

**SCHOOL DISTRICT**  
**OF**  
**FREDON TOWNSHIP**

**Fredon Township School District**  
**Board of Education**  
**Newton, Sussex County**  
**New Jersey**

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



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Fredon Township School District**

**Board of Education**

**Newton, New Jersey**

**For the Fiscal Year Ending June 30, 2016**

**Prepared by**

**Fredon Township School District**

**Board of Education**

**Finance Department**



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# Introductory Section





# *Fredon Township School*

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459 Route 94  
Newton, N.J. 07860

(973) 383-4151  
Fax (973) 383-3644

September 2016

Honorable President and  
Members of the Board of Education  
Fredon Township School District  
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Fredon Township School 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 Board of Education (Board), to the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of 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 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. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "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: Fredon Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Fredon Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These included regular as well as special needs education for youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 238 students. The following detail reflects the changes in the student enrollment of the Fredon Township School District over the past seven years.

## Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008-09	335	1%
2009-10	345	3%
2010-11	334	(3%)
2011-12	323	(3%)
2012-13	326	1%
2013-14	280	(14%)
2014-15	245	(13%)
2015-16	231	(14%)

2) **ECONOMIC CONDITION AND OUTLOOK:** The Five-Year Comprehensive Long-Range Facility Plan was completed as per N.J.A.C.6:22-7.1. The District has continued its efforts toward making improvements in the facility and school grounds.

As the District looks to the future, there will be several challenges facing it, including the economics of constrained costs in a small school district. The Fredon District has made several good decisions to improve the management of its resources over the past years.

3) **MAJOR INITIATIVES:** During the 2015-2016 School year the district imposed their 1:1 Technology Initiative. All fifth and sixth grade students were able to utilize laptops on a 1:1 basis throughout the duration of the day. Language Arts and Math benchmark testing was initiated to better determine basic skills needs and instruction. The district also updated their sixth grade science curriculum to align with the NJ Next Generation Science Standards. Lastly, we assessed our need to implement a new Language Arts program, Journey's, for grades K-3 in order to better align the instruction with the current core curriculum standards.

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

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

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue 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.

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

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

<b>Revenues:</b>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$4,770,554	81.47%	\$107,932	2.31%
State Sources	1,040,008	17.76%	29,180	2.89%
Federal Sources	<u>44,865</u>	<u>0.77%</u>	<u>(68,060)</u>	-60.27%
<b>Total:</b>	<b><u>\$5,855,427</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 69,052</u></b>	<b>1.19%</b>

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and decreases in relation to prior year amounts.

<b>Expenditure:</b>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current Expense:				
Instruction	\$1,636,803	32.18%	\$ (221,156)	-11.90%
Undistributed	<u>\$2,965,832</u>	<u>58.71%</u>	<u>\$ (214,350)</u>	-6.74%
Total	\$4,602,635	90.50%	\$ (435,506)	-8.64%
Capital Outlay	\$ 93,685	1.84%	\$ 16,959	22.10%
Debt Service	\$ 344,752	6.78%	\$ 24,225	7.56%
Special Revenue	<u>\$ 44,865</u>	<u>0.88%</u>	<u>\$ (68,060)</u>	-60.27%
<b>Total:</b>	<b><u>\$5,085,937</u></b>	<b><u>100.00%</u></b>	<b><u>\$ (462,382)</u></b>	<b>-8.33%</b>

DEBT ADMINISTRATION: At June 30, 2016, the District had \$4,435,000 in outstanding debt issues for the school construction project.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". Note 2. The District has adopted a cash management plan, 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 loss of funds on deposit with funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ardito & Company, LLP. 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 and the related OMB Uniform Guidance and State Treasury OMB Circular Letter 15-08. The auditor's report on the general purpose financial statement and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Fredon Township Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our 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,



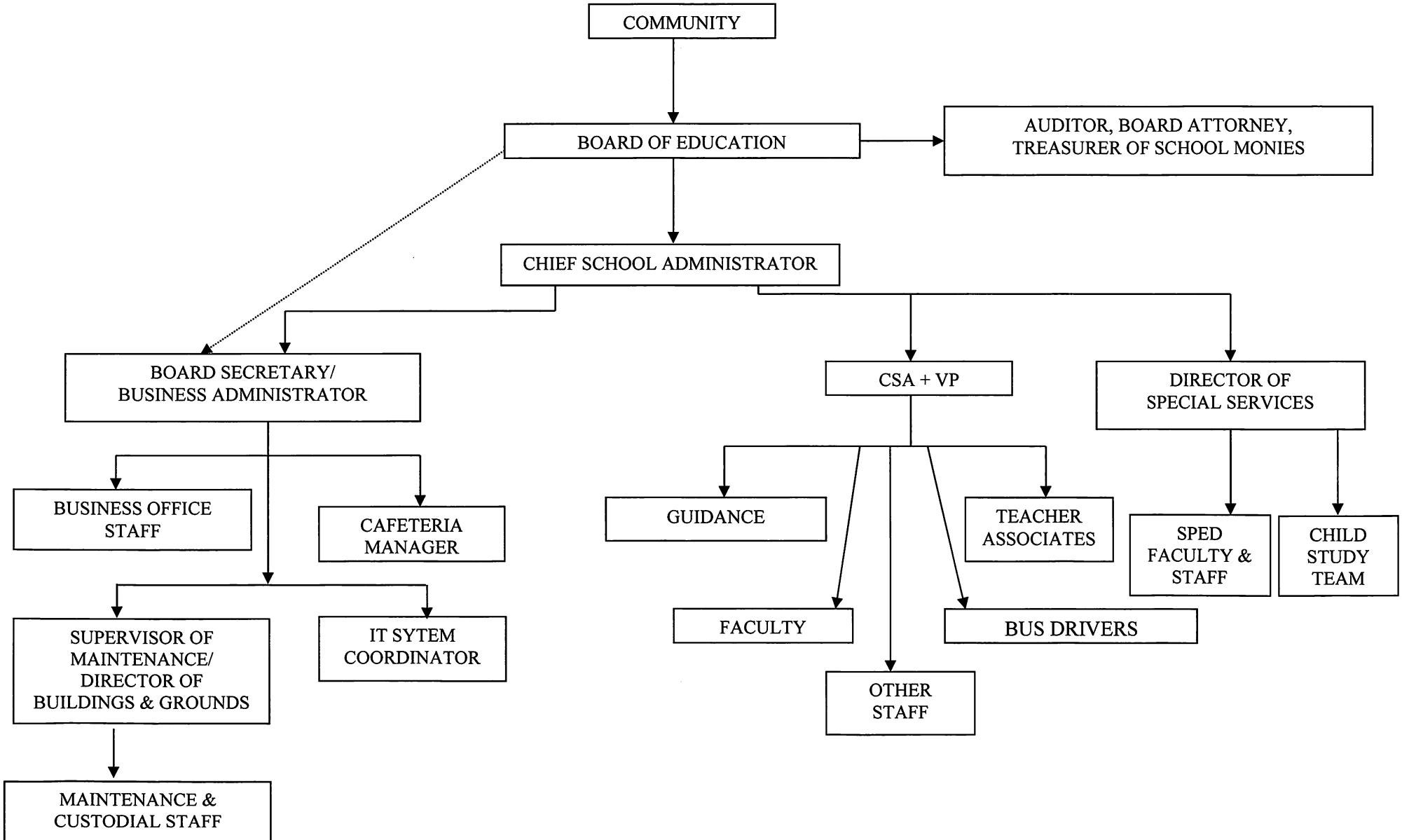
Martin G. Sumpman  
Acting Chief School Administrator



Kristy McFarlane  
School Business Administrator/Board Secretary

FREDON TOWNSHIP BOARD OF EDUCATION  
Newton, NJ 07860

**ORGANIZATION CHART**







**FREDON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2016**

**Members of the Board of Education**

**Term Expires**

Courtney Wisinski, <i>President</i>	2017
John Niemasz, <i>Vice-President</i>	2018
Christina Liuzza	2017
John Payne	2016
Thomas Knutelsky	2016

**Other Officials**

Mr. Sean Dolan, *Superintendent of Schools*

Kristy McFarlane, *Board Secretary/School Business Administrator*

Kerry A. Keane, *Treasurer*

**FREDON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

**Ardito & Co., LLP**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**Attorney**

**Nathanya Simon, Esquire**  
**Schwartz, Simon, Edelstein**  
10 James Street  
Florham Park, New Jersey 07932

**Official Depository**

**Lakeland Bank**  
Fredon Branch  
Route 94  
Newton, New Jersey 07860

# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
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e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

### **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Fredon Township School District  
County of Sussex  
Newton, New Jersey 07860

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Fredon Township School District Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fredon Township School District Board of Education, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fredon Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 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.

-Continued-

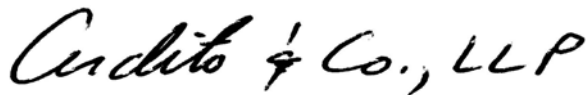
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, on our consideration of the Fredon Township School District 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP  
September 30, 2016



Licensed Public School Accountant No. 2369

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

The discussion and analysis of FredonTownship School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- ◆ In total, Net Position increased \$871,249 which represents a 139.2% decrease from 2015.
- ◆ General revenues accounted for \$4,770,575 in revenue or 72.7% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,788,434 or 27.3% of total revenues of \$6,559,009.
- ◆ Total assets of governmental activities increased by \$708,552, as cash and cash equivalents increased by \$934,565, receivables decreased by \$49,708, and capital assets decreased by \$178,249.
- ◆ The School District had \$5,687,760 in expenses; only \$1,788,434 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,770,575 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$5,465,766 in revenues and \$4,658,070 in expenditures. The General Fund's surplus balance increased \$807,696 over 2015, which compares favorably to the budgeted decrease of \$00.

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand FredonTownship School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of FredonTownship School District, the General Fund is by far the most significant fund.

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

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

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2016 compared to 2015.

	<u>2016</u>	<u>2015</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,694,113	\$ 807,312
Capital Assets	<u>4,693,541</u>	<u>4,871,790</u>
<b>Total Assets</b>	<u>6,387,654</u>	<u>5,679,102</u>
<b>Deferred Outflows of Resources</b>	<u>187,982</u>	<u>95,690</u>
<b>Liabilities</b>		
Long-Term Liabilities	5,643,978	6,024,420
Other Liabilities	<u>204,912</u>	<u>89,395</u>
<b>Total Liabilities</b>	<u>5,848,890</u>	<u>6,113,815</u>
<b>Deferred Inflows of Resources</b>	<u>481,217</u>	<u>286,697</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	258,541	281,790
Restricted	1,355,826	568,709
Unrestricted	<u>(1,368,838)</u>	<u>(1,476,219)</u>
<b>Total Net Position</b>	<u>\$ 245,529</u>	<u>\$ (625,720)</u>

FREDON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Total assets of governmental activities increased by \$708,552, as cash and cash equivalents increased by \$934,565, receivables decreased by \$49,708, and capital assets decreased by \$178,249.

The cash increase was mainly due to operational efficiency towards budget, net of capital addition spending, and the decrease in capital assets was due to depreciation expense, net of capital outlay (fund 12) spending for various capital acquisitions.

Table 2 shows the changes in Net Position from fiscal year 2015.

**Table 2**  
**Changes in Net Position**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 60,501	\$ 49,993
Operating Grants and Contributions	1,727,933	1,577,453
General Revenues:		
Property Taxes	4,763,234	4,657,154
Federal & State Aid on Capital Asset Projects		
Investment Earnings	2,677	3,002
Other	4,664	3,472
<b>Total Revenues</b>	<u>6,559,009</u>	<u>6,291,074</u>
<b>Program Expenses</b>		
Instruction	2,861,763	3,102,976
Support Services:		
Tuition	89,706	114,849
Pupils and Instructional Staff	842,836	774,901
General Administration, School Administration, Business	638,931	758,186
Operations and Maintenance of Facilities	668,616	724,372
Pupil Transportation	293,174	285,884
Business-Type Activities	82,865	77,385
Interest and Fiscal Charges	209,869	216,101
<b>Total Expenses</b>	<u>5,687,760</u>	<u>6,054,654</u>
Increase in Net Position	<u>\$ 871,249</u>	<u>\$ 236,420</u>

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 72.6% percent of revenues for governmental activities for the Fredon Township School District for the fiscal year 2016.

