.	667,835.	0.	0.	0.	4,233,092.
<b>EXPENDITURES:</b>						
Current:						
Regular instruction	700,580.	0.	0.	0.	0.	700,580.
Special education instruction	232,700.	321,469.	0.	0.	0.	554,169.
Other special instruction	84,877.	0.	0.	0.	0.	84,877.
Other instruction	3,276.	0.	0.	0.	0.	3,276.
Support services:						
Tuition	656,219.	0.	0.	0.	0.	656,219.
Student & instruction related services	296,551.	142,725.	0.	0.	0.	439,276.
School administrative services	65,971.	0.	0.	0.	0.	65,971.
Other administrative services	80,683.	0.	0.	0.	0.	80,683.
Central services	86,792.	0.	0.	0.	0.	86,792.
Plant operations and maintenance	244,020.	0.	0.	0.	0.	244,020.
Pupil transportation	381,951.	0.	0.	0.	0.	381,951.
Employee benefits	653,187.	205,762.	0.	0.	0.	858,949.
Capital outlay	2,704.	0.	0.	0.	0.	2,704.
Total expenditures	3,489,511.	669,956.	0.	0.	0.	4,159,467.
Excess (deficiency) of revenues over exp.	75,746.	(2,121.)	0.	0.	0.	73,625.
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	50,321	0.	0.	0.	0.	50,321.
Transfers out	(7,491.)	0.	(50,321.)	0.	0.	(57,812.)
Total other financing sources and uses	42,830.	0.	(50,321.)	0.	0.	(7,491.)
Net change in fund balance	118,576.	(2,121.)	(50,321.)	0.	0.	66,134.
Fund balance - July 1	692,006.	(48,788.)	50,321.	0.	0.	693,539.
Fund balance - June 30	\$ 810,582.	\$ (50,909.)	\$ 0.	\$ 0.	\$ 0.	\$ 759,673.

See Accompanying Notes to the Basic Financial Statements



DOWNE 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 YEAR ENDED JUNE 30, 2016

Total net changes in fund balances - governmental funds (from B-2)		\$ 66,134.
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Due to the cancellation of a previously approved capital project as described in Note 20, certain expenditures which had been classified as capital for budgetary purposes have not been capitalized in the district-wide financial statements.</p> <p>This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense \$ (53,397.)	
	Capital outlays <u>0.</u>	(53,397.)
Disposition of fixed assets		0.
<p>Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Bonds	0.	
Capital leases	<u>15,327.</u>	15,327.
<p>Proceeds from debt issues and capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
		0.
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		13,118.
Adjustment to pension expense		(394,262.)
Adjustment to on-behalf pension		376,209.
Net increase/(decrease) in internal service fund		<u>1.</u>
Change in net assets of governmental activities		<u>\$ 23,130.</u>

See Accompanying Notes to the Basic Financial Statements

## **PROPRIETARY FUNDS**

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Totals	
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 0.	\$ 2,762.
Accounts receivable	2,091.	690.
Total current assets	2,091.	3,452.
Noncurrent assets:		
Furniture, machinery & equipment	45,648.	0.
Less accumulated depreciation	(41,552.)	0.
Total noncurrent assets	4,096.	0.
Total assets	6,187.	3,452.
Deferred Outflow of Resources:	20,035.	0.
<b>LIABILITIES:</b>		
Current Liabilities:		
Pension account payable	3,597.	0.
Interfund payable	23,753.	1,942.
Total current liabilities	27,350.	1,942.
Long-term debt:		
Compensated absences	1,360.	0.
Net pension liability	96,578.	0.
Total long-term debt	97,938.	0.
Total liabilities	125,288.	1,942.
Deferred Inflow of Resources:	6,943.	0.
<b>NET POSITION:</b>		
Invested in capital assets	4,096.	0.
Unrestricted	(110,105.)	1,510.
Total net position	\$ (106,009.)	\$ 1,510.

See Accompanying Notes to the Basic Financial Statements

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
	Food Service	
Operating revenues:		
Changes for services:		
Daily sales - reimbursable	\$ 7,763.	\$ 0.
Daily sales - non-reimbursable	502.	0.
Charges for service	0.	9,903.
Total operating revenues	<u>8,265.</u>	<u>9,903.</u>
Operating expenses		
Cost of sales - reimbursable	37,098.	0.
Cost of sales - non-reimbursable	225.	0.
Salaries	37,665.	9,198.
Employee benefits	1,463.	704.
Repairs & Maintenance	816.	0.
Depreciation expense	390.	0.
Total operating expenses	<u>77,657.</u>	<u>9,902.</u>
Operating income/(loss)	<u>(69,392.)</u>	<u>1.</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	615.	0.
Federal sources:		
National school breakfast program	8,672.	0.
National school lunch program	27,968.	0.
USDA Commodities	11,748.	0.
Total nonoperation revenues (expenses)	<u>49,003.</u>	<u>0.</u>
Income (loss) before contribution & transfers	(20,389.)	1.
Capital contributions:		
Transfer in (out)	7,491.	0.
Change in net position	<u>(12,898.)</u>	<u>1.</u>
Total net position - beginning	<u>(93,111.)</u>	<u>1,509.</u>
Total net position - ending	<u>\$ (106,009.)</u>	<u>\$ 1,510.</u>

See Accompanying Notes to the Basic Financial Statements

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Funds Food Service Fund	Governmental Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACCT.:</b>		
Receipts from customers	\$ 8,265.	\$ 9,903.
Payments to employees	(37,608.)	(9,199.)
Payment for employees benefits	0.	(704.)
Payments to suppliers	(28,901.)	0.
Net cash provided by (used for) operating account	<u>(58,244.)</u>	<u>0.</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State sources	641.	0.
Federal sources	38,160.	0.
Operating Transfer	7,491.	0.
Interfund loan	11,952.	0.
Net cash provided by (used for) non-capital financing activities	<u>58,244.</u>	<u>0.</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Purchase of equipment	0.	0.
Net cash provided by investing activities	<u>0.</u>	<u>0.</u>
Net increase/(decrease) in cash & cash equivalents	0.	0.
Balances - beginning of year	0.	2,762.
Balances - end of year	<u>\$ 0.</u>	<u>\$ 2,762.</u>
<b>Reconciliation of operating income (loss)</b>		
to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (69,392.)	\$ 1.
Adjust to reconcile operating income		
(loss) to net cash provided by (used for) operating activities		
Depreciation	390.	0.
Federal commodities	11,748.	0.
(Increase)/decrease in accounts receivable	0.	(340.)
(Increase)/decrease in deferred outflows	(10,013.)	0.
Increase/(decrease) in compensated absences payable	56.	0.
Increase/(decrease) in accounts payable	(2,607.)	0.
Increase/(decrease) in interfund payable	0.	339.
Increase/(decrease) in deferred inflows	(1,174.)	0.
Increase/(decrease) in net pension liabilities	12,748.	0.
Total adjustments	<u>11,148.</u>	<u>(1.)</u>
Net cash provided by (used for) oper activities	<u>\$ (58,244.)</u>	<u>\$ 0.</u>

See Accompanying Notes to the Basic Financial Statements

## **FIDUCIARY FUNDS**

DOWNE TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016

	Unemployment Compensation Trust	Student Activity	Payroll/ Agency Fund
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 28,156.	\$ 18,794.	\$ 25,315.
Due from General	4,500.	0.	0.
Due from Agency	8,548.	0.	0.
Total Assets	<u>\$ 41,204.</u>	<u>\$ 18,794.</u>	<u>\$ 25,315.</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
	<u>0.</u>	<u>0.</u>	<u>0.</u>
<b>LIABILITIES:</b>			
Payable to General	\$ 0.	\$ 0.	\$ 16,282.
Payable to Student Groups	0.	18,794.	0.
Payable to Unemployment Account	0.	0.	8,548.
Payroll Deductions and Withholding	0.	0.	485.
Total Liabilities	<u>0.</u>	<u>18,794.</u>	<u>25,315.</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
	<u>0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>
<b>NET POSITION:</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 41,204.</u>		

See Accompanying Notes to the Basic Financial Statements

DOWNE TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan member	\$ 3,564.
Interest	61.
Board Contribution	<u>0.</u>
Net Investment Earnings	<u>3,625.</u>
 Total Additions	 <u>3,625.</u>
 DEDUCTIONS:	
Unemployment claims	<u>115.</u>
 Total Deductions	 <u>115.</u>
 Change in Net Position	 3,510.
 NET POSITION - BEGINNING OF THE YEAR	 <u>37,694.</u>
 NET POSITION- END OF THE YEAR	 <u>\$ 41,204.</u>

See Accompanying Notes to the Basic Financial Statements



## **NOTES TO FINANCIAL STATEMENTS**

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

The Downe Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A chief school administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Downe Township School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. Reporting Entity**

The Downe Township School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine (9) members elected to three (3) year terms. The purpose of the district is to educate students in grades K-8. The Downe Township School District had an enrollment at June 30, 2016 of 179 students.

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

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

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

**B. Basic Financial Statements – Governmental Wide Financial Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, federal and state aid, interest income, etc.).

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**B. Basic Financial Statements – Governmental Wide Financial Statements** – (Continued)

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by a category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to 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. These resources can be transferred from and to Current Expense by board resolution.

- b. Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**C. Basic Financial Statements – Fund Financial Statements** – (Continued)

- d. Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs. The District currently has no outstanding bonds and therefore, has not included a Debt Service Fund.

Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

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

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted or unrestricted fund balance is available, the District considers restricted funds to be spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed, then assigned funds and finally unassigned funds as needed.

2. Proprietary Funds:

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

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users of goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.
- b. Internal Service Fund are used to charge costs for certain activities to individual funds or other governmental entities. The District has no Internal Service Fund.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**C. Basic Financial Statements – Fund Financial Statements** – (Continued)

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the entity-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Financial Statement Amounts**

1. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public funds in public depositories protected from loss under the provisions of the Government 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.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is transferred to the general or debt service fund.

3. Inventories:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extended the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues are reported as reductions to expenses in the statement of activities.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs other than those reported in the enterprise fund are reported in the period when inventory items are purchased, rather than in the period used.

7. 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriation budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**E. Financial Statement Amounts** – (Continued)

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

10. Tuition Receivables:

Tuition charges were established by the Boards of Education based on estimated costs. The nonresident tuition charge for fiscal years 2015/16 was \$4,750.

11. Tuition Payable:

Tuition charges for the fiscal years 15/16 were based on rates established by the receiving district. These rates are subjected to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the District has not allocated unallocated benefits to various programs.

14. Pensions

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

**F. Recent Accounting Pronouncements Not Yet Effective**

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.



**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

**F. Recent Accounting Pronouncements Not Yet Effective** - (Continued)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions”. This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, “The Hierarchy of General Accepted Accounting Principles for State and Local Governments.” This statement is effective for fiscal periods beginning June 30, 2015, will not have any effect on the District’s financial reporting.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments 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 in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

- a.) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b.) Bonds or any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c.) Bonds or other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2015, the District had no funds on deposit with the New Jersey Cash Management.

**Deposits:**

N.J.S.A. 17:9-41, et seq, establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New Jersey, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Cont'd)

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking account	\$ 760,771.
TOTAL	\$ 760,771.

**Custodial Credit Risk:**

Custodial credit presents a risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of GUDPA Act as previously described.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2016, the District's bank balance of \$820,030 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000.
Collateralized under GUDPA	570,030.
TOTAL	\$ 820,030.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

**NOTE 3 - CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by New Jersey school districts for the accumulation of funds for 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April, 2005 transfers must be in compliance with P.L.2005, C73(S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$504,809. as shown in the approved LRFP.

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

Beginning Balance, July 1, 2015	\$ 74,850.
Interest earnings	0.
Deposits	
Approved in 2015/2016 Budget	50,321.
Board Resolution	0.
Withdrawals	
Approved in 2015/2016 Budget	0.
Board Resolution	0.
Ending balance, June 30, 2016	\$ 125,171.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
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**NOTE 4 - MAINTENANCE RESERVE**

The Maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (N.J.A.C. 6A:23-2.14) or by transfer by board resolution at year end of any anticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 year is as follows:

Beginning Balance July 1, 2015	\$ 104,277.
Deposits – Board Resolution	0.
Withdrawals – 2015/2016 Budget	0.
Ending balance June 30, 2016	<u>\$ 104,277.</u>

The June 30, 2016 maximum maintenance reserve amount is \$174,277.

**NOTE 5 - EMERGENCY RESERVE**

P.L. 2007, c.62 (N.J.S.A. 18A:7F-41), effective for years beginning July 1, 2007, provides that districts may establish a current expense emergency reserve account and appropriate funds in the district’s annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line-item appropriation amounts. The account balance is not to exceed \$250,000 or one percent of the district’s general fund budget up to a maximum of \$1,000,000; whichever is greater. Districts were permitted to establish an emergency reserve fund through the budget process. Withdrawals require approval by the Commissioner.

An emergency reserve was established by the Township of Downe Board of Education in the 2007-2008 budget in the amount of \$50,000. The activity in the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance July 1, 2015	\$ 33,432.
Increase	0.
Withdrawals	0.
Ending balance June 30, 2016	<u>\$ 33,432.</u>

**NOTE 6 - TUITION RESERVE ACCOUNTS**

If at the end of the contract year a district board of education anticipates that a tuition adjustment will be required in the second year following the contract year, the district board of education may restrict fund balance up to 10 percent of the estimated tuition cost in the contract year, in a reserve for tuition adjustments. The tuition reserve is available only for districts that have a sending/receiving relationship. Full appropriation shall be made in the second year and any remaining balance shall be reserved and designated in the subsequent year’s budget. (N.J.A.C. 6A:23-3.1(f)(8)).

