

**BOARD OF EDUCATION
OF THE
GLOUCESTER TOWNSHIP SCHOOL DISTRICT
BLACKWOOD, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION



Gloucester Township Public Schools

John Bilodeau
Superintendent of Schools

Administrative Offices
17 Erial Road • Blackwood, NJ 08012 • 856-227-1400 • FAX 856-228-1422

December 1, 2016

Honorable President and
Members of the Board of Education
Gloucester Township School District
Camden County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Gloucester 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 School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

The Gloucester Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Gloucester Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 6,388.2 students, which is 145.8 students less than the previous year's average enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	6,388.2	-2.23%
2014-15	6,534.0	-3.19%
2013-14	6,749.5	-2.77%
2012-13	6,941.8	-1.19%
2011-12	7,025.3	-4.29%
2010-11	7,340.3	-1.19%
2009-10	7,428.9	-1.41%
2008-09	7,535.3	-1.13%
2007-08	7,621.2	-1.70%
2006-07	7,753.2	

ECONOMIC CONDITION AND OUTLOOK:

The state’s labor market has clearly improved and is even looking solid. Nothing says strength more than worker shortages and especially in parts of central and northern New Jersey, available labor is becoming quite limited. Additionally New Jersey is also seeing housing price increases begin to accelerate. If it weren’t for sluggish state tax revenues, economists would be totally on board with the strong recovery message. Retail sales have shown continued positive signs. On the downside, deeply troubled state finances continue to act as a weight on the state’s growth and limit New Jersey’s ability to compete other states. A lack of business investment also weighs on the state’s progress.

INTERNAL ACCOUNTING CONTROLS:

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

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

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

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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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. These funds are explained in "Notes to the Financial Statements," Note 1.

CASH MANAGEMENT:

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

RISK MANAGEMENT:

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

BUSINESS OPERATIONS:

The Gloucester Township School District is unique in that it actively finds ways to reduce administrative costs through joint purchasing, shared services and cooperative pricing agreements with neighboring school districts and municipalities.

The School District acts as lead agency for the purchase of Waste Removal and commodities for the regional high school district and the municipality. The District also participates in a statewide consortium for the purchase of electricity, natural gas, and telephone services.

In addition, the District continues to realize savings for the taxpayers by acting as lead agency for the joint purchasing system that has been in existence for the past eighteen years. This jointure provides purchasing services for the elementary school district, the regional high school district, the local municipality, and other surrounding school districts.

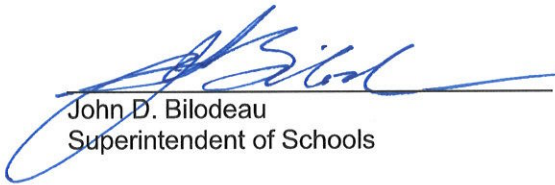
INDEPENDENT AUDIT:

State statutes require an annual audit by an independent public school accountant. The accounting firm of Bowman & Company LLP was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

The Auditor's report on the basic financial statements and combining and 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.

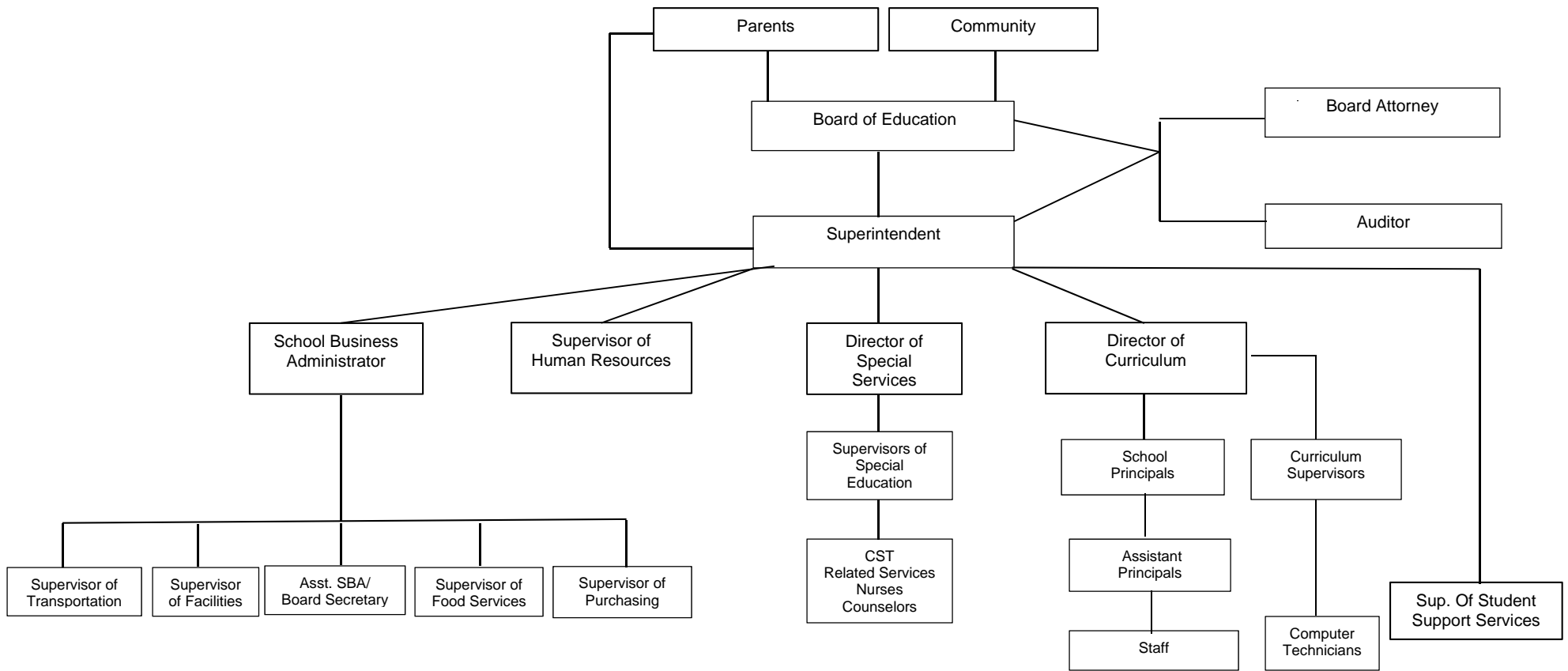
ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Gloucester Township Board of Education for providing an outstanding educational program that includes fiscal responsibility and accountability to the citizens and taxpayers of Gloucester Township. The preparation of this report could not have been accomplished without the assistance and information provided by an outstanding administrative team.