Instruction comprises 50.3% of district expenses. Support services expenses make up 44.5% of the expenses.

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

**Table 3**

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 2,861,763	\$ 1,983,486	\$ 3,102,976	\$ 2,285,639
Support Services:				
Tuition	89,706	66,180	114,849	87,519
Pupils and Instructional Staff	842,836	588,080	774,901	556,507
General Admin., School Admin., Business	638,931	450,167	758,186	577,762
Operation and Maintenance of Facilities	668,616	471,083	724,372	551,995
Pupil Transportation	293,174	207,821	285,884	217,853
Business-Type Activities	82,865	1,158	77,385	6,833
Interest and Fiscal Charges	<u>209,869</u>	<u>131,351</u>	<u>216,101</u>	<u>143,100</u>
<b>Total Expenses</b>	<u>\$ 5,687,760</u>	<u>\$ 3,899,326</u>	<u>\$ 6,054,654</u>	<u>\$ 4,427,208</u>

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

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

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

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

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

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 69.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 70.4%. The community, as a whole, is the primary support for the FredonTownship School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$5,855,427 and expenditures of \$5,085,937. The General Fund's surplus balance increased \$807,696 over 2015, which compares favorably to the budgeted decrease of \$0.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2016 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$5,042,015, \$12,908 over original budgeted estimates of \$5,029,107. This difference was due primarily to an increases in miscellaneous revenue and non-public transportation aid.

General fund revenues exceeded expenditures by \$807,696. Again this surplus compares to a budgeted deficit of \$0, which was due to the budgeted use of surplus needed to balance the 2015-2016 budget. The surplus gain was due to cost savings in the areas of instruction, tuition, related services, administration and benefits.

Overall general fund balance (budget basis) was \$1,616,201, and amounts ear-marked and reserved for future purposes were \$1,035,246, creating a surplus in unreserved fund balance of \$255,632. Management believes unreserved fund balance at or near statutory levels will provide adequate working capital for the district.

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$4,690,324 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2016</u>	<u>2015</u>
Land		
Land Improvements	-	-
Buildings and Improvements	4,643,822	4,788,755
Machinery and Equipment	<u>46,502</u>	<u>83,035</u>
Totals	<u>\$ 4,690,324</u>	<u>\$ 4,871,790</u>

Overall capital assets decreased \$181,466 from fiscal year 2015 to fiscal year 2016. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$44,535 were purchased during fiscal year 2016 for the new A/C unit.

**Debt Administration**

At June 30, 2016, the School District had \$4,535,249 as outstanding long term debt. Of this amount, \$100,249 is for compensated absences and \$4,435,000 is for bonds payable outstanding.

At June 30, 2016, the School District's overall legal debt margin was \$6,556,378 and the unvoted debt margin was the same.

FREDON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**For the Future**

The Fredon Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes. However, future finances are not without challenges as enrollment and state funding is decreased.

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

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Kristy McFarlane, School Business Administrator/ Board Secretary at Fredon Township School District, 459 Route 94, Newton, NJ, 07860, (973) 579-5838).



# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2016

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 553,659	\$ 3,596	\$ 557,255
Receivables, Net	95,230	781	96,011
Interfund Receivables		5,884	5,884
Inventory		4,466	4,466
Restricted Assets:			
Capital Reserve Account - Cash	1,030,497		1,030,497
Capital Assets, Net (Note 5):	4,693,541		4,693,541
<b>Total Assets</b>	<b>6,372,927</b>	<b>14,727</b>	<b>6,387,654</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	187,982		187,982
<b>LIABILITIES</b>			
Accounts Payable	48,407		48,407
Unearned Revenue	62,019	3,098	65,117
Interfund Payable	5,884		5,884
Accrued Interest	85,504		85,504
Net Pension Liability (Note 7)	1,108,729		1,108,729
Noncurrent Liabilities (Note 6):			
Due Within One Year	165,000		165,000
Due Beyond One Year	4,370,249		4,370,249
<b>Total Liabilities</b>	<b>5,845,792</b>	<b>3,098</b>	<b>5,848,890</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	481,217		481,217
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	258,541		258,541
Restricted for:			
Other Purposes	1,355,820		1,355,820
Capital Projects Fund	5		5
Debt Service Fund	1		1
Unrestricted	(1,380,467)	11,629	(1,368,838)
<b>Total Net Position</b>	<b>\$ 233,900</b>	<b>\$ 11,629</b>	<b>\$ 245,529</b>

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	CHARGES	OPERATING	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	FOR	GRANTS AND	ACTIVITIES	ACTIVITIES		
EXPENSES	SERVICES	CONTRIBUTIONS				
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,296,540	\$ 711,967	\$ (1,584,573)		\$ (1,584,573)	
Special Education	318,778	94,179	(224,599)		(224,599)	
Other Special Instruction	246,445	72,131	(174,314)		(174,314)	
Support Services:						
Tuition	89,706	23,526	(66,180)		(66,180)	
Student & Instruction Related Serv.	842,836	254,756	(588,080)		(588,080)	
School Administrative Services	113,042	33,397	(79,645)		(79,645)	
General and Business Admin. Serv.	525,889	155,367	(370,522)		(370,522)	
Plant Operations and Maintenance	668,616	197,533	(471,083)		(471,083)	
Pupil Transportation	293,174	85,353	(207,821)		(207,821)	
Interest Expense and Fiscal Charges	187,591	78,518	(109,073)		(109,073)	
Unallocated Depreciation	22,278		(22,278)		(22,278)	
Total Governmental Activities	5,604,895	-	1,706,727	(3,898,168)	(3,898,168)	
Business-Type Activities:						
Food Service	80,015	\$ 51,767	21,206	\$ (7,042)	(7,042)	
AM Program	2,850	8,734		5,884	5,884	
Total Business-Type Activities	82,865	60,501	21,206	(1,158)	(1,158)	
Total Primary Government	\$ 5,687,760	\$ 60,501	\$ 1,727,933	\$ (3,898,168)	\$ (1,158)	\$ (3,899,326)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net			\$ 4,497,000		\$ 4,497,000	
Property Taxes. Levied for Debt Service			266,234		266,234	
Investment Earnings			2,656	\$ 21	2,677	
Miscellaneous Income			4,664		4,664	
Total General Revenues, Special Items, Extraor. Items a			4,770,554	21	4,770,575	
Change in Net Position			872,386	(1,137)	871,249	
Net Position—Beginning			(638,486)	12,766	(625,720)	
<b>Net Position—Ending</b>			<b>\$ 233,900</b>	<b>\$ 11,629</b>	<b>\$ 245,529</b>	

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

## **FUND FINANCIAL STATEMENTS**

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



FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,570,089	\$ 14,062	\$ 5		\$ 1,584,156
Receivables from Other Governments	38,419	53,311		\$ 1	91,731
Other Receivables	3,499				3,499
Interfund Receivables	266,234			266,234	532,468
<b>TOTAL ASSETS</b>	<b>\$ 1,878,241</b>	<b>\$ 67,373</b>	<b>\$ 5</b>	<b>\$ 266,235</b>	<b>\$ 2,211,854</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 43,053	\$ 5,354			\$ 48,407
Interfund Payable	272,118			\$ 266,234	538,352
Deferred Revenue	-	62,019			62,019
<b>Total Liabilities</b>	<b>315,171</b>	<b>67,373</b>	<b>-</b>	<b>266,234</b>	<b>648,778</b>
<b>Fund Balances:</b>					
<u>Restricted for:</u>					
Capital Reserve Account	1,030,497				1,030,497
Excess Surplus	325,323				325,323
<u>Assigned to:</u>					
Year-End Encumbrances	4,749				4,749
Capital Projects Fund			\$ 5		5
Debt Service Fund				1	1
<u>Unassigned:</u>					
General Fund - Unreserved, Undesignated	202,501				202,501
<b>Total Fund Balances</b>	<b>1,563,070</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>1,563,076</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,878,241</b>	<b>\$ 67,373</b>	<b>\$ 5</b>	<b>\$ 266,235</b>	<b>\$ 2,211,854</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,913,975 and the accumulated depreciation is \$2,220,434.

\$ 4,693,541

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

187,982

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

(481,217)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 7)

(1,108,729)

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund statement (see Note 6)

(85,504)

Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(4,535,249)

Net position of governmental activities

\$ 233,900

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
<b>Local sources:</b>					
Local Tax Levy	\$ 4,497,000			\$ 266,234	\$ 4,763,234
Tuition					
Miscellaneous	7,276		\$ 44		7,320
<b>Total - Local Sources</b>	<b>4,504,276</b>		<b>44</b>	<b>266,234</b>	<b>4,770,554</b>
<b>State Sources</b>	961,490			78,518	1,040,008
<b>Federal Sources</b>		\$ 44,865			44,865
<b>Total Revenues</b>	<b>5,465,766</b>	<b>44,865</b>	<b>44</b>	<b>344,752</b>	<b>5,855,427</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	1,266,193	39,113			1,305,306
Special Education Instruction	209,019				209,019
Other Special Instruction	161,591				161,591
Support services and undistributed costs:					
Tuition	89,706				89,706
Student and Instruction Related Services	546,885	5,752			552,637
School Administrative Services	74,120				74,120
Other Administrative Services	344,819				344,819
Plant Operations and Maintenance	390,023				390,023
Pupil Transportation	293,174				293,174
Unallocated Benefits	1,176,204				1,176,204
Transfer to Charter School	50,901				50,901
<b>Debt Service:</b>					
Principal				155,000	155,000
Interest and Other Charges				189,752	189,752
<b>Capital Outlay</b>	55,435		38,250		93,685
<b>Total Expenditures</b>	<b>4,658,070</b>	<b>44,865</b>	<b>38,250</b>	<b>344,752</b>	<b>5,085,937</b>
Excess (Deficiency) of Revenues Over Expenditures	807,696		(38,206)		769,490
Net Change in Fund Balances	807,696		(38,206)		769,490
Fund Balance—July 1	755,374		38,211	1	793,586
<b>Fund Balance—June 30</b>	<b>\$ 1,563,070</b>		<b>\$ 5</b>	<b>\$ 1</b>	<b>\$ 1,563,076</b>

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



**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 Change in Fund Balances - Governmental Funds (from B-2)** \$ 769,490

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (222,784)	
	Capital Outlays	<u>44,535</u>	(178,249)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

56,847

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

155,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount.