As of June 30, 2015, the district has reserved the following amounts in the tuition reserve accounts:

2014-2015	<u>78,000.</u>
TOTAL	<u>\$ 78,000.</u>

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - FIXED ASSETS**

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

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets that are not Being Depreciated:					
Land	\$ 15,000.	\$ 0.	\$0.	\$0.	\$ 15,000.
Construction in progress	0.	0.	0.	0.	0.
Total Capital Assets not being Depreciated	15,000.	0.	0.	0.	15,000.
Bldg & Bldg Improvements	1,095,315.	0.	0.	0.	1,095,315.
Site Improvements	548,172.	0.	0.	0.	548,172.
Machinery & Equipment	631,966.	0.	0.	0.	631,966.
Totals at Historical Cost	2,275,453.	0.	0.	0.	2,275,453.
Less: Accum Deprec for:					
Bldg & Bldg Improvements	(918,903.)	(9,550.)			(928,453.)
Site Improvements	(242,518.)	(21,831.)			(264,349.)
Machinery & Equipment	(525,756.)	(22,016.)			(547,772.)
Total Accum Depreciation	(1,687,177.)	(53,397.)	0.	0.	(1,740,574.)
Total Capital Assets being depreciated net of Accum Depreciation	588,276.	(53,397.)	0.	0.	534,879.
<b>Government Activities Capital Assets, net</b>	<b>\$ 603,276.</b>	<b>\$ (53,397.)</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 549,879.</b>
<b>Business-type Activities:</b>					
Equipment	\$ 45,648.	\$ 4,681.	\$ 0.	\$ 0.	\$ 50,329.
Less Accum Dep for:					
Equipment	(41,162.)	(390.)	0.	0.	(41,552.)
<b>Business-type Activ Capital Assets, net</b>	<b>\$ 4,486.</b>	<b>\$ 4,291.</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 8,777.</b>

**\*Depreciation Expense was Charged to Governmental Functions as Follows:**

Instruction:	
Regular	\$ (27,766.)
Special Education	(4,272.)
Support Services:	
School Administration	(5,607.)
General and Business Administrative Services	(5,607.)
Plant Operations and Maintenance	(3,738.)
Pupil Transportation	(6,407.)
Total Depreciation Expense	<u>\$ (53,397.)</u>

**NOTE 8 - OPERATING LEASES**

The District has a commitment for copiers under an operating lease. The lease is for a term of 60 months. Total operating lease payments made during the year ended June 30, 2016 were \$12,156. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2017	\$ 12,157.
June 30, 2018	10,349.
June 30, 2019	8,927.
June 30, 2020	1,442.
TOTAL	<u>\$ 32,875.</u>

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - GENERAL LONG-TERM DEBT**

Type of Debt	Balance at 06/30/15	Issued	Retired	Balance at 06/30/16	Amounts Due Within 1 Year
Obligations Under					
Capital Leases	\$ 15,327.	\$ 0.	\$ 15,327.	\$ 0.	\$ 0.
Compensated Absences Payable	86,902.	0.	13,118.	73,784.	11,842.
Total	<u>\$102,229.</u>	<u>\$ 0.</u>	<u>\$ 28,445.</u>	<u>\$ 73,784.</u>	<u>\$ 11,842.</u>

**A. Bonds Payable:**

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

As of June 30, 2016, the District had no bonds outstanding, nor were there any bonds authorized but not issued.

**B. Capital Leases Payable:**

During 2013-2014 the District entered into a capital lease agreement to finance the purchase of a new school bus. The capital lease amount is \$46,000. Terms of the capital lease call for 3 annual payments of \$15,875. to be paid on February 18 of each year starting February 18, 2014 and ending February 18, 2016.

The final payment was made on this lease during the fiscal year ended June 30, 2016.

**NOTE 10 – PENSION PLANS**

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrptsachive.htm>.

Teacher's Pension and Annuity (TPAF)

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

Public Employees' Retirement System (PERS)

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

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 10 – PENSION PLANS** – (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of 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.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. 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. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District’s contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.92% and the PERS rate is 6.92% of covered payroll. The School District’s contributions to TPAF for the years ending June 30, 2016, 2015 and 2014 are shown below and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District’s contributions to PERS for the years ending June 30, 2016, 2015, and 2014 are shown below.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
June 30, 2016	\$49,663.	100%
June 30, 2015	49,612.	100%
June 30, 2014	47,303.	100%

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

<u>Year Funding</u>	<u>Pension Contribution</u>	<u>Post-Retirement Medical (PRM) Contribution</u>	<u>Total Contribution</u>
June 30, 2016	\$ 94,793.	\$ 112,872.	\$ 207,665.
June 30, 2015	65,983.	104,748.	170,731.
June 30, 2014	51,793.	84,921.	136,714.

During the fiscal years ended June 30, 2016, 2015 and 2014, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$91,820; \$95,048; and \$95,124; during the same fiscal years for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 10 – PENSION PLANS** – (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 10 – PENSION PLANS** – (Continued)

members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State’s Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 11 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

At June 30, 2016, the District reported a liability of \$1,296,724 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District’s proportion was 0.0057765689%, which was an decrease of 4.01% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$69,179. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 30,935.	
Changes of assumptions	139,258.	
Net difference between projected and actual earnings on pension plan investments		\$ 20,849.
Changes in proportion and difference between District contributions and proportionate share of contributions		72,605.
District contributions subsequent to the measurement date	98,023.	
Total	\$ 268,216.	\$ 93,454.

\$98,023 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ 31,823.
2018	31,823.
2019	31,823.
2020	50,680.
2021	28,613.
Total	\$ 174,762.



**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 11 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)** – (Continued)

*Actuarial Assumptions*

The collective 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:

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 males and 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.

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. 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 assets 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 be adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-.040%
REIT	4.25%	5.12%

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 11 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)** – (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% 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 actuarially contributions. Based on those assumptions, the play’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 benefits payments through 2033, and the municipal bond rate was applied to projected benefits 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 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	\$ 1,611,669.	\$ 1,296,724.	\$ 1,032,676.

*Pension plan fiduciary net position.*

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

**NOTE 12 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	0.
State's proportionate share of the net position liability associated with the District	\$	7,713,883.
Total	\$	7,713,883.

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District’s proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$471,002 and revenue of \$471,002 for support provided by the State.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 12 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)** – (Continued)

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.

	06/30/2015	06/30/2014
Collective deferred outflows of resources	\$ 7,522,890,856.	\$ 2,306,623,861.
Collective deferred inflows of resources	623,365,110.	1,763,205,593.
Collective net pension liability (nonemployer-State of New Jersey)	63,204,270,305.	53,446,745,367.
State’s portion of the net pension liability that was associated with the district	7,713,883.	6,543,501.
State’s portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.0122046861%	0.012243%

*Actuarial assumptions*

The total pension liability in 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	2.50%
Salary increases:	
2012-2021	Varied based on experience
Thereafter	Varied 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 (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. The long-term expected rate of return was determined using a building block method in which best-estimates 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.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 12 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)** – (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by target asset allocation percentage and by adding expected inflation. Best estimate 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>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

*Discount rate*

The discount rate used to measure the 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 7.90%, and a municipal bond rate of 3.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers’ contribution. 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 Net Pension Liability to Changes in the Discount Rate*

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

<u>At 1% Decrease (3.13%)</u>	<u>At current discount rate (4.13%)</u>	<u>At 1% Increase (5.13%)</u>
\$ 75,559,915,440.	\$ 63,577,864,440.	\$ 53,254,610,440.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 12 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)** – (Continued)

*Pension plan fiduciary net position.*

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

**NOTE 13 - POST RETIREMENT BENEFITS**

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.

GASB statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

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 at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**NOTE 14 - COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Government 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.

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

The liability for vested compensated absences of the governmental activities is recorded as long-term debt in the district-wide statements. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities, and therefore, is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, a liability existed for compensated absences in the Food Service Fund in the amount of \$1,360.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 15 - DEFERRED COMPENSATION**

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

GWN Investors  
Lincoln Investments  
Travelers Insurance Group  
Franklin Investors  
Capital Guardian

**NOTE 16 - RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The 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 previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 0.	\$ 3,564.	\$ 61.	\$ 115.	\$ 41,204.
2014-2015	0.	3,308.	112.	1,113.	37,694.
2013-2014	0.	3,300.	101.	329.	35,387.

**NOTE 17 - INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 121,608.	\$ 4,500.
Special Revenue Fund		79,631.
Enterprise Fund		23,753.
Internal Service Fund		1,942.
Fiduciary Fund	4,500.	16,282.
	<u>\$ 126,108.</u>	<u>\$ 126,108.</u>

The balance due to the general fund from the enterprise fund resulted from loans made to provide working capital for the food service fund. The balance is scheduled to be collected in the subsequent year. The balance due from the special revenue fund to the general fund as of June 30, 2016 is a result of the general fund cash being used to pay grant funded expenditures in advance of the grant funds being received from the funding agencies. All remaining balances resulted from the time lag between the dates services are provided and reimbursement occur, transactions are recorded in the accounting system and payments between funds are made.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 18 - CONTINGENT LIABILITIES**

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

**NOTE 19 - CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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 \$361,618.

**NOTE 20 - DEFICIT FUND BALANCES**

The District has a deficit fund balances of \$0 in the General Fund and \$(48,788) in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(48,788.) is equal to (or) is less than the last state aid payments.

**NOTE 21 - FUND BALANCE**

**NONSPENDABLE**

As stated in Note 1, 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. There are no nonspendable fund balances of the School district as of June 30, 2016.

**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: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) 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 reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$361,618; \$0 has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve Account: As of June 30, 2016, the balance in the capital reserve account is \$125,171. These funds are restricted for the future approved capital projects of school facilities.

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 21 - FUND BALANCE** – (Continued)

For Maintenance Reserve Account: As of June 30, 2016, the balance in the maintenance reserve account is \$104,277. These funds are restricted for the required maintenance of school facilities in accordance with Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Emergency Reserve Account: As of June 30, 2016, the balance in the emergency reserve was \$33,432. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Tuition Reserve Account – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the District has a restricted fund balance in the amount of \$78,000 in a legal reserve for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective year. Of this amount, \$78,000 has been appropriated and included as anticipated revenue for the year ended June 30, 2017 and \$0 will be appropriated and included as anticipated revenue for the year ended June 30, 2018.

**COMMITTED**

As stated in Note 1, the committed 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. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. 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 (resolution) it employed to previously commit those amounts.

Other Purposes: As of June 30, 2016, the School District had \$1,624 of encumbrances outstanding for purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year.

**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:

For Subsequent Year's Expenditures: The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$20,808 of general fund balance, \$0 of capital project fund balance, and \$0 of the debt service fund balance at June 30, 2016.

**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, the unassigned fund balance of the general fund was \$85,652.

Special Revenue Fund:

As of June 30, 2016, the unassigned fund balance in the special revenue fund was \$(50,909).

**NOTE 22 - SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2016 through November 18, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION–PART II**

## **BUDGETARY COMPARISON SCHEDULES**

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Local Sources:					
Local Tax Levy	\$ 1,337,757.	0.	\$ 1,337,757.	\$ 1,337,757.	\$ 0.
Tuition	6,585.	0.	6,585.	4,750.	(1,835.)
Transportation	57,878.	0.	57,878.	34,292.	(23,586.)
Interest Earned	0.	0.	0.	2,115.	2,115.
Miscellaneous	4,250.	0.	4,250.	2,240.	(2,010.)
<b>Total Local Sources</b>	<b>1,406,470.</b>	<b>0.</b>	<b>1,406,470.</b>	<b>1,381,154.</b>	<b>(25,316.)</b>
<b>State Sources:</b>					
Equalization Aid	1,148,599.	0.	1,148,599.	1,148,599.	0.
School Choice Aid	198,816.	0.	198,816.	198,816.	0.
Categorical Transportation Aid	113,283.	0.	113,283.	113,283.	0.
Special Education Aid	109,379.	0.	109,379.	109,379.	0.
Security Aid	40,699.	0.	40,699.	40,699.	0.
Adjustment Aid	199,790.	0.	199,790.	199,790.	0.
Additional Adjustment Aid	41,420.	0.	41,420.	41,420.	0.
PARCC Readiness Aid	1,970.	0.	1,970.	1,970.	0.
Per Pupil Growth Aid	1,970.	0.	1,970.	1,970.	0.
On Behalf TPAF Pension Contribution (Non-Budgeted)	0.	0.	0.	207,665.	207,665.
Reimbursed TPAF Soc. Sec. Contribution (Non-Budgeted)	0.	0.	0.	91,820.	91,820.
Extraordinary Aid	0.	0.	0.	9,167.	9,167.
Additional Non-Public Transportation Aid	0.	0.	0.	1,587.	1,587.
<b>Total State Sources</b>	<b>1,855,926.</b>	<b>0.</b>	<b>1,855,926.</b>	<b>2,166,165.</b>	<b>310,239.</b>
<b>Federal Sources:</b>					
Medical Assistance Program	0.	0.	0.	13,994.	13,994.
<b>Total Federal Sources</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>13,994.</b>	<b>13,994.</b>
<b>Total Revenues</b>	<b>3,262,396.</b>	<b>0.</b>	<b>3,262,396.</b>	<b>3,561,313.</b>	<b>298,917.</b>

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	\$ 54,691.	\$ 0.	\$ 54,691.	\$ 54,200.	\$ 491.
Grades 1 - 5 - Salaries of Teachers	417,556.	0.	417,556.	399,495.	18,061.
Grades 6 - 8 - Salaries of Teachers	227,582.	0.	227,582.	221,434.	6,148.
<b>Home Instruction:</b>					
Salaries of Teachers	1,000.	0.	1,000.	0.	1,000.
Other Purchased Services	0.	300.	300.	300.	0.
<b>Regular Programs - Undistributed Instruction:</b>					
Other Purchased Services	9,268.	5,941.	15,209.	15,209.	0.
General Supplies	24,950.	(11,428.)	13,522.	8,451.	5,071.
Textbooks	8,000.	(6,300.)	1,700.	1,491.	209.
<b>Total Regular Programs - Instruction</b>	<b>743,047.</b>	<b>(11,487.)</b>	<b>731,560.</b>	<b>700,580.</b>	<b>30,980.</b>
<b>Special Education - Instruction:</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	144,801.	0.	144,801.	140,447.	4,354.
Other Salaries for Instruction	18,354.	2,300.	20,654.	20,317.	337.
General Supplies	1,500.	0.	1,500.	265.	1,235.
Textbooks	4,000.	(4,000.)	0.	0.	0.
<b>Total Learning and/or Language Disabilities</b>	<b>168,655.</b>	<b>(1,700.)</b>	<b>166,955.</b>	<b>161,029.</b>	<b>5,926.</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	72,046.	0.	72,046.	71,459.	587.
General Supplies	400.	0.	400.	212.	188.
Textbooks	250.	0.	250.	0.	250.
<b>Total Resource Room/Resource Center</b>	<b>72,696.</b>	<b>0.</b>	<b>72,696.</b>	<b>71,671.</b>	<b>1,025.</b>
<b>Total Special Education - Instruction</b>	<b>241,351.</b>	<b>(1,700.)</b>	<b>239,651.</b>	<b>232,700.</b>	<b>6,951.</b>