John D. Bilodeau
Superintendent of Schools

GLOUCESTER TOWNSHIP SCHOOLS ORGANIZATIONAL CHART



BOARD OF EDUCATION OF THE
TOWNSHIP OF GLOUCESTER
COUNTY OF CAMDEN
STATE OF NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ellen Reese, President	2016
Mary Jo Dintino, Vice President	2017
Dominic Gagliardi	2016
Linda K. Gilch	2016
Mark Gallo	2017
Mary Ann Johnson	2017
Susanne Reilly	2018
Tamara Jackson	2018
Deborah Simone	2018
 <u>Other Officials</u>	
John Bilodeau, Superintendent	
Kathleen Forsythe, Board Secretary/Business Administrator	

**GLOUCESTER TOWNSHIP SCHOOL DISTRICT
COUNTY OF CAMDEN
STATE OF NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

ATTORNEY

Daniel Long, Esq.
Wade, Long, Wood & Kennedy, LLC
1250 Chews Landing Road
Laurel Springs, NJ 08021

OFFICIAL DEPOSITORY

Columbia Bank
19-01 Route 208
Fair Lawn, NJ 07410

INSURANCE ADVISOR/BROKER

Connor Strong & Buckelew Companies, Inc.
123 Rosenhayn Avenue
PO Box 358
Bridgeton, NJ 08302

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Gloucester Township School District
County of Camden

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester Township School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the Gloucester Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gloucester Township School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Public School Accountant No. CS 02195

Voorhees, New Jersey
November 30, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Gloucester Township School District
County of Camden

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Gloucester Township School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Gloucester Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Public School Accountant No. CS 02195

Voorhees, New Jersey
November 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

Gloucester Township School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-16) and the prior year (2014-15) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-16 fiscal year include the following:

- Net Position for Governmental and Business-Type activities were \$27,976,389 and \$1,039,338, totaling \$29,015,727.
- Net Position for both activities increased by \$3,305,466 from July 1, 2015 to June 30, 2016.
- The General Fund fund balance as of June 30, 2016 was \$17,031,152, an increase of \$1,658,870 when compared with the beginning balance of \$15,372,282 as of July 1, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Gloucester Township School District.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the Gloucester Township School District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Table A-1

MAJOR FEATURES OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

		Fund Financial Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the District operates similar to private businesses: Food Service Fund, Latchkey Fund and Transportation Internal Service Fund
Required Financial Statements	Statements of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue, expenditures and changes in fund balances	Statement of revenue, expenses and changes in fund net position
			Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

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

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Government-wide Statements (Cont'd)

The two government-wide statements report the Gloucester Township School District's net position and how they have changed. Net position – the District's assets and deferred outflows of resources, less deferred inflows of resources and liabilities – is a measure of the District's financial health or position.

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

In the government-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities*-The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund and Latchkey Program Fund are included here.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

FINANCIAL ANALYSIS OF THE GLOUCESTER TOWNSHIP SCHOOL DISTRICT AS A WHOLE

Net Position. The District's net position for **governmental and business-type activities** was \$27,976,389 and \$1,039,338, respectively, totaling \$29,015,727 as of June 30, 2016. (See Table A-2)

Table A-2				
Gloucester Township School District's Net Position				
	2016	2015	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Current and Other Assets	\$ 19,965,868	\$ 20,063,978	\$ (98,110)	-0.5%
Capital Assets	<u>51,899,545</u>	<u>52,832,364</u>	<u>(932,819)</u>	<u>-1.8%</u>
Total Assets	<u>71,865,413</u>	<u>72,896,342</u>	<u>(1,030,929)</u>	<u>-1.4%</u>
Deferred Outflow of Resources	<u>5,931,444</u>	<u>2,207,180</u>	<u>3,724,264</u>	<u>100.0%</u>
Long-Term Liabilities	31,069,988	38,404,166	(7,334,178)	-19.1%
Other Liabilities	<u>16,044,451</u>	<u>8,041,459</u>	<u>8,002,992</u>	<u>99.5%</u>
Total Liabilities	<u>47,114,439</u>	<u>46,445,625</u>	<u>668,814</u>	<u>1.4%</u>
Deferred Inflow of Resources	<u>1,666,691</u>	<u>2,947,636</u>	<u>(1,280,945)</u>	<u>100.0%</u>
Net Position:				
Net Investment in Capital Assets	41,204,523	38,967,343	2,237,180	5.7%
Restricted	12,827,598	11,649,639	1,177,958	10.1%
Unrestricted (Deficit)	<u>(25,016,394)</u>	<u>(24,906,721)</u>	<u>(109,673)</u>	<u>0.4%</u>
Total Net Position	<u>\$ 29,015,727</u>	<u>\$ 25,710,261</u>	<u>\$ 3,305,466</u>	<u>12.9%</u>

The District's financial position for governmental and business-type activities is the product of the following factors:

- Program revenues were \$33,844,359.
 - ✓ Operating Grants & Contributions--\$30,044,274.
 - ✓ Charges for Services--\$3,800,085.
- General revenues totaled \$101,876,702.
- Loss on Disposal of Capital Assets was \$27,102.
- Net Expenditures were \$98,544,134.
- Total District revenues and beginning position restated are adjusted by net adjusted expenditures resulting in a calculation of net position of \$29,015,727 as of June 30, 2016.
- Revenues (\$101,876,702) + Beginning position (\$25,710,261) – Net expenditures (\$98,544,134) – Loss on Disposal of Capital Assets (\$27,102) = Net Position of \$29,015,727.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Change in Net Position. Net position for governmental and business-type activities increased by \$3,305,466 during the period from July 1, 2015 to June 30, 2016. (See Table A-3)