2,931

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

66,367

**Change in Net Position of Governmental Activities**

\$ 872,386

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

FREDON TOWNSHIP SCHOOL DISTRICT

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2016

		<b>Business-Type Activities - Enterprise Funds</b>		
		<b>Food Service</b>	<b>AM Program</b>	<b>Totals</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and Cash Equivalents		\$ 3,596		\$ 3,596
Accounts Receivable		781		781
Interfund Receivables			\$ 5,884	5,884
Inventories		4,466		4,466
<b>Total Current Assets</b>		<b>8,843</b>	<b>5,884</b>	<b>14,727</b>
<b>Noncurrent Assets:</b>				
Furniture, Machinery and Equipment		44,775		44,775
Less Accumulated Depreciation		(44,775)		(44,775)
<b>Total Noncurrent Assets</b>				
<b>Total Assets</b>		<b>8,843</b>	<b>5,884</b>	<b>14,727</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Deferred Revenue		3,098		3,098
<b>Total Liabilities</b>		<b>3,098</b>		<b>3,098</b>
<b>NET POSITION</b>				
Unrestricted		5,745	5,884	11,629
<b>Total Net Position</b>		<b>\$ 5,745</b>	<b>\$ 5,884</b>	<b>\$ 11,629</b>

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2016

	<b>Business-type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>AM Program</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 29,167		\$ 29,167
Daily Sales - Non-reimb. Programs	22,600		22,600
Miscellaneous	21	\$ 8,734	8,755
<b>Total Operating Revenues</b>	<u>51,788</u>	<u>8,734</u>	<u>60,522</u>
<b>Operating Expenses:</b>			
Cost of Sales	37,660		37,660
Salaries and Wages	20,517	2,850	23,367
Employee Benefits	5,603		5,603
Other Purchased Professional Services	6,696		6,696
Miscellaneous	9,539		9,539
<b>Total Operating Expenses</b>	<u>80,015</u>	<u>2,850</u>	<u>82,865</u>
Operating Income (Loss)	<u>(28,227)</u>	<u>5,884</u>	<u>(22,343)</u>
<b>Nonoperating Revenues (Expenses):</b>			
State Sources:			
State School Lunch Program	715		715
Federal Sources:			
National School Lunch Program	14,544		14,544
Food Distribution Program	5,947		5,947
<b>Total Nonoperating Revenues (Expenses)</b>	<u>21,206</u>		<u>21,206</u>
Income (Loss) Before Contributions and Transfers	(7,021)	5,884	(1,137)
Transfers In (Out)			
Change in Net Position	<u>(7,021)</u>	<u>5,884</u>	<u>(1,137)</u>
Total Net Position—Beginning	12,766		12,766
<b>Total Net Position—Ending</b>	<u>\$ 5,745</u>	<u>5,884</u>	<u>\$ 11,629</u>

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>AM Program</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 51,788	\$ 8,734	\$ 60,522
Payments to Employees	(20,517)	(2,850)	(23,367)
Payments for Employee Benefits	(5,603)	-	(5,603)
Payments to Suppliers	(47,755)	-	(47,755)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(22,087)</b>	<b>5,884</b>	<b>(16,203)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	740		740
Federal Sources	15,048		15,048
Operating Transfers between funds			-
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>15,788</b>		<b>15,788</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,299)	5,884	(415)
Balances—Beginning of Year	9,895	-	9,895
<b>Balances—End of Year</b>	<b>3,596</b>	<b>-</b>	<b>9,480</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	(28,227)	5,884	(22,343)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities	5,947		5,947
(Increase) Decrease in Accounts Receivable, Net	-	-	-
(Increase) Decrease in Inventories	(1,945)		(1,945)
Increase (Decrease) in Accounts Payable	2,138		2,138
Total Adjustments	6,140	-	6,140
Net Cash Provided by (used for) Operating Activities	\$ (22,087)	5,884	\$ (16,203)

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2016

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 30,800	\$ 77,689
<b>Total Assets</b>	<u>\$ 30,800</u>	<u>\$ 77,689</u>
<b>LIABILITIES</b>		
Payable to Student Groups	-	\$ 18,673
Payroll Deductions and Withholdings		8,989
Accrued Salaries and Wages		50,027
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 77,689</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 30,800</u>	<u>-</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2016

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	-
Plan Member	\$ 7,816
Total Contributions	<u>7,816</u>
Investment Earnings:	
Interest	<u>53</u>
Net Investment Earnings	<u>53</u>
<b>Total Additions</b>	<u>7,869</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	<u>9,515</u>
<b>Total Deductions</b>	<u>9,515</u>
Change in Net Position	(1,646)
Net Position—Beginning of the Year	<u>32,446</u>
<b>Net Position—End of the Year</b>	<u><u>\$ 30,800</u></u>

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

# Notes to Financial Statements





FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The financial statements of the Board of Education (Board) of the Fredon 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. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, an amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

**A. Reporting Entity:**

The Fredon Township School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Fredon Township School District had an approximate enrollment at June 30, 2016, of 236 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 has no component units.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

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

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The 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.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

**Fiduciary Funds** - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

**D. Encumbrance Accounting:**

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

**E. Assets, Liabilities and Equity (Continued):**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences:**

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

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

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

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues—Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.



FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories 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. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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 York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2016, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$1,030,497		\$1,030,497
Checking	<u>483,777</u>	<u>\$108,489</u>	<u>592,266</u>
	<u>\$1,514,274</u>	<u>\$108,489</u>	<u>\$1,622,763</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,622,763 and the bank balance was \$1,872,728. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,622,728 was covered by collateral pool.

**Investments:**

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

**At June 30, 2016, the district's investment balance was \$73,478**

**Custodial Credit Risk:** Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The district does not have a policy for custodial credit risk.

**Credit Risk:** The district does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

**Interest Rate Risk:** The district does not have a policy to limit interest rate risk. The average maturity of the district's investments is less than one year.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2016, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$11,900	\$11,939
Federal Aid	53,311	54,053
Tax Levy	26,520	26,520
Other Local	3,499	3,499
Gross Receivable	<u>\$95,230</u>	<u>\$96,011</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$95,230</u></u>	<u><u>\$96,011</u></u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	\$383
Supplies	<u>4,083</u>
	<u>\$4,466</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 116,985	\$ 3,300		\$ 120,285
Buildings and Building Improvements	6,461,648	41,235		6,502,883
Machinery and Equipment	290,807			290,807
Total at Historical Cost	<u>6,869,440</u>	<u>44,535</u>	-	<u>6,913,975</u>
Less Accumulated Depreciation for:				
Land Improvements	(116,985)	(83)		(117,068)
Building and Improvements	(1,672,893)	(186,168)		(1,859,061)
Equipment	(207,772)	(36,533)		(244,305)
Total Accumulated Depreciation	<u>(1,997,650)</u>	<u>(222,784)</u>		<u>(2,220,434)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>4,871,790</u>	<u>(178,249)</u>		<u>4,693,541</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 4,871,790</u></b>	<b><u>\$ (178,249)</u></b>		<b><u>\$ 4,693,541</u></b>

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 5: CAPITAL ASSETS (Continued)**

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 200,506
Unallocated	<u>22,278</u>
Total	<u>\$ 222,784</u>

**NOTE 6: LONG-TERM OBLIGATIONS**

Bonds are authorized in accordance with State law 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.

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2016, are as follows:

	Balance <u>7/1/15</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/16</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$4,590,000		\$ (155,000)	\$4,435,000	\$165,000
Other Liabilities:					
Compensated Absences Payable	<u>\$166,616</u>		<u>(\$66,367)</u>	<u>\$100,249</u>	
<b>Total Other Liabilities</b>	<u>\$5,001,142</u>		<u>(\$221,367)</u>	<u>\$4,535,249</u>	<u>\$165,000</u>

Compensated absences have been liquidated in the General Fund.

On June 3, 2008, the district sold general obligation bonds with a face value of \$5,000,000, of which the proceeds were used for the construction of additions, renovations, and alterations to the Fredon Township School.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 6: LONG-TERM OBLIGATIONS (Continued)**

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance June 30, 2016
	Issue Dates	Interest Rates	Date of Maturity	
Bonds Payable	6/03/2008	4.125 to 4.35%	7/15/2033	\$ 4,435,000
Total Bonds				\$ 4,435,000

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2016, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 165,000	\$ 183,152	\$ 348,152
2018	170,000	176,242	346,242
2019	180,000	169,024	349,024
2020	190,000	161,393	351,393
2021	195,000	153,452	348,452
Thereafter	3,535,000	1,076,187	4,611,187
	<u>\$4,435,000</u>	<u>\$ 1,919,450</u>	<u>\$ 6,354,450</u>

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

**NOTE 7: 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 on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

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

**NOTE 7: PENSION PLANS (Continued)**

**Teachers' Pension and Annuity Fund (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, 100% of 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.

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$12,436,112 as measured on June 30, 2015 and \$10,026,439 as measured on June 30, 2014.

*For the year ended June 30, 2016, the District recognized pension expense of \$759,337 and revenue of \$759,337 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.*

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 7: PENSION PLANS (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.

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$2,306,623,861	\$7,521,378,257
Collective deferred inflows of resources	\$1,763,205,593	\$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	\$53,446,745,367	\$63,204,270,305
State's portion of the net pension liability that was associated with the district	\$10,026,439	\$12,436,112
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.018760%	0.019676%

*Actuarial assumptions* - The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 7: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets 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 State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determini

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.



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

**NOTE 7: PENSION PLANS (Continued)**

**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.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the District reported a liability of \$1,108,729 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 to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the District's proportion was 0.00494% which was a decrease of 0.00183% from its proportion measured as of June 30, 2014.

*For the year ended June 30, 2016, the District recognized pension expense of (\$27,746). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 26,450	-
Changes of assumptions	119,069	
Net difference between projected and actual earnings on pension plan investments		\$ 17,826
Changes in proportion and differences between District contributions and proportionate share of contributions	-	463,391
District contributions subsequent to the measurement date	42,463	
Total	<u>\$ 187,982</u>	<u>\$ 481,217</u>

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

**NOTE 7: PENSION PLANS (Continued)**

\$42,463 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of 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:

	<u>Year Ended June 30:</u>
2016	(\$61,114)
2017	(\$61,114)
2017	(\$61,114)
2018	(\$97,334)
2019	(\$55,022)
Total	<u>(\$335,698)</u>

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability (Non State - Local Group)	\$18,722,735,003	\$22,447,996,119
District's portion of net pension liability	\$1,267,804	\$1,108,729
District's proportion %	0.00677147%	0.00493910%

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

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

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.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 7: PENSION PLANS (Continued)**

<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 I Absolute	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

*Discount rate.* The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 1,378,014	\$1,108,729	\$ 882,962

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 7: PENSION PLANS (Continued)**

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (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.

**PERS and TPAF 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.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 7: PENSION PLANS (Continued)**

□ 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).

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% 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 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$42,463	100 %	-0-
6/30/2015	\$55,823	100	-0-
6/30/2014	\$60,876	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$137,483	100 %	-0-
6/30/2015	\$106,376	100	-0-
6/30/2014	\$79,362	100	-0-

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute \$301,187 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$122,564 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 8: 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 any post-employment benefits other than pension.

**NOTE 9: 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:

Equitable  
Financial Planning

**NOTE 10: COMPENSATED ABSENCES**

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

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10: COMPENSATED ABSENCES (continued)**

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

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, no liability existed for compensated absences in the proprietary fund types.

**NOTE 11: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, 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>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$53	\$7,816	\$9,515	\$30,800
2014-2015	\$47,164	\$7,985	\$43,220	\$32,446
2013-2014	\$20,032	\$8,694	\$29,059	\$20,517

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

FREDON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 12: CONTINGENT LIABILITIES-(Continued)**

**LITIGATION**

In the normal course of operations, the Board is involved in various civil disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,563,070 General Fund fund balance at June 30, 2016, \$4,749 is reserved for encumbrances; \$1,030,497 has been reserved in the Capital Reserve Account; \$325,323 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$325,323 of the total reserve for excess surplus will be appropriated and included as anticipated revenue for the year ending June 30, 2018); and, \$202,501 is unreserved and undesignated.

Capital Projects Fund - Of the \$5 Capital Fund fund balance at June 30, 2016, \$5 is unreserved and undesignated.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of Fredon Board of Education by inclusion in the FY 2000-2001 budget of \$30,000 and the transfer of an additional \$60,000 of undesignated general fund balance for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2015	\$ 530,497
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/13/2016	<u>500,000</u>
Ending Balance, June 30, 2016	<u><u>\$1,030,497</u></u>

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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 \$325,323.