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 79,074.	\$ 5,803.	\$ 84,877.	\$ 84,877.	\$ 0.
Total Basic Skills/Remedial - Instruction	79,074.	5,803.	84,877.	84,877.	0.
School Sponsored Co-Curricular Act - Instruction:					
Salaries	4,004.	0.	4,004.	3,276.	728.
Total School Sponsored Co-Curricular Act - Instruction	4,004.	0.	4,004.	3,276.	728.
Total Instruction	1,067,476	(7,384)	1,060,092	1,021,433	38,659
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's Within the State - Regular	382,463.	0.	382,463.	382,463.	0.
Tuition - Other LEA's Within the State - Special	143,970.	(31,210.)	112,760.	80,904.	31,856.
Tuition - County Vocational Dist-Regular	0.	15,060.	15,060.	15,060.	0.
Tuition - Co. Spec. Services and Regional Day Schls	189,529.	(9,953.)	179,576.	101,646.	77,930.
Tuition - Private Schools/Handicapped within State	64,415.	12,395.	76,810.	76,146.	664.
Total Instruction	780,377.	(13,708.)	766,669.	656,219.	110,450.
Attendance and Social Work Services:					
Salaries	35,532.	5,258.	40,790.	40,677.	113.
Other Purchased Services	1,000.	(215.)	785.	0.	785.
Supplies and Materials	500.	0.	500.	0.	500.
Total Attendance and Social Work Services	37,032.	5,043.	42,075.	40,677.	1,398.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Health Services:					
Salaries	\$ 55,085.	\$ (1,300.)	\$ 53,785.	\$ 48,847.	\$ 4,938.
Purchased Professional Service Nursing	2,500.	11,406.	13,906.	9,239.	4,667.
Other Purchased Services	100.	0.	100.	0.	100.
Supplies and Materials	1,500.	165.	1,665.	1,654.	11.
Other Objects	100.	0.	100.	85.	15.
Total Health Services	59,285.	10,271.	69,556.	59,825.	9,731.
Speech, OT, PT & Related Services:					
Salaries	16,000.	(3,000.)	13,000.	0.	13,000.
Purchased Professional - Educational Services	48,000.	(3,600.)	44,400.	41,624.	2,776.
Supplies and Materials	600.	(219.)	381.	231.	150.
Total Speech, OT, PT, & Related Services:	64,600.	(6,819.)	57,781.	41,855.	15,926.
Other Support Services - Extraordinary Services:					
Salaries	30,958.	1,000.	31,958.	31,913.	45.
Total Other Support Services - Extraordinary Services:	30,958.	1,000.	31,958.	31,913.	45.
Guidance:					
Other Purchased Services	500.	0.	500.	0.	500.
Other Objects	1,000.	0.	1,000.	0.	1,000.
Total Guidance	1,500.	0.	1,500.	0.	1,500.
Child Study Teams:					
Purchased Professional - Educational Services	77,285.	0.	77,285.	76,495.	790.
Other Purchased Professional and Technical Serv.	1,000.	0.	1,000.	400.	600.
Miscellaneous Purchased Services	1,862.	0.	1,862.	0.	1,862.
Supplies and Materials	300.	0.	300.	298.	2.
Other Objects	800.	0.	800.	0.	800.
Total Child Study Teams	81,247.	0.	81,247.	77,193.	4,054.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Improvement of Instructional Services:					
Salaries of Sec. and Clerical Assistance	\$ 23,114.	\$ 9,688.	\$ 32,802.	\$ 32,092.	\$ 710.
Other Purchased Services	5,000.	(3,311.)	1,689.	1,689.	0.
Supplies and Materials	500.	(500.)	0.	0.	0.
Total Improvement of Instructional Services	28,614.	5,877.	34,491.	33,781.	710.
Educational Media Services - School Library:					
Purchased Professional and Technical Services	10,000.	1,500.	11,500.	11,307.	193.
Total Educational Media Services - School Library	10,000.	1,500.	11,500.	11,307.	193.
Support Services - General Administration:					
Salaries	8,420.	27,280.	35,700.	35,695.	5.
Legal Services	4,000.	206.	4,206.	3,412.	794.
Audit Fees	15,800.	(2,200.)	13,600.	13,600.	0.
Other Purchased Professional Services	20,413.	(20,413.)	0.	0.	0.
Communications/Telephone	7,417.	(530.)	6,887.	6,885.	2.
BOE Other Purchased Services	1,000.	(1,000.)	0.	0.	0.
Other Purchased Services	15,000.	995.	15,995.	15,904.	91.
General Supplies	500.	(200.)	300.	208.	92.
BOE In-House Training/Meeting Supplies	400.	(270.)	130.	126.	4.
Miscellaneous Expenditures	0.	1,045.	1,045.	1,040.	5.
BOE Membership Dues and Fees	3,900.	(41.)	3,859.	3,813.	46.
Total Support Services - General Administration	76,850.	4,872.	81,722.	80,683.	1,039.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Asst Principals/Program Directors	\$ 58,127.	\$ 0.	\$ 58,127.	\$ 57,821.	\$ 306.
Salaries of Secretarial and Clerical Assistants	9,809.	0.	9,809.	5,081.	4,728.
Other Purchased Services	750.	(150.)	600.	186.	414.
Supplies and Materials	1,800.	(670.)	1,130.	1,067.	63.
Other Objects	1,000.	820.	1,820.	1,816.	4.
<b>Total Support Services - School Administration</b>	<b>71,486.</b>	<b>0.</b>	<b>71,486.</b>	<b>65,971.</b>	<b>5,515.</b>
Central Services:					
Salaries	3,457.	9,817.	13,274.	12,384.	890.
Purchased Professional Services	79,500.	(9,817.)	69,683.	69,683.	0.
Miscellaneous Purchased Services	4,793.	0.	4,793.	4,725.	68.
Supplies and Materials	100.	0.	100.	0.	100.
<b>Total Central Services</b>	<b>87,850.</b>	<b>0.</b>	<b>87,850.</b>	<b>86,792.</b>	<b>1,058.</b>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	46,000.	13,239.	59,239.	51,639.	7,600.
General Supplies	10,000.	0.	10,000.	2,773.	7,227.
<b>Total Required Maintenance for School Facilities</b>	<b>56,000.</b>	<b>13,239.</b>	<b>69,239.</b>	<b>54,412.</b>	<b>14,827.</b>
Custodial Services:					
Salaries	53,638.	1,996.	55,634.	54,842.	792.
Purchased Professional and Technical Services	2,950.	0.	2,950.	945.	2,005.
Cleaning, Repair and Maintenance Services	37,208.	(16,847.)	20,361.	5,749.	14,612.
Insurance	20,202.	(20.)	20,182.	20,182.	0.
Miscellaneous Purchased Services	230.	0.	230.	0.	230.
General Supplies	13,266.	(684.)	12,582.	11,738.	844.
Energy (Natural Gas)	4,000.	(2,000.)	2,000.	96.	1,904.
Energy (Electricity)	85,600.	9,020.	94,620.	94,522.	98.
Other Objects	400.	1,600.	2,000.	1,534.	466.
<b>Total Custodial Services</b>	<b>217,494.</b>	<b>(6,935.)</b>	<b>210,559.</b>	<b>189,608.</b>	<b>20,951.</b>



DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Operation and Maintenance of Plant Services	\$ 273,494.	\$ 6,304.	\$ 279,798.	\$ 244,020.	\$ 35,778.
Students Transportation Services:					
Salaries - Between Home & School - Special	65,573.	0.	65,573.	44,671.	20,902.
Salaries - Other than Between Home & School	5,613.	874.	6,487.	6,405.	82.
Cleaning, Repair, & Maintenance Services	18,000.	0.	18,000.	15,992.	2,008.
Rental Payments - School Buses	1,000.	0.	1,000.	0.	1,000.
Lease Purchase Payments - School Buses	16,986.	0.	16,986.	15,875.	1,111.
Contracted Services - Aid in Lieu Pay - NonPublic	9,108.	(1,410.)	7,698.	3,536.	4,162.
Contracted Services - Aid in Lieu Pay - Choice	1,684.	1,410.	3,094.	589.	2,505.
Contracted Services (Home/School) - Vendors	184,988.	(7,243.)	177,745.	177,069.	676.
Contracted Services (Sp. Ed. Students) - Joint Agreements	98,000.	11,743.	109,743.	109,711.	32.
General Supplies	24,000.	(7,094.)	16,906.	7,738.	9,168.
Other Objects	550.	0.	550.	365.	185.
Total Students Transportation Services	425,502.	(1,720.)	423,782.	381,951.	41,831.
Allocated Benefits:					
Other Retirement Contributions - Regular	3,763.	0.	3,763.	3,763.	0.
Regular Programs - Instruction	125,502.	(4,300.)	121,202.	42,848.	78,354.
Other Retirement Contributions - Regular	36,876.	0.	36,876.	36,622.	254.
Special Programs - Instruction	97,430.	1,700.	99,130.	83,700.	15,430.
Other Retirement Contributions - Regular	4,741.	0.	4,741.	4,741.	0.
Attendance and Social Work Services	4,000.	0.	4,000.	675.	3,325.
Health Services	29,777.	600.	30,377.	18,255.	12,122.
Other Support Service - Students - Extraordinary	20,231.	219.	20,450.	18,679.	1,771.
Other Retirement Contributions - Regular	3,062.	(3,062.)	0.	0.	0.
Improvement of Instruction Services	4,816.	(4,315.)	501.	190.	311.
Support Services - General Administration	0.	2,000.	2,000.	2,000.	0.
Support Services - School Administration	4,456.	0.	4,456.	460.	3,996.
Other Retirement Contributions - Regular	2,240.	0.	2,240.	2,240.	0.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Allocated Benefits: (continued)					
Operation and Maintenance of Plant Services	\$ 10,828.	\$ 2,195.	\$ 13,023.	\$ 11,267.	\$ 1,756.
Other Retirement Contributions - Regular	2,297.	0.	2,297.	2,297.	0.
Student Transportation Services	81,060.	0.	81,060.	44,617.	36,443.
Total Allocated Benefits	431,079.	(4,963.)	426,116.	272,354.	153,762.
Unallocated Benefits:					
Social Security Contributions	44,182.	(1,398.)	42,784.	42,783.	1.
Other Retirement Contributions - PERS	2,240.	(2,240.)	0.	0.	0.
Workmen's Compensation	18,000.	(394.)	17,606.	17,606.	0.
Tuition Reimbursement	1,500.	5,751.	7,251.	7,251.	0.
Other Employee Benefits	0.	13,708.	13,708.	13,708.	0.
Total Unallocated Benefits	65,922.	15,427.	81,349.	81,348.	1.
On Behalf TPAF Pension Contribution (Non-Budgeted)	0.	0.	0.	207,665.	(207,665.)
Reimbursed TPAF Soc. Sec. Contribution (Non-Budgeted)	0.	0.	0.	91,820.	(91,820.)
Total Undistributed Expenditures	2,525,796.	23,084.	2,548,880.	2,465,374.	83,506.
Total Expenditures - Current Expense	3,593,272.	15,700.	3,608,972.	3,486,807.	122,165.
Capital Outlay:					
Undistributed Expenditures:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service	2,704.	0.	2,704.	2,704.	0.
Total Facilities Acquisition and Construction Services	2,704.	0.	2,704.	2,704.	0.
Total Capital Outlay Expenditures	2,704.	0.	2,704.	2,704.	0.
Total General Fund	3,595,976.	15,700.	3,611,676.	3,489,511.	122,165.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (333,580.)	\$ (15,700.)	\$ (349,280.)	\$ 71,802.	\$ 421,082.
Other Financing Sources:					
Operating Transfer In:					
Transfer to/from Food Service Fund	(8,673.)	0.	(8,673.)	(7,491.)	1,182.
Capital Reserve - Transfer from Capital Projects Fd	0.	0.	0.	50,321.	50,321.
Total Other Financing Sources:	(8,673.)	0.	(8,673.)	42,830.	51,503.
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(342,253.)	(15,700.)	(357,953.)	114,632.	472,585.
Fund Balance, July 1	871,052.	0.	871,052.	871,052.	0.
Fund Balance, June 30	\$ 528,799.	\$ (15,700.)	\$ 513,099.	\$ 985,684.	\$ 472,585.

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve	\$ 125,171.				
Maintenance Reserve	104,277.				
Emergency Reserve	33,432.				
Tuition Reserve	78,000.				
Excess surplus-current year	361,618.				
Committed Fund Balance:					
Year-end Encumbrances			1,624.		
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				20,808.	
Unassigned Fund Balance				260,754.	
				<u>985,684.</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				(175,102.)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 810,582.</u>	

DOWNE TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources	\$ 2,114.	\$ 0.	\$ 2,114.	\$ 2,114.	\$ 0.
State Sources	557,289.	0.	557,289.	512,707.	(44,582.)
Federal Sources	357,779.	0.	357,779.	155,135.	(202,644.)
<b>Total Revenues</b>	<b>917,182.</b>	<b>0.</b>	<b>917,182.</b>	<b>669,956.</b>	<b>(247,226.)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	\$ 179,070.	\$ 0.	\$ 179,070.	\$ 172,785.	\$ 6,285.
Other Salaries for Instruction	76,108.	0.	76,108.	76,108.	0.
Other Purchased Services	61,422.	0.	61,422.	61,422.	0.
General Supplies	14,734.	0.	14,734.	11,154.	3,580.
<b>Total Instruction</b>	<b>331,334.</b>	<b>0.</b>	<b>331,334.</b>	<b>321,469.</b>	<b>9,865.</b>
Support Services					
Salaries of Principal/Assistant	11,353.	0.	11,353.	11,052.	301.
Salaries of Other Professional Staff	37,557.	0.	37,557.	9,104.	28,453.
Salaries of Secretaries & Clerical Assistants	10,996.	0.	10,996.	10,996.	0.
Other Salaries	105,570.	0.	105,570.	99,021.	6,549.
Personal Services - Employee Benefits	210,717.	0.	210,717.	205,762.	4,955.
Purchased Professional - Educational Services	790.	0.	790.	790.	0.
Other Purchased Professional Services	10,394.	0.	10,394.	1,258.	9,136.
Other Purchased Services	19,136.	0.	19,136.	7,273.	11,863.
Supplies & Materials	5,614.	0.	5,614.	3,231.	2,383.
<b>Total Support Services</b>	<b>412,127.</b>	<b>0.</b>	<b>412,127.</b>	<b>348,487.</b>	<b>63,640.</b>
<b>Total Expenditures</b>	<b>743,461.</b>	<b>0.</b>	<b>743,461.</b>	<b>669,956.</b>	<b>73,505.</b>
<b>Total Outflows</b>	<b>743,461.</b>	<b>0.</b>	<b>743,461.</b>	<b>669,956.</b>	<b>73,505.</b>
<b>Excess (Deficiency) of Revenues Over / (Under)</b>	<b>\$ 173,721.</b>	<b>\$ 0.</b>	<b>\$ 173,721.</b>	<b>\$ 0.</b>	<b>\$ 173,721.</b>
<b>Expenditures and Other Financing Sources (Uses)</b>					

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – Part II**

DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

	General Fund	Special Revenue Fund	Capital Projects Fund
	\$ 3,561,313.	\$ 669,956.	\$ 0.