Table A-3			
Gloucester Township School District's Changes in Net Position			
	2016	2015	Increase/ (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 3,800,085	\$ 3,805,113	\$ (5,028)
Operating Grants and Contributions	30,044,274	25,508,158	4,536,116
General revenues			
Property taxes	47,583,252	45,791,690	1,791,562
State and Federal Aid	53,279,669	53,835,583	(555,914)
Other	1,013,781	820,602	193,179
Gain/(Loss) on Disposal of Capital Assets	(27,102)		(27,102)
Total revenues	<u>135,693,959</u>	<u>129,761,146</u>	<u>5,932,813</u>
Expenses			
Governmental Activities:			
Instruction:			
Regular	35,954,609	35,703,761	250,848
Special Education	10,046,573	9,927,724	118,849
Other Instruction	1,800,847	1,846,099	(45,252)
Non-Public School Programs	232	581	(349)
Community Service Programs	1,549	3,998	(2,449)
Support Services:			
Tuition	5,412,746	5,511,133	(98,387)
Student & Instruction Related Services	8,582,763	8,413,105	169,658
School Administrative Services	3,329,433	3,351,440	(22,007)
General and Business Administrative Services	3,279,119	3,213,482	65,637
Plant Operations and Maintenance	7,365,031	7,517,517	(152,486)
Pupil Transportation	8,045,834	8,022,599	23,235
Unallocated Benefits	42,891,639	37,045,293	5,846,346
Transfer to Charter Schools	1,600,693	1,499,077	101,616
Interest on Long-term Debt	358,783	531,502	(172,719.00)
Total Expenses--Governmental Activities	<u>128,669,851</u>	<u>122,587,311</u>	<u>6,082,540</u>
Business-Type Activities:			
Food Service	2,608,148	2,664,658	(56,509)
Latchkey	1,110,493	1,155,814	(45,320)
Total Expenses--Business-Type Activities	<u>3,718,642</u>	<u>3,820,471</u>	<u>(101,830)</u>
Total Expenses	<u>132,388,493</u>	<u>126,407,782</u>	<u>5,980,710</u>
Net Increase/(Decrease) in Net Position	<u>3,305,466</u>	<u>3,353,364</u>	<u>(47,897.63)</u>
Net Position July 1	<u>25,710,261</u>	<u>22,356,897</u>	<u>3,353,364</u>
Net Position June 30	<u>\$ 29,015,727</u>	<u>\$ 25,710,261</u>	<u>\$ 3,305,466</u>

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Total revenues for the District were \$135,693,959. Government funding of \$83,323,943 was the source of 61.4% of the District's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$47,583,252 provided 35.1% of revenues.

Other miscellaneous revenues of \$1,013,781 represent 0.7% of the District revenues. Miscellaneous revenues were primarily provided from interest, rentals, homeless tuition and refunds.

Total revenues exceeded expenses for governmental and business-type activities, increasing net position by \$3,305,466 from the beginning balance as of July 1, 2015.

The District's expenses for government activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$53,216,556 (41.4%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$16,628,596 (12.9%) of total expenditures. (See Table A-4)

Table A-4		
Gloucester Township School District's Net Cost of Governmental Activities		
For the Year Ended June 30, 2016		
Governmental Activities:	Total Cost of Services	Net Cost of Services
Instruction:		
Regular	\$35,954,609.29	\$33,211,526.35
Special Education	10,046,573	10,046,573
Other Instruction	1,800,847	1,800,847
Non-Public School Programs	232	232
Community Service Programs	1,549	1,549
Support Services:		
Tuition	5,412,746	5,412,746
Student & Instruction Related Services	8,582,763	8,056,150
School Administrative Services	3,329,433	3,329,433
General and Business Administrative Services	3,279,119	3,279,119
Plant Operations and Maintenance	7,365,031	7,365,031
Pupil Transportation	8,045,834	6,653,076
Unallocated Benefits	42,891,639	17,732,832
Transfer to Charter Schools	1,600,693	1,600,693
Interest on Long-term Debt	358,783	248,675
Total Governmental Activities	<u>\$128,669,851</u>	<u>\$ 98,738,483</u>

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Activity Descriptions

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

Tuition expenses include the cost to the District to send pupils with special needs living within the District to private schools and/or schools outside the District area.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and General and Business Administrative services include expenses associated with establishing and administering policy for the District including financial supervision.

Plant operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

Unallocated benefits includes the cost of benefits for the District staff for social security, retirement contributions, worker's compensation, health benefits and other employee benefits.

Interest on long-term debt and amortization of premiums/discounts involve the transactions associated with the payment of interest and other related charges to the debt of the District.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The financial performance of the Gloucester Township School District as a whole is also reflected in the governmental funds which are accounted for using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$17,386,622. At the end of the 2014-15 school year, the fund balance was \$15,728,823.

All governmental funds had total revenues of \$116,623,368, total expenditures of \$111,563,579 and net other financing uses of \$3,401,990.

GENERAL FUND BUDGETING HIGHLIGHTS

The 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.

The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation activities and capital outlay projects.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

The following schedule (Table A-5) presents a summary of General Fund Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

Table A-5				
Gloucester Township School District				
Summary of General Fund Revenues				
	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local sources:				
Local Tax levy	\$45,456,852.00	\$43,756,246.00	\$ 1,700,606	3.9%
Miscellaneous	<u>1,011,897</u>	<u>818,591</u>	<u>193,306</u>	<u>23.6%</u>
Total - Local Sources	<u>46,468,749</u>	<u>44,574,837</u>	<u>1,893,912</u>	<u>4.2%</u>
State Sources	63,415,758	62,333,421	1,082,337	1.7%
Federal Sources	<u>201,522</u>	<u>257,821</u>	<u>(56,299)</u>	<u>-21.8%</u>
Total - Govt Sources	<u>63,617,281</u>	<u>62,591,242</u>	<u>1,026,039</u>	<u>1.6%</u>
Total Revenues	<u>\$110,086,030</u>	<u>\$107,166,079</u>	<u>\$ 2,919,951</u>	<u>2.7%</u>

The primary source of funding for the District is received from State sources which accounted for 57.6% of total revenues. Local property taxes accounted for 41.3% of total revenues.

Total General Fund revenue increased by \$2,919,951, or 2.7% from the previous year.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

The following schedule (Table A-6) presents a summary of General Fund expenditures and other financing uses. The summary reflects the dollar and percent increases (decreases) from the prior year.

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>	<u>Amount of Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Regular Instruction	\$ 32,099,776	\$ 31,755,056	\$ 344,720	1.1%
Special Education Instruction	10,046,573	9,927,724	118,849	1.2%
Other Instruction	1,797,245	1,845,006	(47,761)	-2.6%
Community Service Programs/Operations	1,549	3,998	(2,449)	-61.3%
Support Services and Undistributed Costs:				
Tuition	5,412,746	5,511,133	(98,387)	-1.8%
Student & Instruction Related Services	8,042,043	7,919,480	122,563	1.5%
School Administrative Services	3,321,983	3,340,311	(18,328)	-0.5%
Other Administrative Services	3,121,721	3,047,584	74,137	2.4%
Plant Operations and Maintenance	6,668,791	6,958,959	(290,168)	-4.2%
Pupil Transportation	6,932,927	6,711,861	221,066	3.3%
Unallocated Employee Benefits	16,818,563	16,181,867	636,696	3.9%
Transfer to Charter Schools	1,600,693	1,499,077	101,616	6.8%
On-Behalf Payments (Non-Budget)	11,368,019	9,634,203	1,733,816	18.0%
Capital Outlay	374,790	278,900	95,890	34.4%
Total Expenditures	<u>\$ 107,607,420</u>	<u>\$ 104,615,159</u>	<u>\$ 2,992,261</u>	<u>2.9%</u>

Total General Fund expenditures increased \$2,992,261, or 2.9% from the previous year. This increase was due to both charter school costs and capital outlay expenditures. In addition, the District experienced increased costs in both pupil transportation and employee health benefit premium rates.