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

**NOTE 16: INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 266,234	\$ 272,118
Debt Service Fund	266,234	266,234
Enterprise Fund	5,884	
Total	\$ 538,352	\$ 538,352

The current fund owes the debt service fund for debt service levy not yet transferred. The current fund owes the enterprise fund for AM program receipts received not yet transferred.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 4,497,000		\$ 4,497,000	\$ 4,497,000	
Miscellaneous				7,276	\$ 7,276
<b>Total - Local Sources</b>	<b>4,497,000</b>		<b>4,497,000</b>	<b>4,504,276</b>	<b>7,276</b>
<b>State Sources:</b>					
Special Education Aid	183,763		183,763	183,763	
Equalization Aid	277,211		277,211	277,211	
Transportation Aid	39,793		39,793	39,793	
Security Aid	25,900		25,900	25,900	
PARCC Readiness Aid	2,720		2,720	2,720	
Per Pupil Growth Rate	2,720		2,720	2,720	
Other State Aid - Non-public Transportation Aid				5,632	5,632
TPAF Pension (On-Behalf - Non-Budgeted)				130,959	130,959
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				163,704	163,704
TPAF Pension Non-contributory Insurance (On-Behalf - Non-Budgeted)				6,524	6,524
TPAF Social Security (Reimbursed - Non-Budgeted)				122,564	122,564
<b>Total State Sources</b>	<b>532,107</b>		<b>532,107</b>	<b>961,490</b>	<b>429,383</b>
<b>TOTAL REVENUES</b>	<b>5,029,107</b>		<b>5,029,107</b>	<b>5,465,766</b>	<b>436,659</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers		5,625	5,625	3,400	2,225
Kindergarten - Salaries of Teachers	161,396	5,395	166,791	165,637	1,154
Grades 1-5 - Salaries of Teachers	735,338	(60,200)	675,138	656,451	18,687
Grades 6-8 - Salaries of Teachers	216,405	53,568	269,973	266,080	3,893
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	5,000		5,000	2,864	2,136
Purchased Professional-Educational Services	100		100		100
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	55,645	1,845	57,490	53,716	3,774
Purchased Technical Services	34,000	(8,754)	25,246	7,844	17,402
Other Purchased Services (400-500 series)	62,839	(14,900)	47,939	26,831	21,108
General Supplies	113,050	(7,943)	105,107	37,786	67,321
Textbooks	14,000	22,900	36,900	33,401	3,499
Other Objects	18,457		18,457	12,183	6,274
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,416,230</b>	<b>(2,464)</b>	<b>1,413,766</b>	<b>1,266,193</b>	<b>147,573</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	301,306		301,306	209,019	92,287
General Supplies	1,000	(873)	127		127
<b>Total Resource Room/Resource Center</b>	<b>302,306</b>	<b>(873)</b>	<b>301,433</b>	<b>209,019</b>	<b>92,414</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>302,306</b>	<b>(873)</b>	<b>301,433</b>	<b>209,019</b>	<b>92,414</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	138,660		138,660	131,932	6,728
General Supplies	750	873	1,623	1,612	11
<b>Total Basic Skills/Remedial - Instruction</b>	<b>139,410</b>	<b>873</b>	<b>140,283</b>	<b>133,544</b>	<b>6,739</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	375		375		375
General Supplies	175		175		175
<b>Total Bilingual Education - Instruction</b>	<b>550</b>		<b>550</b>		<b>550</b>
<b>School-Sponsored Co/Extra-Curr. Activities-Instruction:</b>					
Salaries	29,304		29,304	22,950	6,354
Other Purchased Services (400-500 series)	7,000		7,000	629	6,371
General Supplies	5,700		5,700	4,468	1,232
Other Objects	500		500		500
<b>Total School-Sponsored Co/Extra-Curr. Act.-Instruction</b>	<b>42,504</b>		<b>42,504</b>	<b>28,047</b>	<b>14,457</b>
<b>TOTAL INSTRUCTION</b>	<b>1,901,000</b>	<b>(2,464)</b>	<b>1,898,536</b>	<b>1,636,803</b>	<b>261,733</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Special	158,915		158,915	89,706	69,209
<b>Total Instruction</b>	<b>158,915</b>		<b>158,915</b>	<b>89,706</b>	<b>69,209</b>
<b>Attendance and Social Work:</b>					
Salaries	20,808	17,160	37,968	27,565	10,403
Purchased Professional and Technical Services	2,500	(160)	2,340	300	2,040
General Supplies	150		150		150
<b>Total Attendance and Social Work</b>	<b>23,458</b>	<b>17,000</b>	<b>40,458</b>	<b>27,865</b>	<b>12,593</b>
<b>Health Services:</b>					
Salaries	60,475		60,475	57,491	2,984
Purchased Professional and Technical Services	2,520		2,520	48	2,472
Other Purchased Services (400-500 series)	750		750	685	65
Supplies and Materials	2,000		2,000	1,540	460
<b>Total Health Services</b>	<b>65,745</b>		<b>65,745</b>	<b>59,764</b>	<b>5,981</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	48,294		48,294	27,793	20,501
Purchased Professional - Educational Services	7,880	(95)	7,785	7,691	94
Supplies and Materials	500	95	595	595	
Other Objects	300		300	40	260
<b>Total Other Supp. Services Students-Related Services</b>	<b>56,974</b>		<b>56,974</b>	<b>36,119</b>	<b>20,855</b>



FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	76,890		76,890	48,035	28,855
Purchased Professional - Educational Services	8,115		8,115	6,312	1,803
Supplies and Materials	9,057	880	9,937	3,661	6,276
<b>Total Other Supp. Services Students-Extra Services</b>	<b>94,062</b>	<b>880</b>	<b>94,942</b>	<b>58,008</b>	<b>36,934</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	73,740	(36,511)	37,229	32,688	4,541
Salaries of Secretarial and Clerical Assistants	14,422	19,855	34,277	34,277	
Purchased Professional - Educational Services	5,398	(920)	4,478		4,478
Other Purchased Services (400-500 series)	895		895	399	496
Supplies and Materials	500	576	1,076	1,075	1
<b>Total Other Supp. Services Students-Regular</b>	<b>94,955</b>	<b>(17,000)</b>	<b>77,955</b>	<b>68,439</b>	<b>9,516</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	101,975	24,794	126,769	122,617	4,152
Salaries of Secretarial and Clerical Assistants	13,770		13,770	13,308	462
Purchased Professional - Educational Services	94,291	(31,042)	63,249	57,712	5,537
Other Purchased Services (400-500 series)	11,495	6,248	17,743	17,743	
Supplies and Materials	5,400	694	6,094	5,123	971
Other Objects	920		920	250	670
<b>Total Other Supp. Services Students-Special</b>	<b>227,851</b>	<b>694</b>	<b>228,545</b>	<b>216,753</b>	<b>11,792</b>
<b>Improvement of Instruction Services:</b>					
Purchased Professional - Educational Services	3,000	500	3,500	1,347	2,153
Supplies and Materials	200		200		200
<b>Total Improvement of Instruction Services</b>	<b>3,200</b>	<b>500</b>	<b>3,700</b>	<b>1,347</b>	<b>2,353</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Educational Media Services/School Library:</b>					
Salaries	33,840		33,840	32,827	1,013
Salaries of Technolgy Coordinators	23,205		23,205	14,822	8,383
Purchased Professional and Technical Services	2,320		2,320	2,003	317
Other Purchased Services (400-500 series)	175		175		175
Supplies and Materials	22,100	2,547	24,647	15,585	9,062
<b>Total Educational Media Services/School Library</b>	<b>81,640</b>	<b>2,547</b>	<b>84,187</b>	<b>65,237</b>	<b>18,950</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	17,500	324	17,824		17,824
Other Purchased Services (400-500 series)	11,450		11,450	10,986	464
Supplies and Materials	500	2,412	2,912	2,367	545
<b>Total Instructional Staff Training Services</b>	<b>29,450</b>	<b>2,736</b>	<b>32,186</b>	<b>13,353</b>	<b>18,833</b>
<b>Supp. Services - General Administration:</b>					
Salaries	120,000	(13,974)	106,026	106,026	
Legal Services	10,000	(3,966)	6,034	6,034	
Audit Fees	12,700	8,785	21,485	21,485	
Other Purchased Professional Services	9,465	3,475	12,940	12,938	2
Communications/Telephone	16,050	6,512	22,562	22,562	
Board of Ed. Other Purchased Services	1,890	1,310	3,200	3,200	
Other Purchased Services (400-500 series)	15,599	7,546	23,145	23,114	31
General Supplies	4,000	712	4,712	3,678	1,034
Board of Ed. In-House Training/Meeting Supplies	500		500		500
Miscellaneous Expenditures	3,120	370	3,490	3,489	1
Board of Ed. Dues and Fees	3,835		3,835	3,491	344
<b>Total Supp. Services - General Administration</b>	<b>197,159</b>	<b>10,770</b>	<b>207,929</b>	<b>206,017</b>	<b>1,912</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	40,000		40,000	40,000	
Salaries of Other Professional Staff	12,308		12,308	12,308	
Salaries of Secretarial and Clerical Assistants	10,922		10,922	10,922	
Other Purchased Services (400-500 series)	2,395	250	2,645	2,339	306
Supplies and Materials	6,000	341	6,341	6,218	123
Other Objects	1,202	1,131	2,333	2,333	
<b>Total Support Services - School Administration</b>	<b>72,827</b>	<b>1,722</b>	<b>74,549</b>	<b>74,120</b>	<b>429</b>
<b>Central Services:</b>					
Salaries	128,955	(1,589)	127,366	114,322	13,044
Purchased Professional Services	11,500	716	12,216	12,216	
Miscellaneous Purchased Services (400-500 series)	1,850	4,495	6,345	4,593	1,752
Supplies and Materials	2,000	(706)	1,294	1,294	
Other Objects	2,650	(395)	2,255	2,255	
<b>Total Central Services</b>	<b>146,955</b>	<b>2,521</b>	<b>149,476</b>	<b>134,680</b>	<b>14,796</b>
<b>Administrative Information Technology:</b>					
Purchased Technical Services		1,122	1,122	1,122	
Other Purchased Services (400-500 series)	1,500	466	1,966	1,966	
Supplies and Materials	3,500	(1,175)	2,325	1,034	1,291
<b>Total Administrative Information Technology</b>	<b>5,000</b>	<b>413</b>	<b>5,413</b>	<b>4,122</b>	<b>1,291</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	78,483	3,300	81,783	78,138	3,645
Cleaning, Repair and Maintenance Services	42,949	689	43,638	43,042	596
General Supplies	29,400	9,545	38,945	20,424	18,521
<b>Total Required Maintenance for School Facilities</b>	<b>150,832</b>	<b>13,534</b>	<b>164,366</b>	<b>141,604</b>	<b>22,762</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	89,445	1,849	91,294	82,218	9,076
Cleaning, Repair and Maintenance Services	11,714	8,365	20,079	18,889	1,190
Insurance	45,549		45,549	42,351	3,198
Miscellaneous Purchased Services	500		500	497	3
General Supplies	9,298	(3,052)	6,246	4,350	1,896
Energy (Electricity)	72,383		72,383	35,048	37,335
Energy (Oil)	71,712		71,712	18,775	52,937
Gasoline	520		520	480	40
Other Objects	1,345	1,203	2,548	2,548	
<b>Total Other Operations and Maintenance of Plant</b>	<b>302,466</b>	<b>8,365</b>	<b>310,831</b>	<b>205,156</b>	<b>105,675</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	30,315		30,315	20,542	9,773
Cleaning, Repair and Maintenance Services	25,046		25,046	7,607	17,439
General Supplies	15,700		15,700	9,283	6,417
<b>Total Care and Upkeep of Grounds</b>	<b>71,061</b>		<b>71,061</b>	<b>37,432</b>	<b>33,629</b>
<b>Undist. Expend. -Security</b>					
Salaries	10,000		10,000	5,250	4,750
Purchased Professional and Technical Services	2,181		2,181		2,181
Cleaning, Repair and Maintenance Services	10,000		10,000	300	9,700
Supplies and Materials	10,000		10,000	281	9,719
<b>Total Undist. Expend. -Security</b>	<b>32,181</b>		<b>32,181</b>	<b>5,831</b>	<b>26,350</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transportation(Between Home & School)-Regular	22,517	1,876	24,393	24,393	
Salaries for Pupil Transportation(Between Home & School)-Spec. Ed	22,517		22,517	20,641	1,876
Management Fee - ESC & CTSA Trans. Program	10,274	(1,876)	8,398	5,134	3,264
Contracted Services (Between Home and School)-Vendors	205,709		205,709	195,242	10,467
Contracted Services (Other than Between Home and School)-Vendors	6,461		6,461		6,461
Contracted Services (Special Education Students)-Vendors	49,131		49,131	47,764	1,367
<b>Total Student Transportation Services</b>	<b>316,609</b>		<b>316,609</b>	<b>293,174</b>	<b>23,435</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	72,496		72,496	50,161	22,335
Other Retirement Contributions - Regular	71,960		71,960	42,463	29,497
Unemployment Compensation	5,000		5,000		5,000
Workmen's Compensation	36,459		36,459	32,114	4,345
Health Benefits	600,205		600,205	587,134	13,071
Tuition Reimbursement	15,000		15,000	13,663	1,337
Other Employee Benefits	32,775		32,775	26,918	5,857
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>833,895</b>		<b>833,895</b>	<b>752,453</b>	<b>81,442</b>
On-behalf TPAF pension Contrib. (non-budgeted)				130,959	(130,959)
On-behalf TPAF PRM Contrib. (non-budgeted)				163,704	(163,704)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				6,524	(6,524)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				122,564	(122,564)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>423,751</b>	<b>(423,751)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>833,895</b>		<b>833,895</b>	<b>1,176,204</b>	<b>(342,309)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,965,235</b>	<b>44,682</b>	<b>3,009,917</b>	<b>2,914,931</b>	<b>94,986</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>4,866,235</b>	<b>42,218</b>	<b>4,908,453</b>	<b>4,551,734</b>	<b>356,719</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Grades 1-5	25,000		25,000	15,575	9,425
Undistributed Expenditures-Operation and Maint. Of Plant Serv.	25,000		25,000	20,728	4,272
Undistributed Expenditures-Security	25,000		25,000	18,362	6,638
<b>Total Equipment</b>	<b>75,000</b>		<b>75,000</b>	<b>54,665</b>	<b>20,335</b>
<b>Facilities Acquisition and Construction Serv.:</b>					
Assessment for Debt Service on SDA Funding	770		770	770	
<b>Total Facilities Acquisition and Construction Serv.</b>	<b>770</b>		<b>770</b>	<b>770</b>	
<b>TOTAL CAPITAL OUTLAY</b>	<b>75,770</b>		<b>75,770</b>	<b>55,435</b>	<b>20,335</b>
Transfer of Funds to Charter Schools	87,102		87,102	50,901	36,201
<b>TOTAL EXPENDITURES</b>	<b>5,029,107</b>	<b>42,218</b>	<b>5,071,325</b>	<b>4,658,070</b>	<b>413,255</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(42,218)	(42,218)	807,696	849,914
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>		(42,218)	(42,218)	807,696	849,914
<b>Fund Balance, July 1</b>	808,505		808,505	808,505	
<b>Fund Balance, June 30</b>	<u>\$ 808,505</u>	<u>\$ (42,218)</u>	<u>\$ 766,287</u>	<u>\$ 1,616,201</u>	<u>\$ 849,914</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 1,030,497	
Excess Surplus				325,323	
<b>Assigned to:</b>					
Year-End Encumbrances				4,749	
Designated for Subsequent Year's Expenditures				-	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>255,632</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				1,616,201	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(53,131)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,563,070</u>	