Sources/inflows of resources:  
 Actual amounts (budgetary) "revenues" from the budgetary comparison schedules

Differences - Budget to GAAP:  
 Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.

Prior year encumbrance  
 Current year encumbrance

State aid payment recognized for GAAP statement in the current year, previously recognized for budgetary purposes.

State aid payment recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.

	179,046.	48,788.	
	(175,102.)	(50,909.)	

Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds.

	\$ 3,565,257.	\$ 667,835.	\$ 0.
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Uses/Outflow of resources:  
 Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.

	3,489,511.	669,956.	0.
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Differences - Budget to GAAP:  
 Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

Prior year encumbrance paid  
 Current year encumbrance

Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds

	\$ 3,489,511.	\$ 669,956.	\$ 0.
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**REQUIRED SUPPLEMENTARY INFORMATION–PART III**



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

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERS  
Last Three Fiscal Years

	Measurement Date Ending June 30,		
	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00577657%	0.60180600%	0.00627794%
District's proportionate share of the net pension liability (asset)	\$ 1,296,724.	\$ 1,126,745.	\$ 1,199,839.
District's covered-employee payroll	\$ 397,037.	\$ 363,529.	N/A
District 's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	326.60%	309.95%	N/A
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

SOURCE: GASB 68 report on Public Employee's Retirement System; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period.  
 Additional years will be presented as information become available.

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
Last Three Fiscal Years

	<u>PERS</u>		
	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contribution	\$ 49,663.	\$ 49,612.	\$ 47,303.
Contributions in relation to the contractually required contribution	(49,663.)	(49,612.)	(47,303.)
Contribution deficiency (excess)	0.	0.	0.
District's covered-employee payroll	\$397,037	\$ 363,529.	N/A
Contributions as a percentage of covered-employee payroll	12.51%	13.65%	N/A

	<u>TPAF</u>		
	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contribution	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A
District's covered-employee payroll	\$1,180,073	\$ 1,288,562.	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

SOURCE: GASB 68 report on Public Employee's Retirement System/Teachers' Pension and Annuity Fund;  
District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period.  
Additional years will be presented as information become available.

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TPAF  
Last Three Fiscal Years

	Measurement Date		
	Ending June 30,		
	2015	2014	2013
District's proportion of the net pension liability (asset)	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 7,713,883.	\$ 6,543,501.	\$ 6,550,013.
Total	\$ 7,713,883.	\$ 6,543,501.	\$ 6,550,013.
District's covered-employee payroll	\$ 1,180,073.	\$ 1,288,562.	N/A
District 's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

SOURCE: GASB 68 report on Teachers' Pension and Annuity Fund; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period. Additional years will be presented as information become available.

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – Part III**

**DOWNE TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION SCHEDULES  
JUNE 30, 2016**

**Note 1. Teachers' Pension and Annuity Fund (TPAF)**

*Changes of benefits terms.* The vesting and benefits provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after 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 vented 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 member's accounts.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active member 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 improvement 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.

**Note 2. Public Employees' Retirement System (PERS)**

*Changes of benefits terms.* The vesting and benefits 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) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**Note 3. Schedule of School District's Proportionate Share of the Net Pension Liability – PERS/TPAF and Schedule of Employer's Contribution for PERS/TPAF**

The information presented in these required supplementary schedules was determined as part of the audit of the State of New Jersey Division of Pension and Benefits. Additional information for the pension schedules can be found in the notes to the financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL BASED BUDGET SCHEDULES**

**N/A**



**SPECIAL REVENUE FUND**

DOWNE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Title I Part A	Title II Part A	I.D.E.A. Part B, Basic	I.D.E.A. Pre-School	Race to the Top	REAP	Pre-School Education Program	Safety Program	Totals 2016
<b>Revenues:</b>									
Local Sources	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 2,114.	\$ 2,114.
State Sources	0.	0.	0.	0.	0.	0.	512,707.	0.	512,707.
Federal Sources	79,304.	3,145.	61,422.	790.	658.	9,816.	0.	0.	155,135.
<b>Total Revenues</b>	<b>79,304.</b>	<b>3,145.</b>	<b>61,422.</b>	<b>790.</b>	<b>658.</b>	<b>9,816.</b>	<b>512,707.</b>	<b>2,114.</b>	<b>669,956.</b>
<b>Expenditures:</b>									
<b>Instruction:</b>									
Salaries of Teachers	\$ 61,556.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 111,229.	\$ 0.	\$ 172,785.
Other Salaries for Instruction	0.	0.	0.	0.	0.	0.	76,108.	0.	76,108.
Other Purchased Services	0.	0.	61,422.	0.	0.	0.	0.	0.	61,422.
General Supplies	89.	0.	0.	0.	0.	9,816.	1,249.	0.	11,154.
<b>Total instruction</b>	<b>61,645.</b>	<b>0.</b>	<b>61,422.</b>	<b>0.</b>	<b>0.</b>	<b>9,816.</b>	<b>188,586.</b>	<b>0.</b>	<b>321,469.</b>
<b>Support Services:</b>									
Salaries-Principal/Assistant	0.	0.	0.	0.	0.	0.	11,052.	0.	11,052.
Salaries of Other Professional Staff	0.	0.	0.	0.	0.	0.	9,104.	0.	9,104.
Salaries-Secretary/Clerical	0.	0.	0.	0.	0.	0.	10,996.	0.	10,996.
Other Salaries	0.	0.	0.	0.	0.	0.	99,021.	0.	99,021.
Personal Services - Employee Benefits	16,861.	0.	0.	0.	0.	0.	188,901.	0.	205,762.
Purchased Professional - Educational Services	0.	0.	0.	790.	0.	0.	0.	0.	790.
Other Purchased Professional Services	0.	600.	0.	0.	658.	0.	0.	0.	1,258.
Other Purchased Services	798.	2,545.	0.	0.	0.	0.	3,930.	0.	7,273.
Supplies and Materials	0.	0.	0.	0.	0.	0.	1,117.	2,114.	3,231.
<b>Total Support Services</b>	<b>17,659.</b>	<b>3,145.</b>	<b>0.</b>	<b>790.</b>	<b>658.</b>	<b>0.</b>	<b>324,121.</b>	<b>2,114.</b>	<b>348,487.</b>
<b>Total Expenditures</b>	<b>\$ 79,304.</b>	<b>\$ 3,145.</b>	<b>\$ 61,422.</b>	<b>\$ 790.</b>	<b>\$ 658.</b>	<b>\$ 9,816.</b>	<b>\$ 512,707.</b>	<b>\$ 2,114.</b>	<b>\$ 669,956.</b>

DOWNE TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRE-SCHOOL EDUCATION PROGRAM  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Total		Variance
	Budgeted	Actual	
Expenditures:			
Instruction:			
Salaries - Teachers	\$ 109,268.	\$ 111,229.	\$ (1,961.)
Other Salaries for Instruction	76,108.	76,108.	0.
Supplies	3,500.	1,249.	2,251.
Total Instruction	188,876.	188,586.	290.
Support Services:			
Salaries - Principal/Assistant	11,353.	11,052.	301.
Salaries - Other Professional	37,557.	9,104.	28,453.
Salaries - Secretarial/Clerical	10,996.	10,996.	0.
Other Salaries	105,570.	99,021.	6,549.
Personal Services - Employee Benefits	192,907.	188,901.	4,006.
Other Purchased services	2,500.	0.	2,500.
Travel	100.	0.	100.
Misc Purch Services	3,930.	3,930.	0.
Supplies	3,500.	1,117.	2,383.
Total Support Services	368,413.	324,121.	44,292.
Total Expenditures	\$ 557,289.	\$ 512,707.	\$ 44,582.

Calculation of Budget and Carryover

Total Revised 2015-2016 Pre-School Education Aid Allocation	\$ 509,088.
Add: Actual PEA carryover (June 30, 2015)	35,114.
Add: Budgeted Transfer from the General Fund 2015-2016	0.
Total Pre-School Education Aid Funds Available for 2015-2016 Budget	544,202.
Less: 2015-2016 Budgeted Pre-School Education Aid Including Prior Year Budget C/O	557,289.
Available and Unbudgeted Pre-School Education Aid Funds as of June 30, 2016	(13,087.)
Add: June 30, 2016 Unexpended Pre-School Education Aid	44,582.
2015-2016 Carryover - Pre-School Education Aid/Pre-School	\$ 31,495.
2015-2016 Pre-School Education Aid Carryover Budgeted for Pre-School Programs 2016-2017	\$ 0.

## **CAPITAL PROJECTS FUND**

DOWNE TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2016

Project Description	Total Authorized Cost	Prior Year's Expenditures	Current Year Expenditures	Adjustment	Unexpended Balance
Downe Township School: Roof Project	\$ 235,326.	\$ 185,005.	\$ 0.	\$ (50,321.)	\$ 0.
Total	\$ 235,326.	\$ 185,005.	\$ 0.	\$ (50,321.)	\$ 0.

DOWNE TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

Revenues and Other Financing Sources:	
State Sources - SCC Grant	\$ 0.
Total Revenues	<u>0.</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	0.
Construction Services	0.
Transfer to Capital Reserve	<u>50,321.</u>
Total Expenditures and Other Financing Uses	<u>50,321.</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	(50,321.)
Fund balance - July 1	<u>50,321.</u>
Fund balance - June 30	<u><u>\$ 0.</u></u>

DOWNE TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
DOWNE TOWNSHIP SCHOOL ROOF PROJECT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 60,891.	\$ 0.	\$ 60,891.	\$ 94,130.
Transfer from Capital Reserve	126,000.	0.	126,000.	126,000.
Transfer from Capital Outlay	15,196.	0.	15,196.	15,196.
<b>Total Revenues</b>	<b>202,087.</b>	<b>0.</b>	<b>202,087.</b>	<b>235,326.</b>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	19,062.	0.	19,062.	0.
Construction Services	132,704.	0.	132,704.	235,326.
Transfer to Capital Reserve	0.	50,321.	50,321.	0.
<b>Total Expenditures</b>	<b>151,766.</b>	<b>50,321.</b>	<b>202,087.</b>	<b>235,326.</b>
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ 50,321.	\$ (50,321.)	\$ 0.	\$ 0.
Additional project information:				
Project Number	1120-045-14-1001-G04			
Grant Date	01/06/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 235,326.			
Additional Authorized Cost	\$ 83,560.			
Revised Authorized Cost	\$ 151,766.			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			

## **PROPRIETARY FUNDS**



**ENTERPRISE FUND**

DOWNE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016

	Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$       0.
Accounts receivable:	
State	34.
Federal	2,057.
Interfund	0.
Total current assets	2,091.
Fixed assets:	
Equipment	45,648.
Accumulated depreciation	(41,552.)
Total fixed assets	4,096.
Total assets	\$   6,187.
Deferred Outflow of Resources:	\$  20,035.
<b>LIABILITIES:</b>	
Liabilities:	
Current Liabilities:	
Pension account payable	\$   3,597.
Interfund payable	23,753.
Total current liabilities	27,350.
Long-term debt:	
Compensated absences	1,360.
Net pension liability	96,578.
Total long-term debt	97,938.
Total liabilities	125,288.
Deferred Inflow of Resources:	\$   6,943.
<b>NET POSITION:</b>	
Invested in capital assets	4,096.
Unrestricted	(110,105.)
Total net position	\$ (106,009.)