The Gloucester Township Board of Education values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The amounts of budgeted fund balance designated to support the subsequent year's budgets were \$4,795,666 for the 2016-17 school year and \$4,272,617 for the 2015-16 school year. These fund balances serve a two-fold purpose; (a) they are designated to assist the District in moderating local tax rate impacts from one fiscal year to the next; and (b) they finance capital improvements to the District's physical plant. By illustration, \$800,000 was budgeted during the 2016-2017 school year and \$1,200,000 was budgeted for the 2015-2016 school year for capital expenditures.

Gloucester Township Public Schools has been proactive in its establishment and use of restricted reserve funds to satisfy capital projects as well as emergent issues as the need arises.

During the course of fiscal year 2016, the District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

DEBT SERVICE FUND

The current year obligations for payment of debt service principal and interest amounted to \$3,498,164, of which \$2,126,400 in funding was provided by the local tax levy and \$1,046,205 was received as state aid.

FOOD SERVICE FUND

The Food Service Fund had net position of \$270,955 as of June 30, 2016. This reflects a decrease of \$35,643 from June 30, 2015.

LATCH KEY FUND

The Latchkey Fund had net position of \$768,382 as of June 30, 2016. This reflects an increase of \$223,336 from June 30, 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2016, the District had capital assets with a book value of \$51,899,545. This consists of a broad range of capital assets, including land, school buildings, school buses, computer and audio-visual equipment, and administrative offices. Total depreciation expense for the year was \$2,448,134. (See Table A-7)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 902,513.00	\$ 902,513.00			\$ 902,513	\$ 902,513
Construction in Progress	913,072	1,861,832			913,072	1,861,832
Land Improvements	5,102,596	3,277,596			5,102,596	3,277,596
Buildings and Improvements	76,718,917	76,610,816			76,718,917	76,610,816
Equipment	11,146,089	12,440,547	\$ 1,500,906	\$ 1,551,168	12,646,995	13,991,715
Total Capital Assets	94,783,187	95,093,304	1,500,906	1,551,168	96,284,094	96,644,472
Less:						
Accumulated Depreciation	(43,026,218)	(42,445,364)	(1,358,331)	(1,366,744)	(44,384,549)	(43,812,108)
Net Capital Assets	\$ 51,756,969	\$ 52,647,940	\$ 142,575	\$ 184,424	\$ 51,899,545	\$ 52,832,364

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

Long-term Obligations

At year-end, the District had \$10,706,000 in general obligation bonds outstanding, a decrease of \$3,130,000 from the previous year. The net pension liability was \$31,347,413, an increase of \$5,789,978 from the previous year. (See Table A-8)

The District had a liability of \$2,212,036 for compensated absences. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

Table A-8				
Gloucester Township School District				
Long Term Debt Schedule				
	Balance at	Balance at	Increase/	%
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>(Decrease)</u>	<u>Change</u>
Governmental Activities:				
General Obligation Bonds Payable	\$ 10,706,000	\$ 13,836,000	\$ (3,130,000)	-22.6%
Obligations Under Capital Leases		60,954	(60,954)	-100.0%
Net Pension Liability	31,347,413	25,557,435	5,789,978	22.7%
Compensated Absences	<u>2,051,583</u>	<u>1,836,974</u>	<u>214,609</u>	<u>11.7%</u>
	44,104,996	41,291,363	2,813,633	6.8%
Business-type Activities:				
Compensated Absences	<u>160,453</u>	<u>161,167</u>	<u>(714)</u>	<u>-0.4%</u>
Total	<u>\$ 44,265,449</u>	<u>\$ 41,452,530</u>	<u>\$ 2,812,919</u>	<u>6.8%</u>

THE FUTURE OUTLOOK

The Gloucester Township School District presently maintains a sound financial condition. The State of New Jersey has recently changed many laws regarding the annual approval of local school budgets. The initial year for these legislative enactments was for the 2012-2013 school year. Local school districts which approve a budget at an increase of no more than 102% of the previous year's local tax levy are exempt from a public vote on the school budget. Since the advent of this legislation, Gloucester Township Public Schools have developed school budgets at or below the two-percent cap limit.

The over-reliance on property taxes to support the schools in Gloucester Township is an annual concern for both the Board of Education and its Administration. Recent budgets have been benefited from the infusion of millions of dollars of unassigned fund balance which were a direct result of a Board of Education which has been committed to financial excellence for many years. The Board of Education's system for financial planning, budgeting and capital improvements are well regarded. The Board of Education is committed to continually improving upon its fiscal management processes and to meeting the challenges of the future.

**Gloucester Township School District
Gloucester Township, New Jersey**

**Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2016**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact John Bilodeau, Superintendent at: Gloucester Township School District, 17 Erial Road, Blackwood, New Jersey 08012.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,874,409.47	\$ 1,271,035.32	\$ 4,145,444.79
Receivables, net	7,364,583.17	53,510.14	7,418,093.31
Inventory		25,972.38	25,972.38
Restricted Assets:			
Restricted Cash and Cash Equivalents	2,606,600.93		2,606,600.93
Capital Reserve Account - Cash	5,769,756.35		5,769,756.35
Capital Assets, net	<u>51,756,969.98</u>	<u>142,575.48</u>	<u>51,899,545.46</u>
Total Assets	<u>70,372,319.90</u>	<u>1,493,093.32</u>	<u>71,865,413.22</u>
DEFERRED OUTFLOW OF RESOURCES:			
Deferred Loss on Refunding of Debt	105,533.06		105,533.06
Related to Pensions	<u>5,825,911.00</u>		<u>5,825,911.00</u>
Total Deferred Outflows of Resources	<u>5,931,444.06</u>	<u>-</u>	<u>5,931,444.06</u>
LIABILITIES:			
Accounts Payable	1,881,744.56	2,212.92	1,883,957.48
Internal Balances	(158,702.68)	158,702.68	
Payable to Federal Government	3,914.00		3,914.00
Payable to State Government	147,903.00		147,903.00
Estimated Worker's Compensation Claims Payable	429,319.00		429,319.00
Unearned Revenue	40,829.80	132,387.11	173,216.91
Accrued Interest Payable	116,124.38		116,124.38
Noncurrent Liabilities:			
Due within One Year	3,290,016.25		3,290,016.25
Due beyond One Year	<u>40,909,535.33</u>	<u>160,453.00</u>	<u>41,069,988.33</u>
Total Liabilities	<u>46,660,683.64</u>	<u>453,755.71</u>	<u>47,114,439.35</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	<u>1,666,691.00</u>	<u>-</u>	<u>1,666,691.00</u>
NET POSITION:			
Net Investment in Capital Assets	41,061,947.46	142,575.48	41,204,522.94
Restricted for:			
Capital Projects	6,123,475.44		6,123,475.44
Other Purposes	6,704,122.33		6,704,122.33
Unrestricted (Deficit)	<u>(25,913,155.91)</u>	<u>896,762.13</u>	<u>(25,016,393.78)</u>
Total Net Position	<u>\$ 27,976,389.32</u>	<u>\$ 1,039,337.61</u>	<u>\$ 29,015,726.93</u>