FREDON TOWNSHIP SCHOOL DISTRICT  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**

Exhibit C-2

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>REVENUES:</b>					
Federal Sources	\$ 40,000	\$ 66,884	\$ 106,884	\$ 44,865	(62,019)
<b>Total Revenues</b>	<b>40,000</b>	<b>66,884</b>	<b>106,884</b>	<b>44,865</b>	<b>(62,019)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Tuition	30,000	28,670	58,670	39,113	19,557
Purchased Prof. & Tech. Services	10,000	16,522	26,522		26,522
<b>Total Instruction</b>	<b>40,000</b>	<b>45,192</b>	<b>85,192</b>	<b>39,113</b>	<b>46,079</b>
<b>Support Services</b>					
Supplies and Materials		21,692	21,692	5,752	15,940
<b>Total Support Services</b>		<b>21,692</b>	<b>21,692</b>	<b>5,752</b>	<b>15,940</b>
Total Expenditures	40,000	66,884	106,884	44,865	62,019
<b>Total Outflows</b>	<b>\$ 40,000</b>	<b>\$ 66,884</b>	<b>\$ 106,884</b>	<b>\$ 44,865</b>	<b>62,019</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				None	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				None	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				None	

**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
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 5,465,766	\$ 44,865
Difference - 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 Encumbrances	N/A	
Current Year Encumbrances	N/A	
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	53,131	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(53,131)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 5,465,766</u>	<u>\$ 44,865</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 4,658,070	\$ 44,865
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	
Current Year Encumbrances	N/A	
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 4,658,070</u>	<u>\$ 44,865</u>

**Fredon School District  
Required Supplementary Information - Part III  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Exhibit L-3**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
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	\$ 12,436,112	\$ 10,026,439	\$ 10,770,506							
<b>Total</b>	<b>\$ 12,436,112</b>	<b>\$ 10,026,439</b>	<b>\$ 10,770,506</b>							
District's covered employee payroll	\$ 1,675,073	\$ 1,950,081	\$ 1,942,764							
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%							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**Exhibit L-1**

**Public Employees' Retirement System (PERS)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.004939098%	0.006771467%	0.008079317%							
District's proportionate share of the net pension liability (asset)	\$ 1,108,729	\$ 1,267,804	\$ 1,544,118							
District's covered employee payroll	\$ 638,676	\$ 692,770	\$ 902,207							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.60%	183.01%	171.15%							
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	52.08%	48.72%							

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Fredon School District  
Required Supplementary Information - Part III  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
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	\$ 1,675,073	\$ 1,950,081	\$ 1,942,764							
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

**Public Employees' Retirement System (PERS)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 42,463	\$ 55,823	\$ 60,876							
Contributions in relation to the contractually required contribution	<u>(42,463)</u>	<u>(55,823)</u>	<u>(60,876)</u>							
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>							
District's covered employee payroll	\$ 638,676	\$ 692,770	\$ 902,207							
Contributions as a percentage of covered-employee payroll	6.65%	8.06%	6.75%							

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

FREDON SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2016

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

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

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

**Public Employees' Retirement System (PERS)**

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

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



**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.



FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGET

For the Fiscal Year Ended June 30, 2016

	<b>Title I</b>	<b>IDEA Basic</b>	<b>Totals</b>
<b>REVENUES</b>			
Federal Sources	\$ 5,752	\$ 39,113	\$ 44,865
<b>TOTAL REVENUES</b>	<b>5,752</b>	<b>39,113</b>	<b>44,865</b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Tuition		39,113	39,113
<b>Total Instruction</b>		<b>39,113</b>	<b>39,113</b>
<b>Support Services:</b>			
Supplies and Materials	5,752		5,752
<b>Total Support Services</b>	<b>5,752</b>		<b>5,752</b>
<b>TOTAL EXPENDITURES</b>	<b>5,752</b>	<b>39,113</b>	<b>44,865</b>
<b>Total Outflows</b>	<b>5,752</b>	<b>39,113</b>	<b>44,865</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>			

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2016

	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2016</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Construction of Additions, Renovations, and Alterations of Fredon Township School Totals	Board of Education	5/12/2008	\$ 5,000,000	\$ 5,000,000	\$ 4,995,428	\$ 38,250	\$ (33,678)
			<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 4,995,428</u>	<u>38,250</u>	<u>(33,678)</u>
						Cumulative Interest Income	<u>33,683</u>
						Fund Balance	<u>\$ 5</u>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2016

**Revenues and Other Financing**

**Sources**

Interest Income	\$ 44
Total Revenues	<u>44</u>

**Expenditures and Other Financing**

**Sources**

Construction services	38,250
Total Expenditures	<u>38,250</u>

Excess(deficiency) of revenues over(under) expenditures	(38,206)
--	----------

Fund Balance - Beginning	<u>38,211</u>
--------------------------	---------------

Fund Balance - Ending	<u><u>\$ 5</u></u>
-----------------------	--------------------

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
CONSTRUCTION OF ADDITIONS, RENOVATION AND ALTERATIONS OF FREDON TOWNSHIP SCHOOL**

From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 5,000,000		\$ 5,000,000	\$5,038,250
Total Revenues	<u>5,000,000</u>		<u>5,000,000</u>	<u>5,038,250</u>
<b>Expenditures and Other Financing Sources</b>				
Purchased professional and technical services	552,645		552,645	552,645
Legal Services	35,150		35,150	35,150
Construction services	4,331,664	\$ 38,250	4,369,914	4,374,486
Supplies	75,969		75,969	75,969
Total Expenditures	<u>4,995,428</u>	<u>38,250</u>	<u>5,033,678</u>	<u>5,038,250</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 4,572</u>	<u>\$ (38,250)</u>	<u>\$ (33,678)</u>	

**Additional project information:**

Project number	N/A
Grant Date	N/A
Bond Authorization Date	5/12/2008
Bonds Authorized	\$5,000,000
Bonds Issued	\$5,000,000
Original Authorized Cost	\$5,000,000
Additional Authorized Cost	\$38,250
Revised Authorized Cost	\$5,038,250
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	8/30/2011
Revised Target Completion Date	1/19/2016

<p style="text-align: center;"><b>PROPRIETARY FUND DETAIL STATEMENTS</b></p>
--

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

**Food Services Fund** - This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.





FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS		
		STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 30,800	\$ 18,673	\$ 59,016	\$ 108,489
<b>TOTAL ASSETS</b>	<u>\$ 30,800</u>	<u>\$ 18,673</u>	<u>\$ 59,016</u>	<u>\$ 108,489</u>
<b>LIABILITIES:</b>				
Liabilities:				
Payable to Student Groups		\$ 18,673		\$ 18,673
Summer Pay			\$ 50,027	50,027
Payroll Deductions and Withholdings		-	8,989	8,989
<b>Total Liabilities</b>		<u>18,673</u>	<u>59,016</u>	<u>77,689</u>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 30,800			30,800
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 30,800</u>	<u>\$ 18,673</u>	<u>\$ 59,016</u>	<u>\$ 108,489</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 7,816	\$ 7,816
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>7,816</u>	<u>7,816</u>
Investment Earnings:		
Interest	<u>53</u>	<u>53</u>
Net Investment Earnings	<u>53</u>	<u>53</u>
<b>Total Additions</b>	<b><u>7,869</u></b>	<b><u>7,869</u></b>
<b>DEDUCTIONS</b>		
Claims/Quarterly Contribution Reports	<u>9,515</u>	<u>9,515</u>
<b>Total Deductions</b>	<b><u>9,515</u></b>	<b><u>9,515</u></b>
Change in Net Position	(1,646)	(1,646)
Net Position—Beginning of the Year	<u>32,446</u>	<u>32,446</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 30,800</u></b>	<b><u>\$ 30,800</u></b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2015</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
Administrative Account	\$ 3,423	\$ 359			\$ 3,782
Beautification	246		2,258	5,841	(3,337)
Drama	117				117
Field Day	33				33
Materials Recess	2				2
Graduation	73				73
Preschool	34				34
Kindergarten Trips	1,180		623	626	1,177
First Grade Trips	697		1,283	1,130	850
Second Grade Trips	407		1,113	1,249	271
Third Grade Trips	1,264		1,181	1,027	1,418
Fourth Grade Trips	2,048		1,872	2,243	1,677
Fifth Grade Trips	1,546		293		1,839
Sixth Grade Trips	404		200	110	494
Music Band	318				318
ELP Account	309		60	60	309
Symphony Trip	506		675	676	505
Wash. DC Trip	1,109				1,109
Nutcracker Account	6,587		1,444	1,168	6,863
Student Council	684		1,480	1,025	1,139
Interest	24	(359)	335		
<b>Total</b>	<b>\$ 21,011</b>	<b>-</b>	<b>\$ 12,817</b>	<b>\$ 15,155</b>	<b>\$ 18,673</b>

FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BALANCE</u> <u>July 1, 2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 57,273	\$ 1,578,338	\$ 1,576,595	\$ 59,016
<b>Total Assets</b>	<u>\$ 57,273</u>	<u>\$ 1,578,338</u>	<u>\$ 1,576,595</u>	<u>\$ 59,016</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 5,952	\$ 1,522,982	\$ 1,519,945	\$ 8,989
Accrued Salaries and Wages-Summer Pay Plan	51,321	55,356	56,650	50,027
<b>Total Liabilities</b>	<u>\$ 57,273</u>	<u>\$ 1,578,338</u>	<u>\$ 1,576,595</u>	<u>\$ 59,016</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.