DOWNE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISES  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
JUNE 30, 2016

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales - reimbursable	\$ 7,763.
Daily sales - non-reimbursable	502.
	<hr/>
Total operating revenues	8,265.
	<hr/>
<b>OPERATING EXPENSES:</b>	
Cost of sales - reimbursable	37,098.
Cost of sales - non-reimbursable	225.
Salaries	37,665.
Employee benefits	1,463.
Repairs & Maintenance	816.
Depreciation expense	390.
	<hr/>
Total operating expenses	77,657.
	<hr/>
Operating income/(loss)	(69,392.)
	<hr/>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	615.
Federal sources:	
National school breakfast program	8,672.
National school lunch program	27,968.
USDA Commodities	11,748.
	<hr/>
Total nonoperation revenues	49,003.
	<hr/>
Operating transfer in/(out):	
Operating transfer in	7,491.
	<hr/>
Total operating transfers in/out	7,491.
	<hr/>
Change in net position	(12,898.)
	<hr/>
Net position - beginning	(93,111.)
	<hr/>
Net position - ending	<u>\$ (106,009.)</u>

DOWNE TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR YEAR ENDED JUNE 30, 2016

	<u>Food Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 8,265.
Payment to employees	(37,608.)
Cash payments to suppliers	(28,901.)
	<hr/>
Net cash provided (used) by operating activities	(58,244.)
	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State sources	641.
Federal sources	38,160.
Operating Transfer	7,491.
Interfund	11,952.
	<hr/>
Net cash provided by non-capital financing activities	58,244.
	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Purchase of equipment	0.
	<hr/>
Net cash provided by investing activities	0.
	<hr/>
Net increase/(decrease) in cash and cash equivalents	0.
Cash and cash equivalents - July 1	0.
	<hr/>
Cash and cash equivalents - June 30	<u>\$ 0.</u>
	<hr/>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:	
Operating income/(loss)	\$ (69,392.)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Depreciation	390.
Federal commodities	11,748.
Change in assets and liabilities:	
(Increase)/decrease in deferred outflows	(10,013.)
Increase/(decrease) in accounts payable	(2,607.)
Increase/(decrease) in compensated absences payable	56.
Increase/(decrease) in deferred inflows	(1,174.)
Increase/(decrease) in net pension liabilities	12,748.
	<hr/>
Net cash provided by (used) by operating activities	<u>\$ (58,244.)</u>

## **INTERNAL SERVICE FUND**

DOWNE TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016

	<u>Kids' Center</u>	<u>Total</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,762.	\$ 2,762.
Accounts receivable	690.	690.
	<hr/>	<hr/>
Total current assets	3,452.	3,452.
	<hr/>	<hr/>
Total assets	\$ 3,452.	\$ 3,452.
	<hr/>	<hr/>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
<hr/>		
<b>LIABILITIES:</b>		
Liabilities:		
Current Liabilities:		
Interfund payable	\$ 1,942.	\$ 1,942.
	<hr/>	<hr/>
Total current liabilities	1,942.	1,942.
	<hr/>	<hr/>
Total liabilities	1,942.	1,942.
	<hr/>	<hr/>
<b>DEFERRED INFLOW OF RESOURCES:</b>		
<hr/>		
<b>NET POSITION:</b>		
Unrestricted	1,510.	1,510.
	<hr/>	<hr/>
Total net position	\$ 1,510.	\$ 1,510.
	<hr/>	<hr/>

DOWNE TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2016

	<u>Kids' Center</u>	<u>Total</u>
OPERATING REVENUES:		
Charges for services	\$ 9,903.	\$ 9,903.
Total operating revenues	<u>9,903.</u>	<u>9,903.</u>
OPERATING EXPENSES:		
Salaries	9,198.	9,198.
Employee benefits	<u>704.</u>	<u>704.</u>
Total operating expenses	<u>9,902.</u>	<u>9,902.</u>
Operating income/(loss)	<u>1.</u>	<u>1.</u>
Change in net position	1.	1.
Net position - July 1	<u>1,509.</u>	<u>1,509.</u>
Net position - June 30	<u>\$ 1,510.</u>	<u>\$ 1,510.</u>

DOWNE TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR YEAR ENDED JUNE 30, 2016

	Kids' Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 9,903.	\$ 9,903.
Payment to employees	(9,199.)	(9,199.)
Payment to employees benefits	(704.)	(704.)
Net cash provided (used) by operating activities	0.	0.
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Repayment of interfund loan	0.	0.
Net cash provided by non-capital financing activities	0.	0.
Net increase/(decrease) in cash and cash equivalents	0.	0.
Cash and cash equivalents - July 1	2,762.	2,762.
Cash and cash equivalents - June 30	\$ 2,762.	\$ 2,762.
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:		
Operating income/(loss)	\$ 1.	\$ 1.
Adjustments to reconcile operating loss to cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	(340.)	(340.)
Increase/(decrease) in due to student activities	0.	0.
Increase/(decrease) in interfund payable	339.	339.
Net cash provided by (used) by operating activities	\$ 0.	\$ 0.



## **FIDUCIARY FUND**

DOWNE TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016

	Student Activity	Payroll/ Agency	Unemployment Compensation Trust	Total
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 18,794.	\$ 25,315.	\$ 28,156.	\$ 72,265.
Due from General	0.	0.	4,500.	4,500.
Due from Agency	0.	0.	8,548.	8,548.
<b>Total Assets</b>	<b>\$ 18,794.</b>	<b>\$ 25,315.</b>	<b>\$ 41,204.</b>	<b>\$ 85,313.</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
	0.	0.	0.	0.
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 18,794.	\$ 0.	\$ 0.	\$ 18,794.
Due to General	0.	16,282.	0.	16,282.
Due to Unemployment	0.	8,548.	0.	8,548.
Payroll deductions and withholdings	0.	485.	0.	485.
<b>Total Liabilities</b>	<b>\$ 18,794.</b>	<b>\$ 25,315.</b>	<b>\$ 0.</b>	<b>\$ 44,109.</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>				
	0.	0.	0.	0.
<b>Total Net Position</b>	<b>\$ 0.</b>	<b>\$ 0.</b>	<b>\$ 41,204.</b>	<b>\$ 41,204.</b>

DOWNE TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contribution:	
Plan member	\$    3,564.
Interest	61.
Board contribution	<u>        0.</u>
Total contribution	<u>        3,625.</u>
 Total additions	 <u>        3,625.</u>
DEDUCTIONS:	
Unemployment claims	<u>        (115.)</u>
Total Operating Expenses	<u>        (115.)</u>
 Change in Net Position	 3,510.
 NET POSITION, JULY 1	 <u>        37,694.</u>
 NET POSITION, JUNE 30	 <u><u>        \$    41,204.</u></u>

DOWNE TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND SCHEDULE  
OF RECEIPTS AND DISBURSEMENTS  
FIDUCAIRY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2016
Downe Township School	\$ 16,539.	\$ 23,106.	\$ 20,851.	\$ 18,794.
Total	<u>\$ 16,539.</u>	<u>\$ 23,106.</u>	<u>\$ 20,851.</u>	<u>\$ 18,794.</u>

DOWNE TOWNSHIP SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FIDUCIARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 40,896.	\$ 2,475,535.	\$ 2,491,116.	\$ 25,315.
<b>Total Assets</b>	<b>\$ 40,896.</b>	<b>\$ 2,475,535.</b>	<b>\$ 2,491,116.</b>	<b>\$ 25,315.</b>
<b>LIABILITIES:</b>				
Net Payroll	\$ 0.	\$ 1,074,698.	\$ 1,074,698.	\$ 0.
Payroll Deductions and Withholdings	451.	1,397,273.	1,397,239.	485.
Interfund Payable	35,461.	0.	19,179.	16,282.
Due to Unemployment	4,984.	3,564.	0.	8,548.
<b>Total Liabilities</b>	<b>\$ 40,896.</b>	<b>\$ 2,475,535.</b>	<b>\$ 2,491,116.</b>	<b>\$ 25,315.</b>

## **LONG-TERM DEBT**

DOWNE TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
SCHEDULE OF CAPITAL LEASES  
JUNE 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of		Interest Rate Payable	Amount Outstanding July 1, 2015	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2016	
			Principal	Interest						
First Niagra Leasing: School Bus	2/5/2014	3 years	\$ 46,000.	\$ 1,625.	3.58%	\$ 15,327.	\$ 0.	\$ 15,327.	\$ 0.	
Total							\$ 15,327.	\$ 0.	\$ 15,327.	\$ 0.

## **STATISTICAL SECTION**



## **FINANCIAL TRENDS**

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

	FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,606,987.	\$ 289,526.	\$ 219,444.	\$ 599,614.	\$ 541,727.	\$ 522,738.	\$ 472,097.	\$ 484,177.	\$ 587,949.	\$ 549,879.
Restricted	474,636.	941,127.	1,084,613.	81,598.	99,557.	633,683.	960,578.	774,100.	485,744.	724,930.
Unrestricted	688,753.	223,547.	99,248.	243,964.	543,850.	161,274.	70,806.	133,835.	(942,784.)	(1,120,770.)
<b>Total Government Activities Net Position</b>	<b>\$ 2,770,376.</b>	<b>\$ 1,454,200.</b>	<b>\$ 1,403,305.</b>	<b>\$ 925,176.</b>	<b>\$ 1,185,134.</b>	<b>\$ 1,317,695.</b>	<b>\$ 1,503,481.</b>	<b>\$ 1,392,112.</b>	<b>\$ 130,909.</b>	<b>\$ 154,039.</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 0.	\$ 4,043.	\$ 2,934.	\$ 2,213.	\$ 1,493.	\$ 773.	\$ 53.	\$ 0.	\$ 4,486.	\$ 4,096.
Unrestricted	(8,673.)	(31,882.)	(48,041.)	(71,424.)	(95,807.)	(20,632.)	(13,519.)	(16,661.)	(97,597.)	(110,105.)
<b>Total Business-Type Activities Net Position</b>	<b>\$ (8,673.)</b>	<b>\$ (27,839.)</b>	<b>\$ (45,107.)</b>	<b>\$ (69,211.)</b>	<b>\$ (94,314.)</b>	<b>\$ (19,859.)</b>	<b>\$ (13,466.)</b>	<b>\$ (16,661.)</b>	<b>\$ (93,111.)</b>	<b>\$ (106,009.)</b>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,606,987.	\$ 293,569.	\$ 222,378.	\$ 601,827.	\$ 543,220.	\$ 523,511.	\$ 472,150.	\$ 484,177.	\$ 592,435.	\$ 553,975.
Restricted	474,636.	941,127.	1,084,613.	81,598.	99,557.	633,683.	960,578.	774,100.	485,744.	724,930.
Unrestricted	680,080.	191,665.	51,207.	172,540.	448,043.	140,642.	57,287.	117,174.	(1,040,381.)	(1,230,875.)
<b>Total District Net Position</b>	<b>\$ 2,761,703.</b>	<b>\$ 1,426,361.</b>	<b>\$ 1,358,198.</b>	<b>\$ 855,965.</b>	<b>\$ 1,090,820.</b>	<b>\$ 1,297,836.</b>	<b>\$ 1,490,015.</b>	<b>\$ 1,375,451.</b>	<b>\$ 37,798.</b>	<b>\$ 48,030.</b>

DOWNNE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 1,139,837.	\$ 1,050,771.	\$ 883,792.	\$ 727,353.	\$ 666,338.	\$ 707,951.	\$ 754,232.	\$ 781,608.	\$ 749,596.	\$ 728,346.
Special Education	524,510.	378,021.	327,309.	441,147.	463,072.	544,550.	523,336.	564,154.	569,940.	558,441.
Other Special Instruction	15,934.	5,277.	58,859.	95,338.	84,318.	66,620.	69,735.	82,576.	91,407.	84,877.
Other Instruction	4,848.	3,867.	7,731.	6,337.	2,548.	3,640.	4,004.	4,004.	4,004.	3,276.
Support Services:										
Tuition	356,891.	428,370.	443,632.	515,009.	574,352.	356,693.	209,719.	498,711.	779,246.	656,219.
Students & Instruction Related Services	527,070.	458,826.	504,095.	583,194.	321,613.	360,819.	401,387.	354,133.	458,559.	439,276.
School Administrative Services	86,727.	24,618.	68,101.	12,899.	91,474.	96,952.	93,223.	102,413.	73,099.	71,578.
General & Business Administrative Services	223,833.	245,119.	180,265.	232,450.	83,379.	70,819.	78,171.	80,016.	81,613.	86,290.
Central Services					69,060.	71,839.	72,103.	74,090.	86,750.	86,792.
Plant Operation & Maintenance	260,815.	242,151.	234,927.	245,514.	218,595.	236,904.	218,160.	273,431.	252,752.	247,758.
Pupil Transportation	395,451.	374,368.	391,091.	389,321.	393,038.	438,812.	402,860.	427,532.	415,234.	373,031.
Employee Benefits	1,065,278.	947,582.	781,321.	850,295.	681,140.	666,387.	762,701.	744,344.	1,085,803.	1,240,093.
Internal Service	0.	25,071.	9,935.	10,983.	10,527.	8,671.	10,863.	10,649.	8,269.	9,902.
Special Schools	12,789.	0.	0.	0.	0.	0.	0.	0.	0.	0.
State Debt Service Assessment	0.	0.	0.	0.	100.	58.	1,754.	2,704.	2,704.	2,704.
Interest on Long-Term Debt	3,880.	0.	0.	0.	0.	0.	0.	0.	0.	0.
<b>Total Governmental Activities Expenses</b>	<b>4,617,863</b>	<b>4,184,041</b>	<b>3,891,058</b>	<b>4,109,840</b>	<b>3,659,554</b>	<b>3,630,715</b>	<b>3,602,248</b>	<b>4,000,365</b>	<b>4,658,976</b>	<b>4,588,583</b>
Business-Type Activities:										
Food Service	160,508.	99,098.	74,346.	93,735.	90,684.	93,465.	103,449.	98,602.	70,715.	77,657.
<b>Total Business-Type Activities Expenses</b>	<b>160,508.</b>	<b>99,098.</b>	<b>74,346.</b>	<b>93,735.</b>	<b>90,684.</b>	<b>93,465.</b>	<b>103,449.</b>	<b>98,602.</b>	<b>70,715.</b>	<b>77,657.</b>
<b>Total Primary Government</b>	<b>\$ 4,778,371.</b>	<b>\$ 4,283,139.</b>	<b>\$ 3,965,404.</b>	<b>\$ 4,203,575.</b>	<b>\$ 3,750,238.</b>	<b>\$ 3,724,180.</b>	<b>\$ 3,705,697.</b>	<b>\$ 4,098,967.</b>	<b>\$ 4,729,691.</b>	<b>\$ 4,666,240.</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Pupil Transportation	\$ 114,524.	\$ 0.	\$ 0.	\$ 0.	\$ 50,320.	\$ 61,030.	\$ 78,410.	\$ 63,771.	\$ 42,883.	\$ 34,292.
General & Business Administrative Services	25,914.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Student & Instruction Related	13,101.	20,382.	9,935.	10,983.	10,511.	9,165.	9,085.	12,426.	8,324.	9,903.
Operating Grants & Contributions	373,957.	440,564.	343,358.	271,255.	187,466.	220,188.	270,209.	231,838.	551,898.	675,694.
<b>Total Governmental Activities Program Revenues</b>	<b>527,496</b>	<b>460,946</b>	<b>353,293</b>	<b>282,238</b>	<b>248,297</b>	<b>290,383</b>	<b>357,704</b>	<b>308,035</b>	<b>603,105</b>	<b>719,889</b>