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

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

Functions / Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 35,954,609.29		\$ 2,743,082.94		\$ (33,211,526.35)		\$ (33,211,526.35)
Special Education	10,046,573.16				(10,046,573.16)		(10,046,573.16)
Other Special Instruction	215,587.97				(215,587.97)		(215,587.97)
Other Instruction	1,585,259.04				(1,585,259.04)		(1,585,259.04)
Nonpublic School Programs	232.17				(232.17)		(232.17)
Community Services Programs / Operations	1,549.00				(1,549.00)		(1,549.00)
Support Services:							
Tuition	5,412,745.61				(5,412,745.61)		(5,412,745.61)
Student and Instruction Related Services	8,582,762.53		526,612.19		(8,056,150.34)		(8,056,150.34)
School Administrative Services	3,329,433.10				(3,329,433.10)		(3,329,433.10)
General and Business Administrative Services	3,279,119.45				(3,279,119.45)		(3,279,119.45)
Plant Operations and Maintenance	7,365,030.90				(7,365,030.90)		(7,365,030.90)
Pupil Transportation	8,045,833.60	\$ 1,392,758.00			(6,653,075.60)		(6,653,075.60)
Unallocated Benefits	42,891,638.97		25,158,807.43		(17,732,831.54)		(17,732,831.54)
Transfer to Charter School	1,600,693.00				(1,600,693.00)		(1,600,693.00)
Interest on Long-Term Debt	358,783.00		110,107.71		(248,675.30)		(248,675.30)
Total Governmental Activities	128,669,850.79	1,392,758.00	28,538,610.27	-	(98,738,482.53)	-	(98,738,482.53)
Business-Type Activities:							
Food Service	2,608,148.41	1,073,439.29	1,505,663.58			\$ (29,045.54)	(29,045.54)
Latchkey	1,110,493.37	1,333,887.74				223,394.37	223,394.37
Total Business-Type Activities	3,718,641.78	2,407,327.03	1,505,663.58	-	-	194,348.83	194,348.83
Total Primary Government	\$ 132,388,492.57	\$ 3,800,085.03	\$ 30,044,273.85	\$ -	(98,738,482.53)	194,348.83	(98,544,133.70)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					45,456,852.00		45,456,852.00
Taxes Levied for Debt Service					2,126,400.00		2,126,400.00
Federal and State Aid not Restricted					53,279,668.97		53,279,668.97
Investment Earnings					19,092.69	1,155.88	20,248.57
Miscellaneous Income					993,532.24		993,532.24
Loss on Disposal of Capital Assets					(19,290.41)	(7,811.65)	(27,102.06)
Total General Revenues and Loss on Disposal of Capital Assets					101,856,255.49	(6,655.77)	101,849,599.72
Change in Net Position					3,117,772.97	187,693.06	3,305,466.03
Net Position -- July 1					24,858,616.35	851,644.55	25,710,260.90
Net Position -- June 30					\$ 27,976,389.32	\$ 1,039,337.61	\$ 29,015,726.93

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 4,876,374.42		\$ 604,635.98		\$ 5,481,010.40
Interfund Accounts Receivable	1,900,758.97			\$ 229,078.71	2,129,837.68
Receivables from Other Governments	5,330,338.89	\$ 603,708.00			5,934,046.89
Restricted Cash and Cash Equivalents	<u>5,769,756.35</u>				<u>5,769,756.35</u>
Total Assets	<u><u>\$ 17,877,228.63</u></u>	<u><u>\$ 603,708.00</u></u>	<u><u>\$ 604,635.98</u></u>	<u><u>\$ 229,078.71</u></u>	<u><u>\$ 19,314,651.32</u></u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 522,702.13	\$ 112,774.27	\$ 21,838.18		\$ 657,314.58
Interfund Accounts Payable		298,286.93	229,078.71	\$ 227,327.59	754,693.23
Estimated Worker's Compensation Claims Payable	323,375.00				323,375.00
Payable to Federal Government		3,914.00			3,914.00
Payable to State Government		147,903.00			147,903.00
Unearned Revenue		<u>40,829.80</u>			<u>40,829.80</u>
Total Liabilities	<u>846,077.13</u>	<u>603,708.00</u>	<u>250,916.89</u>	<u>227,327.59</u>	<u>1,928,029.61</u>
Fund Balances:					
Restricted:					
Capital Projects			353,719.09		353,719.09
Debt Service				1,751.12	1,751.12
Capital Reserve Account	5,769,756.35				5,769,756.35
Maintenance Reserve Account	1,088,256.49				1,088,256.49
Emergency Reserve Account	913,708.46				913,708.46
Tuition	200,000.00				200,000.00
Tuition--Designated for Subsequent Year's Expenditures	200,000.00				200,000.00
Excess Surplus--Current Year	506,491.38				506,491.38
Excess Surplus--Designated for Subsequent Year's Expenditures	<u>3,795,666.00</u>				<u>3,795,666.00</u>