FREDON TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS  
AS OF ENDED JUNE 30, 2016**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2015</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2016</u>
Construction of Additions, Renovations, and Alterations for Fredon Township School	6/3/08	\$ 5,000,000	7/15/16	\$ 165,000	4.125%	\$ 4,590,000		\$ 155,000	\$ 4,435,000
			7/15/17	170,000	4.125%				
			7/15/18	180,000	4.125%				
			7/15/19	190,000	4.125%				
			7/15/20	195,000	4.125%				
			7/15/21	205,000	4.125%				
			7/15/22	215,000	4.125%				
			7/15/23	225,000	4.125%				
			7/15/24	235,000	4.125%				
			7/15/25	245,000	4.125%				
			7/15/26	255,000	4.125%				
			7/15/27	270,000	4.125%				
			7/15/28	280,000	4.125%				
			7/15/29	295,000	4.350%				
			7/15/30	305,000	4.350%				
			7/15/31	320,000	4.350%				
			7/15/32	335,000	4.350%				
7/15/33	350,000	4.350%							
<b>Total</b>						<b>4,590,000</b>	<b>- \$</b>	<b>155,000 \$</b>	<b>4,435,000</b>

FREDON TOWNSHIP SCHOOL DISTRICT  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**

Exhibit I-3

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Positive/ (Negative) Final to Actual</b>
<b>REVENUES:</b>					
Local Sources:					
Tax Levy	\$ 266,234		\$ 266,234	\$ 266,234	
Total - Local Sources	266,234	-	266,234	266,234	-
State Sources:					
Debt Service Aid Type II	78,518		78,518	78,518	
Total - State Sources	78,518		78,518	78,518	
<b>TOTAL REVENUES</b>	<b>344,752</b>	-	<b>344,752</b>	<b>344,752</b>	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	189,752		189,752	189,752	
Redemption of Principal	155,000		155,000	155,000	
Total Regular Debt Service	344,752		344,752	344,752	
<b>TOTAL EXPENDITURES</b>	<b>344,752</b>		<b>344,752</b>	<b>344,752</b>	
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	
Fund Balance, July 1	\$ 1		\$ 1	\$ 1	
Fund Balance, June 30	\$ 1	-	\$ 1	\$ 1	-
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance					-



Fredon Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	93-98
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	99-102
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	103-106
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	107-108
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	109-113

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.



**Fredon Township School District  
Net Position by Component,  
Last Ten Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	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	\$ 309,247	\$ 532,625	\$ (2,813,812)	\$ 98,632	\$ 134,750	\$ 405,174	\$ 335,985	\$ 302,505	\$ 281,790	\$ 258,541
Restricted	87,883	100,488	3,665,458	406,199	155,842	121,103	166,255	226,402	568,709	1,355,826
Unrestricted	182,712	232,259	34,268	172,221	157,782	66,362	64,872	78,626	(1,488,985)	(1,380,467)
<b>Total governmental activities net position</b>	<b>\$ 579,842</b>	<b>\$ 865,372</b>	<b>\$ 885,914</b>	<b>\$ 677,052</b>	<b>\$ 448,374</b>	<b>\$ 592,639</b>	<b>\$ 567,112</b>	<b>\$ 607,533</b>	<b>\$ (638,486)</b>	<b>\$ 233,900</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt										-
Restricted										-
Unrestricted	31,758	32,538	28,292	\$ 28,726	\$ 26,840	\$ 23,137	\$ 24,462	\$ 18,593	\$ 12,766	\$ 11,629
<b>Total business-type activities net position</b>	<b>\$ 31,758</b>	<b>\$ 32,538</b>	<b>\$ 28,292</b>	<b>\$ 28,726</b>	<b>\$ 26,840</b>	<b>\$ 23,137</b>	<b>\$ 24,462</b>	<b>\$ 18,593</b>	<b>\$ 12,766</b>	<b>\$ 11,629</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 309,247	\$ 532,625	\$ (2,813,812)	\$ 98,632	\$ 134,750	\$ 405,174	\$ 335,985	\$ 302,505	\$ 281,790	\$ 258,541
Restricted	87,883	100,488	3,665,458	406,199	155,842	121,103	166,255	226,402	568,709	1,355,826
Unrestricted	214,470	264,797	62,560	200,947	184,622	89,499	89,334	97,219	(1,476,219)	(1,368,838)
<b>Total district net position</b>	<b>\$ 611,600</b>	<b>\$ 897,910</b>	<b>\$ 914,206</b>	<b>\$ 705,778</b>	<b>\$ 475,214</b>	<b>\$ 615,776</b>	<b>\$ 591,574</b>	<b>\$ 626,126</b>	<b>\$ (625,720)</b>	<b>\$ 245,529</b>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 1,942,991	\$ 2,065,712	\$ 2,182,779	\$ 2,309,187	\$ 2,377,617	\$ 2,216,047	\$ 2,520,020	\$ 2,226,475	\$ 2,571,376	\$ 2,296,540
Special education	122,742	125,560	136,930	191,555	276,557	291,839	290,364	306,357	308,956	318,778
Other special education	114,020	135,512	162,036	169,226	205,841	216,631	209,149	273,836	222,644	246,445
Support Services:										
Tuition	164,170	256,594	254,072	171,328	212,696	169,583	85,075	140,134	114,849	89,706
Student & instruction related services	728,193	731,804	749,214	819,984	747,397	729,172	718,968	921,016	774,901	842,836
General administrative services	552,474	545,970	553,370	601,515	523,531	528,195	519,108	488,227	604,271	525,889
School administrative services	130,340	99,524	91,205	91,592	107,352	111,860	113,411	160,925	153,915	113,042
Business administrative services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	450,529	507,552	406,975	464,351	505,543	479,796	555,516	534,314	724,372	668,616
Pupil transportation	370,787	387,561	447,814	399,667	334,287	333,310	270,514	324,490	285,884	293,174
Interest Expense	-	8,594	208,846	209,861	207,884	205,427	203,129	199,047	193,934	187,591
Unallocated depreciation	6,394	6,617	12,408	15,761	18,503	19,152	20,118	21,167	22,167	22,278
Total governmental activities expenses	<u>4,582,640</u>	<u>4,871,000</u>	<u>5,205,649</u>	<u>5,444,027</u>	<u>5,517,208</u>	<u>5,301,012</u>	<u>5,505,372</u>	<u>5,595,988</u>	<u>5,977,269</u>	<u>5,604,895</u>
Business-type activities:										
Food service	92,243	95,980	94,513	95,382	87,995	87,663	82,485	79,306	75,385	80,015
AM Program	1,938	2,257	3,624	3,129	3,306	4,320	1,810	1,800	2,000	2,850
Total business-type activities expense	<u>94,181</u>	<u>98,237</u>	<u>98,137</u>	<u>98,511</u>	<u>91,301</u>	<u>91,983</u>	<u>84,295</u>	<u>81,106</u>	<u>77,385</u>	<u>82,865</u>
Total district expenses	<u>\$ 4,676,821</u>	<u>\$ 4,969,237</u>	<u>\$ 5,303,786</u>	<u>\$ 5,542,538</u>	<u>\$ 5,608,509</u>	<u>\$ 5,392,995</u>	<u># \$ 5,589,667</u>	<u>\$ 5,677,094</u>	<u>\$ 6,054,654</u>	<u>\$ 5,687,760</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	\$ 10,138	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	1,149,711	1,202,678	1,085,254	1,125,012	963,792	1,055,785	1,020,757	1,079,723	1,556,894	\$ 1,706,727
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>1,159,849</u>	<u>1,202,678</u>	<u>1,085,254</u>	<u>1,125,012</u>	<u>963,792</u>	<u>1,055,785</u>	<u>1,020,757</u>	<u>1,079,723</u>	<u>1,556,894</u>	<u>1,706,727</u>
Business-type activities:										
Charges for services										
Food service	76,204	76,472	68,269	64,475	58,151	51,393	47,678	42,569	47,993	51,767
AM Program	1,467	2,703	3,178	3,129	3,306	4,422	2,249	1,361	2,000	8,734
Operating grants and contributions	20,355	18,989	21,326	26,720	24,159	23,242	30,029	27,705	20,559	21,206
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>98,026</u>	<u>98,164</u>	<u>92,773</u>	<u>94,324</u>	<u>85,616</u>	<u>79,057</u>	<u>79,956</u>	<u>71,635</u>	<u>70,552</u>	<u>81,707</u>
Total district program revenues	<u>\$ 1,257,875</u>	<u>\$ 1,300,842</u>	<u>\$ 1,178,027</u>	<u>\$ 1,219,336</u>	<u>\$ 1,049,408</u>	<u>\$ 1,134,842</u>	<u># \$ 1,100,713</u>	<u>\$ 1,151,358</u>	<u>\$ 1,627,446</u>	<u>\$ 1,788,434</u>

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

**Exhibit J-2**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,422,791)	\$(3,668,322)	\$(4,120,395)	\$(4,319,015)	\$(4,553,416)	\$(4,245,227)	\$(4,484,615)	\$(4,516,265)	\$(4,420,375)	\$(3,898,168)
Business-type activities	3,845	(73)	(5,364)	(4,187)	(5,685)	(12,926)	(4,339)	(9,471)	(6,833)	(1,158)
Total district-wide net expense	<u>\$ (3,418,946)</u>	<u>\$(3,668,395)</u>	<u>\$(4,125,759)</u>	<u>\$(4,323,202)</u>	<u>\$(4,559,101)</u>	<u>\$(4,258,153)</u>	<u># \$(4,488,954)</u>	<u>\$(4,525,736)</u>	<u>\$(4,427,208)</u>	<u>\$(3,899,326)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,438,700	\$ 3,924,224	\$ 4,061,965	\$ 4,183,762	\$ 4,098,800	\$ 4,180,776	\$ 4,238,465	\$ 4,323,165	\$ 4,409,628	\$ 4,497,000
Property taxes levied for debt service, net				55,000	199,881	205,851	215,285	231,804	247,526	266,234
Federal and State Aid for Capital Assets Projects	(16,312)	-	-	-	-	-	-	-	-	-
Investment earnings	19,065	10,661	37,828	12,771	1,059	1,761	1,451	1,506	1,996	2,656
Miscellaneous income	17,866	18,967	41,144	32,202	24,998	1,104	3,785	211	3,472	4,664
Transfers	(471)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>3,458,848</u>	<u>3,953,852</u>	<u>4,140,937</u>	<u>4,283,735</u>	<u>4,324,738</u>	<u>4,389,492</u>	<u>4,458,986</u>	<u>4,556,686</u>	<u>4,662,622</u>	<u>4,770,554</u>
Business-type activities:										
Investment earnings	767	396	661	4,164	3,342	8,766	5,309	3,602	1,006	21
Miscellaneous income	955	457	457	457	457	457	457	-	-	-
Transfers	471	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>2,193</u>	<u>853</u>	<u>1,118</u>	<u>4,621</u>	<u>3,799</u>	<u>9,223</u>	<u>5,766</u>	<u>3,602</u>	<u>1,006</u>	<u>21</u>
Total district-wide	<u>\$ 3,461,041</u>	<u>\$ 3,954,705</u>	<u>\$ 4,142,055</u>	<u>\$ 4,288,356</u>	<u>\$ 4,328,537</u>	<u>\$ 4,398,715</u>	<u># \$ 4,464,752</u>	<u>\$ 4,560,288</u>	<u>\$ 4,663,628</u>	<u>\$ 4,770,575</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 36,057	\$ 285,530	\$ 20,542	\$ (35,280)	\$ (228,678)	\$ 144,265	\$ (25,629)	\$ 40,421	\$ 242,247	\$ 872,386
Business-type activities	6,038	780	(4,246)	434	(1,886)	(3,703)	1,427	(5,869)	(5,827)	(1,137)
Total district	<u>\$ 42,095</u>	<u>\$ 286,310</u>	<u>\$ 16,296</u>	<u>\$ (34,846)</u>	<u>\$ (230,564)</u>	<u>\$ 140,562</u>	<u># \$ (24,202)</u>	<u>\$ 34,552</u>	<u>\$ 236,420</u>	<u>\$ 871,249</u>

Source: CAFR Schedule A-2

**Fredon Township School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 139,123	\$ 213,416	\$ 284,600	\$ 347,467	\$ 159,392	\$ 131,948	\$ 226,560	\$ 306,289	\$ 572,715	\$ 1,360,569
Unreserved	238,257	225,356	179,617	183,043	258,857	247,029	222,934	211,105	182,659	202,501
Total general fund	<u>\$ 377,380</u>	<u>\$ 438,772</u>	<u>\$ 464,217</u>	<u>\$ 530,510</u>	<u>\$ 418,249</u>	<u>\$ 378,977</u>	<u>\$ 449,494</u>	<u>\$ 517,394</u>	<u>\$ 755,374</u>	<u>\$ 1,563,070</u>
All Other Governmental Funds										
Reserved			\$ 3,000,784	\$ 4,260	\$ 82,250	\$ 50,000	\$ 50,000	-	-	-
Unreserved, reported in:										
Special revenue fund		\$ 10,496								
Capital projects fund		5,000,000	448,367	272,527	48,304	(12,017)	(11,941)	\$ 38,135	\$ 38,211	\$ 5
Debt service fund				1	1	1	1	1	1	1
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 5,010,496</u>	<u>\$ 3,449,151</u>	<u>\$ 276,788</u>	<u>\$ 130,555</u>	<u>\$ 37,984</u>	<u>\$ 38,060</u>	<u>\$ 38,136</u>	<u>\$ 38,212</u>	<u>\$ 6</u>