DOWNE TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-Type Activities:</b>										
Charges for Service:										
Food Service	\$ 36,139.	\$ 10,027.	\$ 11,314.	\$ 14,977.	\$ 22,254.	\$ 21,118.	\$ 15,460.	\$ 11,063.	\$ 8,679.	\$ 8,265.
Operating Grants and Contributions	45,584.	37,409.	30,764.	34,654.	43,033.	52,030.	64,311.	59,344.	54,502.	49,003.
<b>Total Business-Type Activities Program Revenues</b>	<b>81,723.</b>	<b>47,436.</b>	<b>42,078.</b>	<b>49,631.</b>	<b>65,287.</b>	<b>73,148.</b>	<b>79,771.</b>	<b>70,407.</b>	<b>63,181.</b>	<b>57,268.</b>
<b>Total District Program Revenues</b>	<b>\$ 609,219.</b>	<b>\$ 508,382.</b>	<b>\$ 395,371.</b>	<b>\$ 331,869.</b>	<b>\$ 313,584.</b>	<b>\$ 363,531.</b>	<b>\$ 437,475.</b>	<b>\$ 378,442.</b>	<b>\$ 666,286.</b>	<b>\$ 777,157.</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(4,090,367)	(3,723,095)	(3,537,765)	(3,827,602)	(3,411,257)	(3,340,332)	(3,244,544)	(3,692,330)	(4,055,871)	(3,868,694)
Business-Type Activities	(78,785)	(51,662)	(32,268)	(44,104)	(25,397)	(20,317)	(23,678)	(28,195)	(7,534)	(20,389)
<b>Total District-Wide Net Expense</b>	<b>\$ (4,169,152.)</b>	<b>\$ (3,774,757.)</b>	<b>\$ (3,570,033.)</b>	<b>\$ (3,871,706.)</b>	<b>\$ (3,436,654.)</b>	<b>\$ (3,360,649.)</b>	<b>\$ (3,268,222.)</b>	<b>\$ (3,720,525.)</b>	<b>\$ (4,063,405.)</b>	<b>\$ (3,889,083.)</b>
<b>General Revenues &amp; Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	\$ 1,227,280.	\$ 1,242,771.	\$ 1,240,551.	\$ 1,240,551.	\$ 1,257,152.	\$ 1,257,152.	\$ 1,266,620.	\$ 1,266,620.	\$ 1,311,526.	\$ 1,337,757.
Taxes Levied for Debt Service	42,519.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Federal and State Aid Not Restricted	1,489,447.	1,560,792.	1,766,276.	1,640,820.	1,930,591.	1,771,218.	1,748,711.	1,851,891.	1,854,049.	1,884,618.
Federal and State Aid Restricted	604,035.	516,684.	292,146.	249,146.	348,572.	270,992.	420,983.	437,415.	687,033.	665,721.
Tuition Received	354,182.	313,085.	201,197.	236,145.	111,892.	168,332.	8,105.	6,503.	8,115.	4,750.
Investment Earnings	90,308.	43,871.	5,406.	1,399.	4,726.	8,394.	9,535.	5,777.	4,749.	2,115.
Miscellaneous Income	6,474.	3,898.	337.	24,521.	22,465.	71,682.	6,376.	37,755.	10,507.	4,354.
Transfers	(76,102.)	(30,844.)	(15,000.)	(20,000.)	0.	(94,314.)	(30,000.)	(25,000.)	(16,661.)	(7,491.)
Disposition of Fixed Assets	0.	0.	0.	0.	(4,183.)	(1,549.)	0.	0.	0.	0.
<b>Total Governmental Activities</b>	<b>3,738,143</b>	<b>3,650,257</b>	<b>3,490,913</b>	<b>3,372,582</b>	<b>3,671,215</b>	<b>3,451,907</b>	<b>3,430,330</b>	<b>3,580,961</b>	<b>3,859,318</b>	<b>3,891,824</b>
<b>Business-Type Activities:</b>										
Investment Earnings	0.	0.	0.	0.	317.	458.	71.	0.	0.	0.
Transfers	76,102.	30,844.	15,000.	20,000.	0.	94,314.	30,000.	25,000.	16,661.	7,491.
<b>Total Business-Type Activities</b>	<b>76,102.</b>	<b>30,844.</b>	<b>15,000.</b>	<b>20,000.</b>	<b>317.</b>	<b>94,772.</b>	<b>30,071.</b>	<b>25,000.</b>	<b>16,661.</b>	<b>7,491.</b>
<b>Total District-Wide</b>	<b>\$ 3,814,245.</b>	<b>\$ 3,681,101.</b>	<b>\$ 3,505,913.</b>	<b>\$ 3,392,582.</b>	<b>\$ 3,671,532.</b>	<b>\$ 3,546,679.</b>	<b>\$ 3,460,401.</b>	<b>\$ 3,605,961.</b>	<b>\$ 3,875,979.</b>	<b>\$ 3,899,315.</b>
<b>Change in Net Position</b>										
Governmental Activities	(352,224.)	(72,838.)	(46,852.)	(455,020.)	259,958.	111,575.	185,786.	(111,369.)	(196,553.)	23,130.
Business-Type Activities	(2,683.)	(20,818.)	(17,268.)	(24,104.)	(25,080.)	74,455.	6,393.	(3,195.)	9,127.	(12,898.)
<b>Total District</b>	<b>\$ (354,907.)</b>	<b>\$ (93,656.)</b>	<b>\$ (64,120.)</b>	<b>\$ (479,124.)</b>	<b>\$ 234,878.</b>	<b>\$ 186,030.</b>	<b>\$ 192,179.</b>	<b>\$ (114,564.)</b>	<b>\$ (187,426.)</b>	<b>\$ 10,232.</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,008,196.	\$ 941,127.	\$ 1,084,613.	\$ 250,851.	\$ 546,557.	\$ 769,790.	\$ 1,045,474.	\$ 794,945.	\$ 648,511.	\$ 724,930.
Unreserved	256,591.	340,286.	203,485.	160,732.	191,726.	120,122.	93,108.	91,472.	43,495.	85,652.
<b>Total General Fund</b>	<b>\$ 1,264,787.</b>	<b>\$ 1,281,413.</b>	<b>\$ 1,288,098.</b>	<b>\$ 411,583.</b>	<b>\$ 738,283.</b>	<b>\$ 889,912.</b>	<b>\$ 1,138,582.</b>	<b>\$ 886,417.</b>	<b>\$ 692,006.</b>	<b>\$ 810,582.</b>
All Other Governmental Funds										
Unreserved, reported in:										
Capital Projects Fund	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 133,737.	\$ 50,321.	\$ 0.
Special Revenue Fund	(15,158.)	(17,333.)	(10,796.)	(10,796.)	(12,171.)	(8,114.)	(28,935.)	(27,576.)	(48,788.)	(50,909.)
<b>Total All Other Governmental Funds</b>	<b>\$ (15,158.)</b>	<b>\$ (17,333.)</b>	<b>\$ (10,796.)</b>	<b>\$ (10,796.)</b>	<b>\$ (12,171.)</b>	<b>\$ (8,114.)</b>	<b>\$ (28,935.)</b>	<b>\$ 106,161.</b>	<b>\$ 1,533.</b>	<b>\$ (50,909.)</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue</b>										
Tax levy	\$ 1,269,799.	\$ 1,242,771.	\$ 1,240,551.	\$ 1,240,551.	\$ 1,257,152.	\$ 1,257,152.	\$ 1,266,620.	\$ 1,266,620.	\$ 1,311,526.	\$ 1,337,757.
Tuition charges	354,182.	313,085.	201,197.	236,145.	111,892.	168,332.	8,105.	6,503.	8,115.	4,750.
Transportation fees	114,524.	121,149.	130,856.	69,407.	50,320.	61,030.	78,410.	63,771.	42,883.	34,292.
Interest earnings	90,308.	43,871.	5,406.	1,399.	4,726.	8,394.	9,535.	5,777.	4,749.	2,115.
Miscellaneous	6,474.	3,898.	337.	24,521.	22,465.	71,682.	6,376.	37,755.	10,507.	4,354.
State sources	2,251,755.	2,186,153.	2,090,047.	1,799,226.	2,216,486.	2,015,003.	2,256,705.	2,362,196.	2,631,647.	2,680,695.
Federal sources	215,684.	210,738.	180,877.	292,588.	250,143.	247,395.	183,198.	158,948.	175,214.	169,129.
<b>Total Revenue</b>	<b>4,302,726.</b>	<b>4,121,665.</b>	<b>3,849,271.</b>	<b>3,663,837.</b>	<b>3,913,184.</b>	<b>3,828,988.</b>	<b>3,808,949.</b>	<b>3,901,570.</b>	<b>4,184,641.</b>	<b>4,233,092.</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular instruction	1,101,897.	998,229.	831,631.	685,895.	624,817.	681,617.	727,898.	753,647.	723,407.	700,580.
Special education instruction	517,129.	369,938.	319,284.	434,769.	456,684.	540,499.	519,285.	559,852.	565,911.	554,169.
Other special instruction	15,934.	5,277.	58,859.	95,338.	84,318.	66,620.	69,735.	82,576.	91,407.	84,877.
School sponsored/other instruction	4,848.	3,867.	7,731.	6,337.	2,548.	3,640.	4,004.	4,004.	4,004.	3,276.
<b>Support services:</b>										
Tuition	356,891.	428,370.	443,632.	515,009.	574,352.	356,693.	209,719.	498,711.	779,246.	656,219.
Student & instruction related services	514,131.	458,826.	504,095.	583,194.	321,613.	360,819.	401,387.	354,133.	458,559.	439,276.
General administration	192,920.	234,510.	101,262.	153,693.	74,995.	65,502.	87,906.	96,767.	76,325.	65,971.
School administration services	77,039.	14,009.	57,569.	4,528.	83,090.	91,635.	72,854.	74,370.	67,811.	80,683.
Central services	0.	0.	68,471.	70,386.	69,060.	71,839.	72,103.	74,090.	86,750.	86,792.
Plant operations and maintenance	254,356.	235,077.	227,904.	239,932.	213,006.	233,359.	214,615.	269,667.	249,227.	244,020.
Pupil transportation	394,417.	382,945.	398,285.	400,006.	404,784.	444,950.	396,783.	436,955.	423,990.	381,951.
<b>Other support services:</b>										
Employee benefits	1,081,429.	939,105.	787,286.	868,511.	673,676.	661,757.	773,057.	736,187.	798,343.	858,949.
Special schools	12,789.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Capital outlay	45,937.	64,089.	15,040.	462,754.	4,916.	58.	1,754.	98,680.	142,039.	2,704.
<b>Debt service:</b>										
Principal	80,000.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Interest and other charges	3,880.	0.	0.	0.	0.	0.	0.	0.	0.	0.
<b>Total expenditures</b>	<b>\$ 4,653,597.</b>	<b>\$ 4,134,242.</b>	<b>\$ 3,821,049.</b>	<b>\$ 4,520,352.</b>	<b>\$ 3,587,859.</b>	<b>\$ 3,578,988.</b>	<b>\$ 3,551,100.</b>	<b>\$ 4,039,639.</b>	<b>\$ 4,467,019.</b>	<b>\$ 4,159,467.</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (350,871.)	\$ (12,577.)	\$ 28,222.	\$ (856,515.)	\$ 325,325.	\$ 250,000.	\$ 257,849.	\$ (138,069.)	\$ (282,378.)	\$ 73,625.
Other Financing sources (uses)										
Capital leases (non-budgeted)	45,937.	57,872.	0.	0.	0.	0.	0.	46,000.	0.	0.
Transfers in	0.	0.	0.	0.	0.	0.	0.	141,196.	0.	50,321.
Transfers out	(76,102.)	(30,844.)	(15,000.)	(20,000.)	0.	(94,314.)	(30,000.)	(166,196.)	(16,661.)	(57,812.)
Total other financing sources (uses)	(30,165.)	27,028.	(15,000.)	(20,000.)	0.	(94,314.)	(30,000.)	21,000.	(16,661.)	(7,491.)
Net change in fund balance	\$ (381,036.)	\$ 14,451.	\$ 13,222.	\$ (876,515.)	\$ 325,325.	\$ 155,686.	\$ 227,849.	\$ (117,069.)	\$ (299,039.)	\$ 66,134.
Debt service as a percentage of noncapital expenditures	1.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Downe Township School District  
General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Interest on Investments	Prior Year Refunds	Speech Teacher	E-Rate	Miscellaneous	Total
2007	\$ 354,182.	\$ 114,524.	\$ 90,308.	\$ 0.	\$ 0.	\$ 0.	\$ 6,474.	\$ 565,488.
2008	313,085.	121,149.	43,871.	0.	0.	0.	3,898.	482,003.
2009	201,197.	130,856.	5,406.	0.	0.	0.	337.	337,796.
2010	236,145.	69,407.	1,399.	16,128.	0.	4,482.	268.	327,829.
2011	111,892.	50,320.	4,726.	0.	0.	10,238.	3,345.	180,521.
2012	168,332.	61,030.	8,394.	42,281.	28,025.	0.	1,376.	309,438.
2013	8,105.	78,410.	9,535.	0.	0.	0.	3,260.	99,310.
2014	6,503.	63,771.	5,777.	26,145.	0.	0.	11,610.	113,806.
2015	8,115.	42,883.	4,749.	0.	0.	0.	9,369.	65,116.
2016	4,750.	34,292.	2,115.	0.	0.	0.	2,240.	43,397.

Source: District records



## **REVENUE CAPACITY**

DOWNE TOWNSHIP SCHOOL DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

	Year Ended Dec. 31	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
Downe Township	2006	\$ 76,190,588.	\$ 132,580,599.	57.47%
	2007	76,357,897	148,057,649	51.57%
	2008	74,867,354	160,883,762	46.54%
	2009	190,032,974	187,116,568	101.56%
	2010	187,960,477	183,547,265	102.40%
	2011	186,825,703	169,503,760	110.22%
	2012	186,331,180	158,175,003	117.80%
	2013	181,648,992	163,974,030	110.78%
	2014	178,154,545	153,055,966	116.40%
	2015	176,531,505	158,537,591	111.35%

Source: Abstract of Ratables, County Board of Taxation

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

Fiscal Year Ended June 30,	Downe Township School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate	Local Fire Districts
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality of Downe Twp.	Cumberland County			
2006	\$ 1.617	\$ 0.050	\$ 1.667	\$ -	1.808	\$ 4.358	\$ 0.883	
2007	1.628	0.000	1.628	0.000	1.915	4.174	0.631	
2008	1.657	0.000	1.657	0.000	2.029	4.352	0.666	
2009	0.653	0.000	0.653	0.000	0.882	1.535	0.000	
2010	0.668	0.000	0.668	0.000	0.886	1.853	0.299	
2011	0.673	0.000	0.673	0.185	0.875	2.037	0.304	
2012	0.680	0.000	0.680	0.203	0.807	2.006	0.316	
2013	0.698	0.000	0.698	0.218	0.887	2.123	0.320	
2014	0.737	0.000	0.737	0.231	0.883	2.190	0.339	
2015	0.840	0.000	0.840	0.273	1.026	2.493	0.354	

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 pre-budget year net budget by more than the spending growth limitation calculated as follows: the pre-budget 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

EXHIBIT J-8

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Hanson Aggregates BMC Inc.	\$ 3,795,600.	1	2.15%			
US Silica Company	1,492,900.	2	0.85%			
Heritage Hill Estates, LLC	1,106,500.	3	0.63%			
Taxpayer 1	1,000,800.	4	0.57%			
Taxpayer 2	853,000.	5	0.48%			
Taxpayer 3	675,400.	6	0.38%			
Lake Acres, Inc.	606,000.	7	0.34%			
BNC, 3 Galleria T C/O MF POER & CO.	544,500.	8	0.31%			
Newport Project LP	537,300.	9	0.30%			
Taxpayer 4	536,500.	10	0.30%			
Total	\$ 11,148,500.		6.32%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levies For and Collections	Collected Within the Fiscal Year of the Levy (a)		Collection in Subsequent Year
		Amount	Percentage of Levy	
2007	1,269,799.	1,269,799.	100.00%	
2008	1,242,771.	1,242,771.	100.00%	
2009	1,240,551.	1,240,551.	100.00%	
2010	1,240,551.	1,240,551.	100.00%	
2011	1,257,152.	1,257,152.	100.00%	
2012	1,257,152.	1,257,152.	100.00%	
2013	1,266,620.	1,266,620.	100.00%	
2014	1,266,620.	1,266,620.	100.00%	
2015	1,311,526.	1,311,526.	100.00%	
2016	1,337,757.	1,337,757.	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 municipal 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 the school year.