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
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>
LIABILITIES AND FUND BALANCES (CONTINUED):					
Fund Balances (Continued):					
Assigned:					
Other Purposes	\$ 547,644.77				\$ 547,644.77
Designated for Subsequent Year's Expenditures	800,000.00				800,000.00
Designated for Subsequent Year's Expenditures--SEMI/ARRA	120,400.80				120,400.80
Designated for Subsequent Year's Expenditures--SEMI Settlement	1,936.43				1,936.43
Unassigned	<u>3,087,290.82</u>				<u>3,087,290.82</u>
Total Fund Balances	<u>17,031,151.50</u>	<u>-</u>	<u>\$ 353,719.09</u>	<u>\$ 1,751.12</u>	17,386,621.71
Total Liabilities and Fund Balances	<u>\$ 17,877,228.63</u>	<u>\$ 603,708.00</u>	<u>\$ 604,635.98</u>	<u>\$ 229,078.71</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
The Internal Service Fund is used to account for the financing of student transportation services to the district and other school districts. Student transportation services are governmental activities. This amount is the unrestricted net position in the Internal Service Fund.					
					96,594.53
Interest on long-term debt in the statement of activities is accrued, regardless of when due.					
					(116,124.38)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$94,783,187.75, and the accumulated depreciation is \$43,026,217.77.					
					51,756,969.98
Deferred loss on refunding of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.					
					105,533.06
Long-term liabilities, including bonds payable, compensated absences payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(44,199,551.58)
Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.					
					4,159,220.00
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.					
					<u>(1,212,874.00)</u>
Net position of governmental activities					<u>\$ 27,976,389.32</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 45,456,852.00			\$ 2,126,400.00	\$ 47,583,252.00
Miscellaneous	1,011,897.38		\$ 727.55		1,012,624.93
State Sources	63,415,758.43	\$ 412,551.89		1,046,205.00	64,874,515.32
Federal Sources	201,522.38	2,951,453.54			3,152,975.92
	<u>110,086,030.19</u>	<u>3,364,005.43</u>	<u>727.55</u>	<u>3,172,605.00</u>	<u>116,623,368.17</u>
Total Revenues					
EXPENDITURES:					
Current:					
Regular Instruction	32,099,776.26	2,743,082.94			34,842,859.20
Special Education Instruction	10,046,573.16				10,046,573.16
Other Special Instruction	211,986.25				211,986.25
Other Instruction	1,585,259.04				1,585,259.04
Community Service Programs/Operations	1,549.00				1,549.00
Support Services and Undistributed Costs:					
Tuition	5,412,745.61				5,412,745.61
Student and Instruction Related Services	8,042,043.31	526,612.19			8,568,655.50
School Administrative Services	3,321,982.87				3,321,982.87
Other Administrative Services	3,121,720.52				3,121,720.52
Plant Operations and Maintenance	6,668,790.72				6,668,790.72
Pupil Transportation	3,150,677.22				3,150,677.22
Unallocated Benefits	28,186,582.91				28,186,582.91
Transfer to Charter School	1,600,693.00				1,600,693.00
Debt Service:					
Principal				3,130,000.00	3,130,000.00
Interest and Other Charges				368,163.78	368,163.78
Capital Outlay	374,790.29	94,310.30	876,240.00		1,345,340.59
	<u>103,825,170.16</u>	<u>3,364,005.43</u>	<u>876,240.00</u>	<u>3,498,163.78</u>	<u>111,563,579.37</u>
Total Expenditures					

(Continued)

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues over Expenditures	\$ 6,260,860.03	-	\$ (875,512.45)	\$ (325,558.78)	\$ 5,059,788.80
OTHER FINANCING SOURCES (USES):					
Operating Transfers In/Out	(4,601,990.23)	-	970,193.74	229,806.26	(3,401,990.23)
Total Other Financing Sources and Uses	(4,601,990.23)	-	970,193.74	229,806.26	(3,401,990.23)
Net Change in Fund Balances	1,658,869.80	-	94,681.29	(95,752.52)	1,657,798.57
Fund Balance -- July 1	15,372,281.70	-	259,037.80	97,503.64	15,728,823.14
Fund Balance -- June 30	\$ 17,031,151.50	\$ -	\$ 353,719.09	\$ 1,751.12	\$ 17,386,621.71

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

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

Total Net Change in Fund Balances - Governmental Funds		\$ 1,657,798.57
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (2,040,970.73)	
Capital Outlays (Exclusive of SDA Debt Service Aid Assessment)	<u>1,345,340.59</u>	(695,630.14)
<p>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.</p>		
		3,130,000.00
<p>The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		(20,955.58)
<p>The Internal Service Fund is used by management to charge the costs of providing student transportation services to the district and other school districts. This amount is the change in net position for the Internal Service fund, exclusive of any gain/(loss) on disposal of Internal Service Fund capital assets.</p>		
		(55,666.16)
<p>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 amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		31,729.17
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to decrease net position.</p>		
		(15,234.64)
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of the difference in treatment of compensated absences.</p>		
		(214,609.06)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(699,659.00)</u>
Change in Net Position of Governmental Activities		<u>\$ 3,117,773.16</u>

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

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Latchkey	Totals	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 227,389.16	\$ 1,043,646.16	\$ 1,271,035.32	
Accounts Receivable:				
State	860.59		860.59	
Federal	49,486.67		49,486.67	
Other Governments				\$ 1,392,758.00
Other	3,162.88		3,162.88	
Inventories	25,972.38		25,972.38	
Total Current Assets	306,871.68	1,043,646.16	1,350,517.84	1,392,758.00
Noncurrent Assets:				
Equipment	1,402,080.08	98,826.18	1,500,906.26	5,952,038.42
Less Accumulated Depreciation	(1,264,500.83)	(93,829.95)	(1,358,330.78)	(4,670,942.70)
Total Noncurrent Assets	137,579.25	4,996.23	142,575.48	1,281,095.72
Total Assets	444,450.93	1,048,642.39	1,493,093.32	2,673,853.72
LIABILITIES:				
Current Liabilities:				
Accounts Payable	110.88	2,102.04	2,212.92	11,555.98
Interfund Accounts Payable	45,436.50	113,266.18	158,702.68	1,178,663.49
Estimated Worker's Compensation Claims Payable				105,944.00
Unearned Revenue	23,774.19	108,612.92	132,387.11	
Total Current Liabilities	69,321.57	223,981.14	293,302.71	1,296,163.47
Noncurrent Liabilities:				
Compensated Absences Payable	104,174.00	56,279.00	160,453.00	-
Total Noncurrent Liabilities	104,174.00	56,279.00	160,453.00	-
Total Liabilities	173,495.57	280,260.14	453,755.71	1,296,163.47
NET POSITION:				
Net Investment in Capital Assets	137,579.25	4,996.23	142,575.48	1,281,095.72
Unrestricted	133,376.11	763,386.02	896,762.13	96,594.53
Total Net Position	\$ 270,955.36	\$ 768,382.25	\$ 1,039,337.61	\$ 1,377,690.25