Source: CAFR Schedule B-1

**Fredon Township School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Tax levy	\$ 3,438,700	\$ 3,924,224	\$ 4,061,965	\$ 4,238,762	\$ 4,298,681	\$ 4,386,627	\$ 4,453,750	\$ 4,554,969	\$ 4,657,154	\$ 4,763,234
Tuition charges	10,138	-	-	-	-	-	-	-	-	-
Interest earnings	393	165	38	287	1,059	1,761	1,451	1,506	1,996	2,656
Miscellaneous	36,538	29,463	78,934	44,686	24,998	1,104	3,785	211	3,472	4,664
State sources	1,013,058	1,088,573	954,123	909,805	806,873	913,866	1,045,594	964,013	1,010,828	1,040,008
Federal sources	120,341	114,105	131,131	215,207	156,919	141,919	114,550	115,710	112,925	44,865
<b>Total revenue</b>	<b>4,619,168</b>	<b>5,156,530</b>	<b>5,226,191</b>	<b>5,408,747</b>	<b>5,288,530</b>	<b>5,445,277</b>	<b>5,619,130</b>	<b>5,636,409</b>	<b>5,786,375</b>	<b>5,855,427</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,450,844	1,501,377	1,640,602	1,648,832	1,538,433	1,514,204	1,743,027	1,537,398	1,570,885	1,305,306
Special education instruction	95,288	96,477	109,924	152,435	216,898	222,111	226,093	237,754	212,716	209,019
Other special instruction	88,517	104,124	130,078	134,666	161,437	164,872	162,855	212,516	153,290	161,591
<b>Support Services:</b>										
Tuition	164,170	256,594	254,072	171,328	212,696	169,583	85,075	140,134	114,849	89,706
Student & instruction related services	565,315	562,300	601,449	652,524	586,168	554,953	559,828	714,772	533,518	552,637
General administrative services										
School Administrative services	101,186	76,472	73,217	72,887	84,194	85,134	88,308	124,889	105,970	74,120
Business administrative services	428,900	419,510	444,231	478,672	410,595	401,995	404,206	378,898	416,040	344,819
Plant operations and maintenance	323,839	389,990	326,709	369,520	396,487	365,160	398,792	412,575	498,729	390,023
Pupil transportation	370,787	387,561	447,814	399,667	334,287	333,310	270,514	324,490	285,884	293,174
Unallocated employee benefits	888,233	961,806	826,169	886,701	972,258	1,060,617	1,162,265	1,051,549	1,177,782	1,176,204
<b>Special Revenue</b>										
Charter Schools	11,869	12,571	8,928	47,172	43,836	36,675	39,239	52,242	81,403	50,901
Capital outlay	37,063	315,860	1,777,645	3,290,552	330,905	401,945	129,660	81,048	76,726	93,685
Debt service			121,253	209,861	258,830	266,561	278,777	300,168	320,527	344,752
<b>Total expenditures</b>	<b>4,526,011</b>	<b>5,084,642</b>	<b>6,762,091</b>	<b>8,514,817</b>	<b>5,547,024</b>	<b>5,577,120</b>	<b>5,548,639</b>	<b>5,568,433</b>	<b>5,548,319</b>	<b>5,085,937</b>
Excess (Deficiency) of revenues over (under) expenditures	93,157	71,888	(1,535,900)	(3,106,070)	(258,494)	(131,843)	70,491	67,976	238,056	769,490
<b>Other Financing Sources (uses)</b>										
Transfers in			63,714	98,626	-	-	-	-	-	-
Transfers out	(471)		(63,714)	(98,626)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(471)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 92,686</b>	<b>\$ 71,888</b>	<b>\$ (1,535,900)</b>	<b>\$ (3,106,070)</b>	<b>\$ (258,494)</b>	<b>\$ (131,843)</b>	<b>\$ 70,491</b>	<b>\$ 67,976</b>	<b>\$ 238,056</b>	<b>\$ 769,490</b>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	2.4%	4.0%	5.0%	5.2%	5.1%	5.5%	5.9%	6.9%

Source: CAFR Schedule B-2

FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Refund Prior Year Expenditures</u>	<u>Interest on Cap.Reserve Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	18,672	15,335	393	10,138	2,531	47,069
2008	10,496	8,282	166		188	19,132
2009	1,391	8,113	38	12,888	20,173	42,603
2010	1,398	23,205	287	6,412	2,584	33,886
2011	1,059	-	-	24,702	10	25,771
2012	1,563			-	1,104	2,667
2013	1,375	3,709	76	-	102	5,262
2014	1,430	211				1,641
2015	1,861	68	59		3,404	5,392
2016	2,612	4,010		6,100	-	12,722

Note: Interest transferred to Debt Service Fund in 2016.  
SOURCE: District Records



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

**Exhibit J-6**

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <u>a</u>	Net Valuation Taxable	Total Direct School Tax Rate <u>b</u>	Estimated Actual (County Equalized Value)
2007	\$5,878,900	\$221,034,700	\$26,872,100	\$1,994,800	\$12,183,200	\$3,912,700	-	284,283,687	\$11,796,000	\$611,287	\$272,487,687	1.171	\$402,488,855
2008	4,738,000	227,203,400	27,565,100	1,967,300	12,813,100	3,912,700	-	290,672,130	11,944,000	528,530	278,728,130	1.321	516,366,933
2009	9,779,500	458,629,100	59,564,800	1,945,400	22,934,800	7,028,300	-	587,307,097	26,459,000	966,197	560,848,097	0.712	558,965,857
2010	9,719,800	455,995,100	61,120,500	2,291,500	22,934,800	7,002,600	-	586,290,717	26,479,500	746,917	559,811,217	0.742	556,324,174
2011	9,559,600	454,453,300	61,934,100	1,982,200	23,068,200	7,002,600	-	584,731,465	26,487,100	244,365	558,244,365	0.765	531,329,855
2012	9,533,400	452,433,840	61,856,300	1,989,000	22,996,700	6,477,600	-	581,460,781	25,899,300	274,641	555,561,481	0.781	495,256,704
2013	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	0.990	468,903,446
2014	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	1.020	468,903,446
2015	6,664,400	356,619,800	52,873,500	1,947,100	16,768,600	5,900,500	-	465,758,262	24,660,500	323,862	441,097,762	1.044	450,932,164
2016	6,312,700	354,237,400	53,697,600	1,942,600	16,093,500	5,900,500	-	466,466,973	27,891,200	391,473	438,575,773	1.074	440,346,934

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies:

**b** Tax rates are per \$100

**Fredon Township School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Fredon Township Board of Education			Overlapping R			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional High School District	Fredon Township	Sussex County	
2007	\$1.171	\$0.000	\$1.171	\$0.866	\$0.468	\$0.765	\$3.270
2008	\$1.321	\$0.000	\$1.321	\$0.912	\$0.490	\$0.757	\$3.480
2009	\$0.712	\$0.000	\$0.712	\$0.483	\$0.253	\$0.385	\$1.833
2010	\$0.732	\$0.010	\$0.742	\$0.504	\$0.265	\$0.379	\$1.890
2011	\$0.729	\$0.036	\$0.765	\$0.524	\$0.272	\$0.384	\$1.945
2012	\$0.744	\$0.037	\$0.781	\$0.543	\$0.284	\$0.387	\$1.995
2013	\$0.942	\$0.048	\$0.990	\$0.705	\$0.365	\$0.486	\$2.546
2014	\$0.968	\$0.052	\$1.020	\$0.749	\$0.379	\$0.555	\$2.703
2015	\$0.988	\$0.056	\$1.044	\$0.774	\$0.383	\$0.534	\$2.735
2016	\$1.013	\$0.061	\$1.074	\$0.802	\$0.390	\$0.517	\$2.783

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

Taxpayer	2015			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 4,748,800	1	1.08%	\$ 744,500	5	0.39%
Mira Plastics	1,784,600	2	0.41%	1,485,500	1	0.77%
Individual Taxpayer #2	1,410,200	3	0.32%	740,100	6	0.38%
Amlø Enterprises	1,098,800	4	0.25%	1,098,000	3	0.57%
Individual Taxpayer #3	1,062,800	5	0.24%	633,200	8	0.33%
Individual Taxpayer #4	953,100	6	0.22%	580,400	9	0.30%
Individual Taxpayer #5	910,000	7	0.21%	572,900	10	0.30%
Individual Taxpayer #6	774,000	8	0.18%			
Individual Taxpayer #7	726,200	9	0.17%			
RPM Homes, LLC	711,400	10	0.16%			
United Telephone of New Jersey				1,186,649	2	0.61%
Schneider and Marguard				773,100	4	0.40%
Model Craftsman				666,700	7	0.34%
<b>Total</b>	<b>\$ 14,179,900</b>		<b>3.23%</b>	<b>\$ 8,481,049</b>		<b>4.39%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$3,438,700	\$3,438,700	100.00%	-
2008	\$3,924,224	\$3,924,224	100.00%	-
2009	\$4,061,965	\$4,061,965	100.00%	-
2010	\$4,238,762	\$4,238,762	100.00%	-
2011	\$4,298,681	\$4,298,681	100.00%	-
2012	\$4,386,627	\$4,386,627	100.00%	-
2013	\$4,453,750	\$4,453,750	100.00%	-
2014	\$4,554,969	\$4,554,969	100.00%	-
2015	\$4,657,154	\$4,657,154	100.00%	-
2016	\$4,763,234	\$4,763,234	100.00%	-

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

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

**Fredon Township School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2008	\$ 5,000,000	-0-	-0-	-0-	-0-	\$ 5,000,000	3.14%	\$ 1,489
2009	\$ 5,000,000	-0-	-0-	-0-	-0-	\$ 5,000,000	3.25%	\$ 1,497
2010	\$ 5,000,000	-0-	-0-	-0-	-0-	\$ 5,000,000	3.22%	\$ 1,502
2011	\$ 4,950,000	-0-	-0-	-0-	-0-	\$ 4,950,000	3.01%	\$ 1,458
2012	\$ 4,890,000	-0-	-0-	-0-	-0-	\$ 4,890,000	2.89%	\$ 1,449
2013	\$ 4,815,000	-0-	-0-	-0-	-0-	\$ 4,815,000	2.85%	\$ 1,439
2014	\$ 4,715,000	-0-	-0-	-0-	-0-	\$ 4,715,000	2.69%	\$ 1,422
2015	\$ 4,590,000	-0-	-0-	-0-	-0-	\$ 4,590,000	2.63%	\$ 1,395
2016	\$ 4,435,000	-0-	-0-	-0-	-0-	\$ 4,435,000	2.58%	\$ 1,363

Source: District CAFR Schedules I-1, I-2

**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

**Fredon Township School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	-0-	-0-	-0-	-0-	-0-
2008	\$ 5,000,000	-0-	\$ 5,000,000	1.8%	\$ 1,489
2009	\$ 5,000,000	-0-	\$ 5,000,000	0.9%	\$ 1,497
2010	\$ 5,000,000	-0-	\$ 5,000,000	0.9%	\$ 1,502
2011	\$ 4,950,000	-0-	\$ 4,950,000	0.9%	\$ 1,458
2012	\$ 4,890,000	-0-	\$ 4,890,000	0.9%	\$ 1,449
2013	\$ 4,815,000	-0-	\$ 4,815,000	1.1%	\$ 1,439
2014	\$ 4,715,000	-0-	\$ 4,715,000	1.1%	\$ 1,422
2015	\$ 4,590,000	-0-	\$ 4,590,000	1.0%	\$ 1,395
2016	\$ 4,435,000	-0-	\$ 4,435,000	1.0%	\$ 1,363

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

R Revised

\* Current data unavailable

**Fredon Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2016**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Fredon Township	\$ 1,006,500	100.000%	\$ 1,006,500
<b>Other debt</b>			
Sussex County	112,567,826	2.575%	<u>2,898,895</u>
Subtotal, overlapping debt			3,905,395
<b>Fredon Township School District Direct Debt</b>			<u>4,435,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 8,340,395</u></u>

**Sources:** Fredon Township Finance Officer, Sussex County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. 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.