## **DEBT CAPACITY**

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

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
2007	0.	0.	35,855.	0.	0.	35,855.	0.07%	\$	21.	
2008	0.	0.	73,025.	0.	0.	73,025.	0.13%		43.	
2009	0.	0.	53,795.	0.	0.	53,795.	0.10%		32.	
2010	0.	0.	33,543.	0.	0.	33,543.	0.06%		21.	
2011	0.	0.	12,215.	0.	0.	12,215.	0.02%		8.	
2012	0.	0.	0.	0.	0.	0.	N/A		0.	
2013	0.	0.	0.	0.	0.	0.	N/A		0.	
2014	0.	0.	30,125.	0.	0.	30,125.	0.05%		19.	
2015	0.	0.	15,327.	0.	0.	15,327.	N/A		10.	
2016	0.	0.	0.	0.	0.	0.	N/A		N/A	

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

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	\$ 0.	\$ 0.	\$ 0.	N/A	N/A
2008	0.	0.	0.	N/A	N/A
2009	0.	0.	0.	N/A	N/A
2010	0.	0.	0.	N/A	N/A
2011	0.	0.	0.	N/A	N/A
2012	0.	0.	0.	N/A	N/A
2013	0.	0.	0.	N/A	N/A
2014	0.	0.	0.	N/A	N/A
2015	0.	0.	0.	N/A	N/A
2016	0.	0.	0.	N/A	N/A

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

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



DOWNE TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<b>Debt Repaid With Property Taxes:</b>			
Downe Township	\$ 1,476,510.	100.000%	\$ 1,476,510.
County of Cumberland - Township's Share	86,581,151.	1.824%	1,579,240.
<b>Subtotal, Overlapping Debt</b>			<b>3,055,750.</b>
Downe Township School District Direct Debt			0.
<b>Total Direct &amp; Overlapping Debt</b>			<b><u><u>\$ 3,055,750.</u></u></b>

Sources: Assessed value data used to estimate applicable percentages provided by County Board of Taxation.  
 Debt outstanding data provided by each government 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 Downe Twp. 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.

DOWNE TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 3,797,373.	\$ 4,392,872.	\$ 4,917,082.	\$ 5,287,492.	\$ 5,475,970.	\$ 5,068,690.	\$ 4,900,973.	\$ 4,762,192.	\$ 4,779,669.	\$ 4,721,665.
Total Net Debt Applicable to Limit	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Legal Debt Margin	\$ 3,797,373.	\$ 4,392,872.	\$ 4,917,082.	\$ 5,287,492.	\$ 5,475,970.	\$ 5,068,690.	\$ 4,900,973.	\$ 4,762,192.	\$ 4,779,669.	\$ 4,721,665.

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit      0.00%      0.00%      0.00%      0.00%      0.00%      0.00%      0.00%      0.00%      0.00%      0.00%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2015	\$ 160,181,926.
2014	158,072,368.
2013	153,912,172.
	<u>\$ 472,166,466.</u>
Average Equalized Valuation of Taxable Property	\$ 157,388,822.
Debt Limit (3 % of Average Equalization Value)	4,721,665. (a)
Total Net Debt Applicable to Limit	<u>0.</u>
Legal Debt Margin	<u>\$ 4,721,665.</u>

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 8 district; other % limits would be applicable for other district types.

**DEMOGRAPHIC AND ECONOMIC  
INFORMATION**

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income ( c )	Unemployment Rate (d)
2006	1,670	49,919,640.	29,892.	5.30%
2007	1,669	51,852,492.	31,068.	4.80%
2008	1,681	54,849,349.	32,629.	5.80%
2009	1,685	56,354,825.	33,445.	10.20%
2010	1,582	54,419,218.	34,399.	10.90%
2011	1,580	55,952,540.	35,413.	12.50%
2012	1,572	55,755,696.	35,468.	14.10%
2013	1,562	55,958,650.	35,825.	10.90%
2014	1,552	55,046,336.	35,468.	10.70%
2015	1,519	N/A	N/A	8.10%

**Source:**

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Personal income has been estimated based upon the municipal population and per capita personal income presented
- c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis
- d Unemployment data provided by the N.J. Dept. of Labor and Workforce Development



## **OPERATING INFORMATION**

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	18	16	16	16	15.5	16.5	16.5	18	18	16.5
Special Education	5	5	6	6	5	5.5	5.5	5.5	4.5	5.5
Other Special Education	2	0	0	0	0	0	0	0	0	0
Other Instruction	3	4	0	0	0	0	0	0	0	0
Support Services:										
Student & Instruction Related Services	9	6	6	6	3	2	2	1	1	1
General Administrative Services	1	1	2	2	2	2	2	2	2	2
School Administrative Services	1	1	1	1	1	1	1	1	1	1
Business Administrative Services	1	1	0	0	0	0	0	0	0	0
Plant Operations & Maintenance	3	2	2.5	2.5	2	2	2	2.5	2.5	2.5
Pupil Transportation	5	5	5	5	4	3.5	3.5	4	4	3.5
Food Service	4	1	1.5	1.5	1.5	1.5	1.5	1.5	1	1
<b>Total</b>	<b>52</b>	<b>42</b>	<b>40</b>	<b>40</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>35.5</b>	<b>34</b>	<b>33</b>

Source: District Personnel Records

DOWNE TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Pupil/Teacher Ratio			Average Daily Enrollment (ADA) (c)	Average Daily Attendance (ADA) (c)	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2007	194	\$ 4,523,780.	\$ 23,318.	23.36%	23	1:14	N/A	192.4	180.8	(10.59)%	94.00%	
2008	169	4,070,153.	24,084.	3.29%	22	1:14	N/A	172.0	162.0	(10.60)%	94.19%	
2009	167	3,806,009.	22,790.	(5.37)%	22	1:14	N/A	166.7	157.1	(3.08)%	94.20%	
2010	172	4,057,598.	23,591.	3.51%	22	1:14	N/A	174.2	163.4	4.50%	93.80%	
2011	163	3,587,859.	22,011.	(6.70)%	19	1:12	N/A	166.8	156.6	(4.25)%	93.88%	
2012	178	3,803,142.	21,366.	(2.93)%	19	1:14	N/A	180.7	171.0	8.33%	94.63%	
2013	189	3,549,346.	18,780.	(12.10)%	19	1:16	N/A	181.9	170.5	0.66%	93.73%	
2014	194	3,940,959.	20,314.	8.17%	20	1:16	N/A	189.0	178.9	3.90%	94.66%	
2015	191	4,324,980.	22,646.	11.48%	20	1:16	N/A	191.2	181.6	1.16%	94.98%	
2016	179	4,156,763.	23,222.	2.54%	19	1:15	N/A	178.3	169.6	(6.74)%	95.13%	

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4.
- 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).



DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Elementary:</u>										
220 Main Street (1971)	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035
Square Feet	295	295	295	295	295	295	295	295	295	295
Capacity (Students)	194	169	167	172	163	163	163	194	191	191
Enrollment										
<u>Other:</u>										
Administration Building	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344
Square Feet										
Transportation - Garage	750	750	750	750	750	750	750	750	750	750
Square Feet										
Storage Shed (1982)	288	288	288	288	288	288	288	288	288	288
Square Feet										
#2 Storage Shed (2002)	768	768	768	768	768	768	768	768	768	768
Square Feet										
#3 Storage Shed (2002)	768	768	768	768	768	768	768	768	768	768
Square Feet										

Number of Schools at June 30, 2015:  
Elementary = 1  
Other = 5

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. LRF was used to obtain district capacity. Enrollment is based on the annual October district count.

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

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

\*School Facilities

Project #(s)	<u>Primary School</u>
2007	25,096.
2008	32,362.
2009	31,660.
2010	26,606.
2011	22,446.
2012	28,752.
2013	38,267.
2014	38,471.
2015	58,118.
2016	<u>54,412.</u>
Total School Facilities	<u>\$ 356,190.</u>

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

Source: District records

DOWNE TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

	Coverage	Deductible
School Package Policy-Alliant Insurance Services, Inc.		
Property-Blanket Building & Contents	\$250,000,000.	\$ 100,000.
Boiler and Machinery	100,000,000.	10,000.
Extra Expense	50,000,000.	
Terrorism	100,000,000.	
Flood Zone Coverage	10,000,000.	
Earthquake	25,000,000.	
Cyber Coverage	2,000,000.	
Student Accident Insurance - Berkley Life and Health Insurance Co.	1,000,000.	
Student Accident Insurance Catastrophic - Markel Insurance Group	5,000,000.	25,000.
Automobile	Included	
Errors and Omissions	5,000,000.	5,000.
Workers' Compensation - New Jersey School Boards Association Insurance Group	2,000,000.	
Treasurer's Bond - Lois R. Buttner - Ohio Casualty Group	160,000.	
Business Administrator's Bond - Ohio Casualty Group:		
Stephanie Kuntz	25,000.	
School Alliance Insurance Fund Liability Coverage-School Alliance Insurance Fund	100,000.	1,000.
Excess Liability Insurance	150,000.	
School Legal Liability-National Union Fire Insurance Co.	5,000,000.	
School Leader Rick Protector-National Union Fire Insurance Co.	5,000,000.	35,000.
Pollution Liability Insurance-School Alliance Insurance Fund	1,000,000.	10,000.
Abuse or Molestation	1,000,000.	
Information Security & Privacy Insurance with Electronic Media Liability	2,000,000.	

Source: District records

## **SINGLE AUDIT SECTION**

K-1

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

Honorable President and  
Members of the Board of Education  
Downe Township School District  
County of Cumberland, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Downe Township School District in the County of Cumberland, 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 Downe Township Board of Education's basic financial statements, and have issued our report thereon dated November 18, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

November 18, 2016



CERTIFIED PUBLIC ACCOUNTANTS, LLC

Thinking ahead to  
achieve success.

MEMBERS:  
• American Institute of  
Certified Public Accountants  
• New Jersey Society of  
Certified Public Accountants

Wayne H. Triantos, CPA  
Samuel A. Delp, Jr., CPA

K-2

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

Independent Auditor's Report

Honorable President and  
Members of the Board of Education  
Downe Township School District  
County of Cumberland, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Downe Township School District, in the County of Cumberland, State of New Jersey, 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 Downe Township Board of Education's major state programs for the year ended June 30, 2016. Downe Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Downe Township Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Board of Education of the Downe Township School District, in the County of Cumberland, 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 its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Downe Township Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Downe Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with Uniform Guidance, and the New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Downe Township Board of Education's internal control over compliance.

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

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

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditure of State Awards Required by the New Jersey OMB's Circular 15-08

We have audited the financial statements of Board of Education of Downe Township School District in the County of Cumberland, State of New Jersey as of and for the year ended June 30, 2016, and have issued our report thereon dated November 18, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as the whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards, are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Samuel A. Delp, Jr.  
Public School Accountant, #745  
Triantos & Delp  
Certified Public Accountants, LLC

November 18, 2016

DOWNNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance 6/30/2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments
U.S. Department of Education Passed General Fund:											
Medical Asst Program	93.778	1605NJ5MAP		\$ 13,994.	07/01/15	- 06/30/16	\$ 0.	\$ 0.	\$ 8,030.	\$ (13,994.)	\$ 0.
<b>Total General Fund</b>							<b>0.</b>	<b>0.</b>	<b>8,030.</b>	<b>(13,994.)</b>	<b>0.</b>
U.S. Department of Education Passed Through State Dept. of Education: Special Revenue Fund:											
Title I, Part A	84.010	S010A150030	NCLB-112016	73,202.	07/01/15	- 06/30/16	0.	0.	38,370.	(79,304.)	0.
Title I, Part A	84.010	S010A150030	NCLB-112015	70,974.	07/01/14	- 06/30/15	(65,970.)	0.	65,970.	0.	0.
Title II, Part A	84.367	S367A150029	NCLB-112016	9,706.	07/01/15	- 06/30/16	0.	0.	0.	(3,145.)	0.
Title II, Part A	84.367	S367A150029	NCLB-112015	9,800.	07/01/14	- 06/30/15	(7,024.)	0.	7,024.	0.	0.
IDEA Part B Basic FT	84.027	H027A150100	FT-112016	61,422.	07/01/15	- 06/30/16	0.	0.	25,973.	(61,422.)	0.
IDEA Part B Basic FT	84.027	H027A150100	FT-112015	60,874.	07/01/14	- 06/30/15	(60,874.)	0.	60,874.	0.	0.
IDEA Preschool	84.173	H173A150114	PS-112016	790.	07/01/15	- 06/30/16	0.	0.	0.	(790.)	0.
IDEA Preschool	84.173	H173A150114	PS-112015	750.	07/01/14	- 06/30/15	(1,508.)	0.	1,508.	0.	0.
Race to the Top	84.413	B413A120008	RTTT-112011	6,144.	09/01/11	- 11/30/15	(2,236.)	0.	2,894.	(658.)	0.
REAP	84.358A			15,972.	07/01/15	- 09/30/16	0.	0.	7,475.	(7,478.)	0.
REAP	84.358A			15,185.	07/01/14	- 09/30/15	0.	0.	2,338.	(2,338.)	0.
REAP	84.358A			16,105.	07/01/13	- 09/30/14	(3.)	0.	3.	0.	0.
<b>Total Special Revenue Fund</b>							<b>(137,615.)</b>	<b>0.</b>	<b>212,429.</b>	<b>(155,135.)</b>	<b>0.</b>
U.S. Department of Agriculture Passed through State Dept. of Education Enterprise Fund:											
Food Distribution Program	10.555	16161NJ304N1099	N/A	11,748.	07/01/15	- 06/30/16	0.	0.	11,748.	(11,748.)	0.
National School Breakfast Program	10.553	16161NJ304N1099	N/A	8,672.	07/01/15	- 06/30/16	0.	0.	8,175.	(8,672.)	0.
National School Breakfast Program	10.553	16161NJ304N1099	N/A	9,532.	07/01/14	- 06/30/15	(732.)	0.	732.	0.	0.
National School Lunch Program	10.555	16161NJ304N1099	N/A	27,968.	07/01/15	- 06/30/16	0.	0.	26,408.	(27,968.)	0.
National School Lunch Program	10.555	16161NJ304N1099	N/A	33,539.	07/01/14	- 06/30/15	(2,844.)	0.	2,844.	0.	0.
<b>Total Enterprise Fund</b>							<b>(3,576.)</b>	<b>0.</b>	<b>49,907.</b>	<b>(48,388.)</b>	<b>0.</b>
<b>Total Federal Awards</b>							<b>\$ (141,191.)</b>	<b>\$ 0.</b>	<b>\$ 270,366.</b>	<b>\$ (217,517.)</b>	<b>\$ 0.</b>

The Accompanying Notes to Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule.