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

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

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service	Latchkey	Total Enterprise	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 657,879.00		\$ 657,879.00	
Daily Sales - Non-Reimbursable Programs	357,803.37		357,803.37	
Special Functions	57,326.42		57,326.42	
Community Service Activities		\$ 1,333,887.74	1,333,887.74	
Transportation Fees from LEA				\$ 3,401,990.23
Transportation Fees from Other LEA's Within the State				1,392,758.00
Miscellaneous	430.50		430.50	
Total Operating Revenues	1,073,439.29	1,333,887.74	2,407,327.03	4,794,748.23
OPERATING EXPENSES:				
Salaries	877,491.20	450,137.01	1,327,628.21	1,941,424.43
Employee Benefits	626,286.65	407,743.24	1,034,029.89	1,563,089.44
Purchased Professional Services	30,762.00	9,000.00	39,762.00	19,434.45
Cleaning, Repair and Maintenance Services	18,149.82		18,149.82	86,224.58
Other Purchased Services:				
Contracted Services (Other Than Between Home and School)				272,874.44
Insurance				166,030.00
Miscellaneous				3,231.40
Purchased Property Services		175,000.00	175,000.00	
Communications/Telephone		6,454.20	6,454.20	
Travel	817.78	116.25	934.03	
General Supplies	48,107.35	40,249.46	88,356.81	
Transportation Supplies				201,860.44
Gasoline				191,119.40
Depreciation	32,515.57	1,520.91	34,036.48	373,126.29
Cost of Sales:				
Reimbursable Programs	779,819.82		779,819.82	
Non-reimbursable Programs	193,824.68		193,824.68	
Miscellaneous Expense	373.54	20,272.30	20,645.84	26,550.94
Total Operating Expenses	2,608,148.41	1,110,493.37	3,718,641.78	4,844,965.81
Operating Income (Loss)	(1,534,709.12)	223,394.37	(1,311,314.75)	(50,217.58)
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	25,003.34		25,003.34	
Federal Sources:				
National School Lunch Program	1,028,854.52		1,028,854.52	
National School Breakfast Program	291,220.57		291,220.57	
After School Snack Program	7,994.91		7,994.91	
Special Milk Program	8,510.64		8,510.64	
Food Distribution Program	144,079.60		144,079.60	
Interest on Capital Leases				(1,392.81)
Gain/(Loss) on Disposal of Capital Assets	(6,899.28)	(912.37)	(7,811.65)	(4,055.77)
Interest and Investment Revenue	301.47	854.41	1,155.88	
Total Nonoperating Revenues (Expenses)	1,499,065.77	(57.96)	1,499,007.81	(5,448.58)
Income (Loss) before Contributions and Transfers	(35,643.35)	223,336.41	187,693.06	(55,666.16)
Operating Transfers In (Out) - General Fund	-	-	-	-
Change in Net Position	(35,643.35)	223,336.41	187,693.06	(55,666.16)
Total Net Position -- July 1	306,598.71	545,045.84	851,644.55	-
Total Net Position -- June 30	\$ 270,955.36	\$ 768,382.25	\$ 1,039,337.61	\$ 1,377,690.25

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

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Service	Latchkey	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 1,073,496.24	\$ 1,310,747.10	\$ 2,384,243.34	\$ 4,266,049.23
Payments to Employees	(877,491.20)	(450,137.01)	(1,327,628.21)	(1,941,424.43)
Payments for Employee Benefits	(641,139.15)	(393,605.00)	(1,034,744.15)	(1,492,888.44)
Payments to Suppliers	(1,100,198.74)	(248,990.17)	(1,349,188.91)	(958,848.34)
Net Cash Provided by (used for) Operating Activities	<u>(1,545,332.85)</u>	<u>218,014.92</u>	<u>(1,327,317.93)</u>	<u>(127,111.98)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State Sources	25,814.40		25,814.40	
Federal Sources	1,520,631.94		1,520,631.94	
Interfunds Receivable				386,535.76
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,631,981.26</u>	<u>(47,043.86)</u>	<u>1,584,937.40</u>	<u>386,535.76</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of Capital Assets				(197,076.60)
Principal Paid on Capital Leases				(60,954.37)
Interest Paid on Capital Leases				(1,392.81)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,423.78)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends	301.47	854.41	1,155.88	-
Net Cash Provided by (used for) Investing Activities	<u>301.47</u>	<u>854.41</u>	<u>1,155.88</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	86,949.88	171,825.47	258,775.35	-
Balances -- July 1	140,439.28	871,820.69	1,012,259.97	-
Balances -- June 30	<u>\$ 227,389.16</u>	<u>\$ 1,043,646.16</u>	<u>\$ 1,271,035.32</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,534,709.12)	\$ 223,394.37	\$ (1,311,314.75)	\$ (50,217.58)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	32,515.57	1,520.91	34,036.48	373,126.29
(Increase) Decrease in Inventories	(262.75)		(262.75)	
Increase (Decrease) in Accounts Payable	(28,081.00)	2,102.04	(25,978.96)	8,477.31
Increase (Decrease) in Accrued Salaries Benefits	(14,852.50)	14,138.24	(714.26)	
(Increase) Decrease in Accounts Receivable, net	(892.60)		(892.60)	(528,699.00)
Increase (Decrease) in Unearned Revenue	949.55	(23,140.64)	(22,191.09)	
Increase (Decrease) in Estimated Worker's Comp Claims Payable				70,201.00
Total Adjustments	<u>(10,623.73)</u>	<u>(5,379.45)</u>	<u>(16,003.18)</u>	<u>(76,894.40)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,545,332.85)</u>	<u>\$ 218,014.92</u>	<u>\$ (1,327,317.93)</u>	<u>\$ (127,111.98)</u>

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

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

	Private-Purpose Trust Fund	Agency Funds	
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,262,461.26	\$ 160,147.26	\$ 358,057.70
Receivables from Other Governments			95,620.65
Intrafund Accounts Receivable	<u>97,280.82</u>		
Total Assets	<u>1,359,742.08</u>	<u>\$ 160,147.26</u>	<u>\$ 453,678.35</u>
LIABILITIES:			
Accounts Payable	5,060.72		
Interfund Accounts Payable			\$ 37,778.28
Intrafund Accounts Payable			97,280.82
Payable to Student Groups		\$ 160,147.26	
Payroll Deductions and Withholdings			<u>318,619.25</u>
Total Liabilities	<u>5,060.72</u>	<u>\$ 160,147.26</u>	<u>\$ 453,678.35</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	<u>1,354,681.36</u>		
Total Net Position	<u>\$ 1,354,681.36</u>		

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

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

	Private-Purpose Trust Fund
	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Employee Salary Deductions	\$ 97,280.82
Investment Earnings:	
Interest	1,242.81
Total Additions	98,523.63
DEDUCTIONS:	
Unemployment Claims	50,026.86
Total Deductions	50,026.86
Change in Net Position	48,496.77
Net Position -- July 1	1,306,184.59
Net Position -- June 30	\$ 1,354,681.36

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gloucester Township School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K-8 at its eight elementary and three middle schools. The School District has an approximate enrollment at June 30, 2016 of 6,407.