**Fredon Township School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized valuation basis
	2013 449,919,393
	2014 441,215,115
	2015 427,830,795
	<b>[A]</b> <u>\$ 1,318,965,303</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 439,655,101
Debt limit (2.5 % of average equalization value)	<b>[B]</b> 10,991,378
Net bonded school debt	<b>[C]</b> 4,435,000
Legal debt margin	<b>[B-C]</b> <u>\$ 6,556,378</u>

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$11,135,814	\$12,567,456	\$13,401,252	\$13,634,207	\$13,169,301	\$12,639,229	\$12,204,651	\$11,823,583	\$11,410,046	\$10,991,378
Total net debt applicable to limit	-	5,000,000	5,000,000	5,000,000	4,950,000	4,890,000	4,815,000	4,715,000	4,590,000	4,435,000
Legal debt margin	<u>\$11,135,814</u>	<u>\$7,567,456</u>	<u>\$8,401,252</u>	<u>\$8,634,207</u>	<u>\$8,219,301</u>	<u>\$7,749,229</u>	<u>\$7,389,651</u>	<u>\$7,108,583</u>	<u>\$6,820,046</u>	<u>\$6,556,378</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	39.79%	37.31%	36.67%	37.59%	38.69%	39.45%	39.88%	40.23%	40.35%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts



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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2007	3,324	\$151,700,712	\$45,638 R	1.5%
2008	3,359	\$159,270,344	\$47,416 R	2.0%
2009	3,341	\$153,756,161	\$46,021 R	3.4%
2010	3,330	\$155,374,470	\$46,659 R	3.6%
2011	3,396	\$164,607,516	\$48,471 R	3.5%
2012	3,375	\$169,320,375	\$50,169 R	3.5%
2013	3,346	\$169,086,764	\$50,534 R	4.1%
2014	3,315	\$175,201,065	\$52,851 R	4.9%
2015	3,291	\$173,932,641	\$52,851 *	4.1%
2016	3,254	\$171,977,154	\$52,851 *	*

**Source:**

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

<sup>b</sup> Per Capita information provided by U.S. Dept of Commerce.

<sup>c</sup> Per Capita information provided by U.S. Dept of Commerce.

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

R Revised

P Projected

\* Current data unavailable

**Fredon Township School District  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>
	N/A		N/A	N/A	N/A	N/A
AMLO Enterprises, Inc.		1	0.00%			0.00%
Amerigas		2	0.00%			0.00%
Bear Brook Golf Club		3	0.00%			0.00%
Fountain House		4	0.00%			0.00%
Fredon Animal Hospital		5	0.00%			0.00%
Fredon Deli & Restaurant		6	0.00%			0.00%
Fredon Greenhouses		7	0.00%			0.00%
Fredon house		8	0.00%			0.00%
Lakeland Bank		9	0.00%			0.00%
Mira Plastics		10	0.00%			0.00%
						0.00%
	-		0.00%	-		0.00%

**Source:** No reliable data available

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

**Exhibit J-16**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	24	24	25	25	25	25	25	24	24	22
Special education	6	6	6	7	8	8	8	7	7	4
Other special education	2	2	2	2	2	2	2	2	2	2
Support Services:										
General administrative services	1	2	2	2	2	2	2	2	2	2
School administrative services	1	3	3	3	3	3	3	3	3	3
Central services	1	2	2	2	2	2	2	2	2	2
Total	<u>35</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>40</u>	<u>40</u>	<u>35</u>

**Source:** District Personnel Records

Fredon Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2007	338	\$ 4,488,948	\$ 13,281	14.66%	34	1:9.9		332.0	319.4	-0.30%	96.2%
2008	355	4,768,782	13,433	1.15%	39	1:9.1		347.4	326.1	4.64%	93.9%
2009	347	4,863,193	14,015	4.33%	40	1:8.7		335.5	329.2	-3.43%	98.1%
2010	345	5,014,404	14,535	3.71%	41	1:8.4		339.7	334.2	1.25%	98.4%
2011	334	4,957,289	14,842	2.12%	42	1:8.0		332.6	326.4	-2.09%	98.1%
2012	324	4,908,614	15,150	2.07%	42	1:7.7		323.1	311.4	-2.86%	96.4%
2013	326	5,140,202	15,767	4.08%	42	1:7.8		326.0	317.4	0.90%	97.4%
2014	280	5,187,217	18,526	17.49%	40	1:7.0		276.5	267.5	-15.18%	96.7%
2015	280	5,187,217	18,526	17.49%	40	1:7.0		276.5	267.5	-15.18%	96.7%
2016	238	4,647,500	19,527	5.41%	34	1:7.0		237.3	231.1	-14.18%	97.4%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual June 30 district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

**Fredon Township School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Fredon Township Elementary School - K-6</u></b>										
Square Feet - 1929 Building	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062
Square Feet - 1951 Building	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403
Square Feet - 1957 Building	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969
Square Feet - 1969 Building	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625	22,625
Square Feet - 2009 Addition				5,332	5,332	5,332	5,332	5,332	5,332	5,332
Square Feet - Total	34,059	34,059	34,059	39,391	39,391	39,391	39,391	39,391	39,391	39,391
Capacity (students) FES	263	263	263	330	330	330	330	330	330	330
Pre-School				17	17	18	14	-	-	-
Kindergarten	43	57	40	43	43	39	34	21	26	25
Grades 1 - 5	254	239	259	233	233	230	229	202	180	172
Grades 6 - 8	41	59	48	52	52	37	49	57	44	39
Enrollment - Total	338	355	347	345	345	324	326	280	250	236

Number of Schools at June 30, 2016  
Elementary = 1

**Source:** District records, ASSA

Note: Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

FES = Functional Educational Space

FREDON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2016

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Elementary School	N/A	\$ 71,713	\$ 134,723	\$ 102,641	\$ 116,315	\$ 127,661	\$ 107,380	\$ 135,607	\$ 139,675	\$ 149,195	\$ 141,604	\$ 1,226,514
Total School Facilities		71,713	134,723	102,641	116,315	127,661	107,380	135,607	139,675	149,195	141,604	425,392
Other Facilities												
<b>Grand Total</b>		<b>\$ 71,713</b>	<b>\$ 134,723</b>	<b>\$ 102,641</b>	<b>\$ 116,315</b>	<b>\$ 127,661</b>	<b>\$ 107,380</b>	<b>\$ 135,607</b>	<b>\$ 139,675</b>	<b>\$ 149,195</b>	<b>\$ 141,604</b>	<b>\$ 425,392</b>

FREDON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund</b>		
Property-Blanket Building and Contents Sussex Insurance Pool Limit	\$ 250,000,000	\$ 2,500
Comprehensive Crime Coverage:		
Theft Disappearance	50,000	1,000
Employee Dishonesty	500,000	1,000
Extra Expense	100,000	
Comprehensive Casualty Coverage:		
Includes General Liability, Auto, Employee Benefits	5,000,000	
School Board Legal Liability	5,000,000	
Excess Liability	5,000,000	
 <b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND - Selective Insurance Company</b>		
Treasurer	200,000	
Board Secretary	200,000	
Public Employee Dishonesty	500,000	1,000

SOURCE: District Records

# Single Audit Section





## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

### **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  
 Fredon Township School District  
 County of Sussex  
 Newton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fredon Township School District Board of Education in the County of Sussex, 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 Fredon Township School District Board of Education's basic financial statements, and have issued our report thereon dated September 30, 2016.

#### **Internal Control Over Financial Reporting**

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

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

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

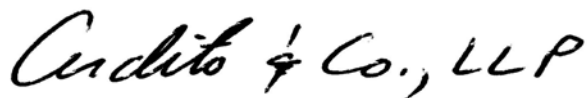
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Fredon Township School District, in a separate letter dated September 30, 2016 entitled "Auditor's Management Report on Administrative Findings".

**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 for New Jersey Department of Education use, 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.



ARDITO & CO., LLP  
September 30, 2016



Licensed Public School Accountant No.2369



## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08**

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 Fredon Township School District  
 County of Sussex  
 Newton, New Jersey 07860

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

We have audited the Fredon Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2016. The Fredon Township School District 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 its state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District'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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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 District's compliance.

**Opinion on Each Major State Program**

In our opinion, the Fredon Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of the Fredon Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District'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 New Jersey OMB Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fredon Township School District 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 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
September 30, 2016

*Carmen Cordero*

Licensed Public School Accountant No.2369

FREDON TOWNSHIP SCHOOL DISTRICT

K-4

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

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2015	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 183,763			\$ 183,763	\$ (183,763)							\$ 18,349	\$ 183,763
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	277,211			277,211	(277,211)							27,680	277,211
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,900			25,900	(25,900)							2,586	25,900
Transportion Aid	16-495-034-5120-014	7/1/15-6/30/16	39,793			39,793	(39,793)							3,974	39,793
PARCC Readiness Aid	16-495-034-5120-014	7/1/15-6/30/16	2,720			2,720	(2,720)							271	2,720
Per Pupil Growth Aid	16-495-034-5120-014	7/1/15-6/30/16	2,720			2,720	(2,720)							271	2,720
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	2,026				(2,026)			\$ (2,026)					2,026
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	3,606				(3,606)			(3,606)					3,606
Non-Public Transportation Aid	15-100-034-5120-068	7/1/15-6/30/16		(4,350)		4,350	-								4,350
On Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	130,959			130,959	(130,959)								130,959
On Behalf TPAF Pension PRM	16-495-034-5094-001	7/1/15-6/30/16	163,704			163,704	(163,704)								163,704
On Behalf TPAF Pension Non-Contrib Ins	16-495-034-5094-004	7/1/15-6/30/16	6,524			6,524	(6,524)								6,524
Reimbursed TPAF Soc.Secur.Contrib.	16-495-034-5094-003	7/1/15-6/30/16	122,564	(6,446)		122,742	(122,564)			(6,268)					122,564
<b>Total General Fund</b>				(10,796)		960,386	(961,490)			(11,900)				53,131	965,840
<b>Debt Service Fund</b>															
Debt Service Aid Type 2	16-100-034-5120-124	7/1/16-6/30/16	78,518			78,518	(78,518)			-					78,518
<b>Total Debt Service</b>				-		78,518	(78,518)	-		-					78,518
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	15-100-010-3350-023	7/1/14-6/30/15		(63)		63									
Nat.School Lunch Prog.(State Share)	16-100-010-3350-023	7/1/16-6/30/16	715			676	(715)			(39)					715
<b>Total Enterprise Fund</b>				(63)		739	(715)			(39)					715
<b>Total State Financial Assistance</b>				<b>\$ (10,859)</b>		<b>\$ 1,039,643</b>	<b>\$ (1,040,723)</b>	-		<b>\$ (11,939)</b>				<b>\$ 53,131</b>	<b>\$ 1,045,073</b>
Less: On-behalf TPAF Pension Amounts <u>301,187</u>															
Total State Expenditures Subject to Major Program Determination <u>\$ (739,536)</u>															

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2016

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Fredon Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment 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 \$-0- for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
 JUNE 30, 2016

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 961,490	\$ 961,490
Special Revenue Fund	\$ 44,865	-	44,865
Debt Service Fund		78,518	78,518
Food Service Fund	<u>20,491</u>	<u>715</u>	<u>21,206</u>
Total Financial Assistance	<u>\$ 65,356</u>	<u>\$ 1,040,723</u>	<u>\$ 1,106,079</u>

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

Amounts reported in the accompanying schedules agree with the amounts reported in the related 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 employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ None

Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

N/A

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_ Yes \_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no





SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Section II-Financial Statement Findings**

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

**Section III - State Financial Assistance Findings and Questioned Costs**

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**STATUS OF PRIOR YEAR FINDINGS**

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.