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period		Repayment of Prior Yrs' Balances	Balance at June 30, 2016		Due to Grantor	Note
					From	To		Accounts Receivable	Deferred Revenue		
U.S. Department of Education Passed General Fund: Medical Asst Program	93.778	1605NJ5MAP		\$ 13,994.	07/01/15	06/30/16	\$ 0.	\$ (5,964.)	\$ 0.	\$ 0.	
<b>Total General Fund</b>							0.	(5,964.)	0.	0.	
U.S. Department of Education Passed Through State Dept. of Education: Special Revenue Fund:											
Title I, Part A	84.010	S010A150030	NCLB-112016	73,202.	07/01/15	06/30/16	0.	(40,934.)	0.	0.	
Title I, Part A	84.010	S010A150030	NCLB-112015	70,974.	07/01/14	06/30/15	0.	0.	0.	0.	
Title II, Part A	84.367	S367A150029	NCLB-112016	9,706.	07/01/15	06/30/16	0.	(3,145.)	0.	0.	
Title II, Part A	84.367	S367A150029	NCLB-112015	9,800.	07/01/14	06/30/15	0.	0.	0.	0.	
IDEA Part B Basic FT	84.027	H027A150100	FT-112016	61,422.	07/01/15	06/30/16	0.	(35,449.)	0.	0.	
IDEA Part B Basic FT	84.027	H027A150100	FT-112015	60,874.	07/01/14	06/30/15	0.	0.	0.	0.	
IDEA Preschool	84.173	H173A150114	PS-112016	790.	07/01/15	06/30/16	0.	(790.)	0.	0.	
IDEA Preschool	84.173	H173A150114	PS-112015	750.	07/01/14	06/30/15	0.	0.	0.	0.	
Race to the Top	84.413	B413A120008	RTTT-112011	6,144.	09/01/11	11/30/15	0.	0.	0.	0.	
REAP	84.358A			15,972.	07/01/15	09/30/16	0.	0.	0.	0.	
REAP	84.358A			15,185.	07/01/14	09/30/15	0.	(3.)	0.	0.	
REAP	84.358A			16,105.	07/01/13	09/30/14	0.	0.	0.	0.	
<b>Total Special Revenue Fund</b>							0.	(80,321.)	0.	0.	
U.S. Department of Agriculture Passed through State Dept. of Education Enterprise Fund:											
Food Distribution Program	10.555	16161NJ304N1099	N/A	11,748.	07/01/15	06/30/16	0.	0.	0.	0.	
National School Breakfast Program	10.553	16161NJ304N1099	N/A	8,672.	07/01/15	06/30/16	0.	(497.)	0.	0.	
National School Breakfast Program	10.553	16161NJ304N1099	N/A	9,532.	07/01/14	06/30/15	0.	0.	0.	0.	
National School Lunch Program	10.555	16161NJ304N1099	N/A	27,968.	07/01/15	06/30/16	0.	(1,560.)	0.	0.	
National School Lunch Program	10.555	16161NJ304N1099	N/A	33,539.	07/01/14	06/30/15	0.	0.	0.	0.	
<b>Total Enterprise Fund</b>							0.	(2,057.)	0.	0.	
<b>Total Federal Awards</b>							\$ 0.	\$ (88,342.)	\$ 0.	\$ 0.	

The Accompanying Notes to Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule.

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period		Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances
			From	To	Deferred Revenue (Accts Rec.)	Due to Grantor	Carryover/ (Walkover) Amount			
State Department of Education:										
General Fund:										
Equalization Aid	16-495-034-5120-078	\$ 1,148,599.	07/01/15	06/30/16	\$ 0.	\$ 0.	\$ 1,148,599.	\$ (1,148,599.)	\$ 0.	
School Choice Aid	16-495-034-5120-068	198,816.	07/01/15	06/30/16	0.	0.	198,816.	(198,816.)	0.	
Categorical Security Aid	16-495-034-5120-084	40,699.	07/01/15	06/30/16	0.	0.	40,699.	(40,699.)	0.	
Transportation Aid	16-495-034-5120-014	113,283.	07/01/15	06/30/16	0.	0.	113,283.	(113,283.)	0.	
Categorical/Special Education Aid	16-495-034-5120-089	109,379.	07/01/15	06/30/16	0.	0.	109,379.	(109,379.)	0.	
Adjustment Aid	16-495-034-5120-085	199,790.	07/01/15	06/30/16	0.	0.	199,790.	(199,790.)	0.	
Additional Adjustment Aid	16-495-034-5120-085	41,420.	07/01/15	06/30/16	0.	0.	41,420.	(41,420.)	0.	
PARCC Readiness Aid	16-495-034-5120-098	1,970.	07/01/15	06/30/16	0.	0.	1,970.	(1,970.)	0.	
Per Pupil Growth Aid	16-495-034-5120-097	1,970.	07/01/15	06/30/16	0.	0.	1,970.	(1,970.)	0.	
Extraordinary aid	16-495-034-5120-044	9,167.	07/01/15	06/30/16	0.	0.	0.	(9,167.)	0.	
Extraordinary aid	15-495-034-5120-044	6,948.	07/01/14	06/30/15	(6,948.)	0.	6,948.	0.	0.	
On-Behalf TPAF Post Retirement Medical	16-495-034-5095-001	112,872.	07/01/15	06/30/16	0.	0.	112,872.	(112,872.)	0.	
On-Behalf TPAF Pension Contrib.	16-495-034-5095-002	94,793.	07/01/15	06/30/16	0.	0.	94,793.	(94,793.)	0.	
Reimbursed TPAF Soc. Sec. Contrib.	16-495-034-5095-003	91,820.	07/01/15	06/30/16	0.	0.	91,820.	(91,820.)	0.	
Reimbursed TPAF Soc. Sec. Contrib.	15-495-034-5095-003	95,048.	07/01/14	06/30/15	(4,752.)	0.	4,752.	0.	0.	
Additional Non-Public Transportation	16-495-034-5120	1,587.	07/01/15	06/30/16	0.	0.	0.	(1,587.)	0.	
Additional Non-Public Transportation	15-495-034-5120	1,587.	07/01/14	06/30/15	(1,587.)	0.	1,587.	0.	0.	
Total General Fund					(13,287.)	0.	2,168,698.	(2,166,165.)	0.	
Special Revenue Fund:										
Pre-School Education Aid	16-495-034-5120-086	509,088.	07/01/15	06/30/16	0.	0.	509,088.	(512,707.)	0.	
Pre-School Education Aid	15-495-034-5120-086	487,876.	07/01/14	06/30/15	35,115.	0.	0.	0.	0.	
Total Special Revenue Fund					35,115.	0.	509,088.	(512,707.)	0.	
State Department of Agriculture Enterprise Fund:										
National School Lunch Program (State Share)	16-100-010-3350-023	615.	07/01/15	06/30/16	0.	0.	581.	(615.)	0.	
National School Lunch Program (State Share)	15-100-010-3350-023	762.	07/01/14	06/30/15	(59.)	0.	59.	0.	0.	
Total Enterprise Fund					(59.)	0.	640.	(615.)	0.	
Total State Financial Assistance					\$ 21,769.	\$ 0.	\$ 2,678,426.	\$ (2,679,487.)	\$ 0.	

The Accompanying Notes to Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule.

DOWNE TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period		Balance at June 30, 2016			MEMO		Note
			From	To	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expend.	
State Department of Education:										
General Fund:										
Equalization Aid	16-495-034-5120-078	\$ 1,148,599.	07/01/15	06/30/16	\$ 0.	\$ 0.	\$ 0.	103,453.	\$ 1,148,599.	
School Choice Aid	16-495-034-5120-068	198,816.	07/01/15	06/30/16	0.	0.	0.	19,882.	198,816.	
Categorical Security Aid	16-495-034-5120-084	40,699.	07/01/15	06/30/16	0.	0.	0.	4,070.	40,699.	
Transportation Aid	16-495-034-5120-014	113,283.	07/01/15	06/30/16	0.	0.	0.	11,328.	113,283.	
Categorical Special Education Aid	16-495-034-5120-089	109,379.	07/01/15	06/30/16	0.	0.	0.	10,938.	109,379.	
Adjustment Aid	16-495-034-5120-085	199,790.	07/01/15	06/30/16	0.	0.	0.	19,979.	199,790.	
Additional Adjustment Aid	16-495-034-5120-085	41,420.	07/01/15	06/30/16	0.	0.	0.	4,142.	41,420.	
PARCC Readiness Aid	16-495-034-5120-098	1,970.	07/01/15	06/30/16	0.	0.	0.	197.	1,970.	
Per Pupil Growth Aid	16-495-034-5120-097	1,970.	07/01/15	06/30/16	0.	0.	0.	197.	1,970.	
Extraordinary aid	16-495-034-5120-044	9,167.	07/01/15	06/30/16	(9,167.)	0.	0.	917.	9,167.	
Extraordinary aid	15-495-034-5120-044	6,948.	07/01/14	06/30/15	0.	0.	0.	0.	0.	
On-Behalf TPAF Post Retirement Medical	16-495-034-5095-001	112,872.	07/01/15	06/30/16	0.	0.	0.	0.	112,872.	
On-Behalf TPAF Pension Contrib.	16-495-034-5095-002	94,793.	07/01/15	06/30/16	0.	0.	0.	0.	94,793.	
Reimbursed TPAF Soc. Sec. Contrib.	16-495-034-5095-002	91,820.	07/01/15	06/30/16	0.	0.	0.	0.	91,820.	
Reimbursed TPAF Soc. Sec. Contrib.	15-495-034-5095-002	95,048.	07/01/14	06/30/15	0.	0.	0.	0.	0.	
Additional Non-Public Transportation	16-495-034-5120	1,587.	07/01/15	06/30/16	(1,587.)	0.	0.	0.	1,587.	
Additional Non-Public Transportation	15-495-034-5120	1,587.	07/01/14	06/30/15	0.	0.	0.	0.	0.	
Total General Fund					(10,754.)	0.	0.	175,102.	2,166,165.	
Special Revenue Fund:										
Pre-School Education Aid	16-495-034-5120-086	509,088.	07/01/15	06/30/16	0.	31,496.	0.	50,909.	512,707.	
Pre-School Education Aid	15-495-034-5120-086	487,876.	07/01/14	06/30/15	0.	0.	0.	0.	0.	
Total Special Revenue Fund					0.	31,496.	0.	50,909.	512,707.	
State Department of Agriculture Enterprise Fund:										
National School Lunch Program (State Share)	16-100-010-3350-023	762.	07/01/15	06/30/16	(34.)	0.	0.	0.	615.	
National School Lunch Program (State Share)	15-100-010-3350-023		07/01/14	06/30/15	0.	0.	0.	0.	0.	
Total Enterprise Fund					(34.)	0.	0.	0.	615.	
Total State Financial Assistance					\$ (10,788.)	\$ 31,496.	\$ 0.	\$ 226,011.	\$ 2,679,487.	

The Accompanying Notes to Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule.

**DOWNE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**

**NOTE 1 - GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Downe Township School District. The Board of Education is defined in Note 1 to the Board'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 is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 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 presentation of, the basic financial statements.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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 last state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2,

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,944 for the general fund and \$(2,121) for the special revenue fund. See *Note 1 (the 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 revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 13,994.	\$ 2,170,109.	\$ 2,184,103.
Special Revenue Fund	155,135.	510,586.	665,721.
Food Service Fund	48,388.	615.	49,003.
Total Financial Assis.	<u>\$ 217,517.</u>	<u>\$ 2,681,310.</u>	<u>\$ 2,898,827.</u>

**DOWNE TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2016**

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

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

**NOTE 5 - OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the 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.

**NOTE 6. SUBRECIPIENTS**

The District had no expenditures to subrecipients during the year ended June 30, 2016

**NOTE 7. INDIRECT COSTS**

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**DOWNE 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 weakness(es) identified?  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| 2. | Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |

Noncompliance material to general purpose financial statements noted?  Yes  No

**Federal Awards**

N/A – No major federal programs

**State Awards**

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

Auditee qualified as low risk auditee?  Yes  No

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

Internal Control over major programs:

- |    |  |                              |   |
|----|--|------------------------------|---|
| 1. | Material weakness(es) identified?  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| 2. | Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08  Yes  No



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

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

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-068	School Choice Aid
495-034-5120-085	Additional Adjustment Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid

*Section II – Financial Statement Findings*

None Reported

*Section III – Federal Awards and State Financial Assistance  
Findings and Questioned Costs*

**Federal Awards**

N/A

**State Awards**

None Reported

**DOWNE TOWNSHIP SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**STATUS OF PRIOR YEAR FINDINGS**

**Finding:**

None Reported