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

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the internal service funds include salaries, benefits, administrative expenses, and other transportation related expenses. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

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

Latchkey Fund - This fund accounts for financial activity related to providing day care services for School District students before and after school and during the summer.

Internal Service Fund – Transportation Services – This fund has been established to account for the financing of transportation services provided by the Gloucester Township School District for use by the Black Horse Pike Regional School District, as well as for the Gloucester Township School District itself. Services are provided on a cost-reimbursement basis.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances (Cont'd)**

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed

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

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses**

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

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 Years
Buildings and Improvements	10-50 Years
Equipment	4-10 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt - The loss on refunding arise from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

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

Unearned Revenue

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

Compensated Absences

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

The School District uses the termination method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Pensions

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

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

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

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

Interfund Activity

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

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

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2016, the School District's bank balances of \$15,684,264.70 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 14,730,252.96
Uninsured and Uncollateralized	<u>954,011.74</u>
Total	<u>\$ 15,684,264.70</u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the School District by inclusion of \$1,000.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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		\$ 5,431,590.12
Increased by:		
Interest Earnings	\$ 3,070.23	
Deposits:		
Board Resolution - June 20, 2016	1,000,000.00	
Budgeted Increase	<u>535,096.00</u>	
		<u>1,538,166.23</u>
		6,969,756.35
Decreased by:		
Withdrawals:		
Budget Appropriation--Transfer to Capital Projects Fund		<u>1,200,000.00</u>
Ending Balance, June 30, 2016		<u><u>\$ 5,769,756.35</u></u>

The June 30, 2016 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects. The withdrawals from the capital reserve were for use in Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of intergovernmental awards and refunds, tax levy and charges, fiduciary funds interfunds and various miscellaneous fees. All intergovernmental receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Fund	Intergovernmental				Fiduciary Funds Interfund	Other	Total
	Federal Awards	State Awards/Refunds	Tax Levy	Transportation Charges			
Governmental Activities:							
Governmental Funds:							
General	\$ 1,936.43	\$ 1,363,130.98	\$ 3,965,271.48		\$ 37,778.28		\$ 5,368,117.17
Special Revenue	603,708.00						603,708.00
Proprietary Funds:							
Internal Service				\$ 1,392,758.00			1,392,758.00
	<u>605,644.43</u>	<u>1,363,130.98</u>	<u>3,965,271.48</u>	<u>1,392,758.00</u>	<u>37,778.28</u>	<u>-</u>	<u>7,364,583.17</u>
Business-Type Activities:							
Proprietary Funds:							
Food Service	49,486.67	860.59	-	-	-	\$ 3,162.88	53,510.14
Fiduciary Funds:							
Agency Funds:							
Payroll	-	95,620.65	-	-	-	-	95,620.65
	<u>\$ 655,131.10</u>	<u>\$ 1,459,612.22</u>	<u>\$ 3,965,271.48</u>	<u>\$ 1,392,758.00</u>	<u>\$ 37,778.28</u>	<u>\$ 3,162.88</u>	<u>\$ 7,513,713.96</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 18,842.28
Supplies	<u>7,130.10</u>
	<u>\$ 25,972.38</u>

Note 6: CAPITAL ASSETS

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

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 902,513.50				\$ 902,513.50
Construction in Progress	<u>1,861,831.87</u>	\$ 876,240.00	\$ (1,825,000.00)		<u>913,071.87</u>
Total Capital Assets, not being Depreciated	<u>2,764,345.37</u>	<u>876,240.00</u>	<u>(1,825,000.00)</u>	-	<u>1,815,585.37</u>
Capital Assets, being Depreciated:					
Land Improvements	3,277,596.25		1,825,000.00		5,102,596.25
Buildings and Improvements	76,610,816.21	108,101.25			76,718,917.46
Equipment	<u>12,440,547.16</u>	<u>558,075.75</u>		\$ (1,852,534.24)	<u>11,146,088.67</u>
Total Capital Assets, being Depreciated	<u>92,328,959.62</u>	<u>666,177.00</u>	<u>1,825,000.00</u>	<u>(1,852,534.24)</u>	<u>92,967,602.38</u>
Total Capital Assets, Cost	<u>95,093,304.99</u>	<u>1,542,417.00</u>	-	<u>(1,852,534.24)</u>	<u>94,783,187.75</u>
Less Accumulated Depreciation for:					
Land Improvements	(2,747,849.28)	(126,238.36)			(2,874,087.64)
Buildings and Improvements	(29,869,698.07)	(1,613,317.67)			(31,483,015.74)
Equipment	<u>(9,827,817.23)</u>	<u>(674,540.99)</u>		1,833,243.83	<u>(8,669,114.39)</u>
Total Accumulated Depreciation	<u>(42,445,364.58)</u>	<u>(2,414,097.02)</u>	-	<u>1,833,243.83</u>	<u>(43,026,217.77)</u>
Total Capital Assets, being Depreciated, Net	49,883,595.04	<u>(1,747,920.02)</u>	1,825,000.00	<u>(19,290.41)</u>	49,941,384.61
Governmental Activities Capital Assets, Net	<u>\$ 52,647,940.41</u>	<u>\$ (871,680.02)</u>	-	<u>(19,290.41)</u>	<u>\$ 51,756,969.98</u>
Business-Type Activities:					
Capital Assets, being Depreciated:					
Equipment	\$ 1,551,167.41	-	-	\$ (50,261.15)	\$ 1,500,906.26
Total Capital Assets, being Depreciated	<u>1,551,167.41</u>	-	-	<u>(50,261.15)</u>	<u>1,500,906.26</u>
Less Accumulated Depreciation for:					
Equipment	<u>(1,366,743.80)</u>	\$ (34,036.48)	-	42,449.50	<u>(1,358,330.78)</u>
Total Accumulated Depreciation	<u>(1,366,743.80)</u>	<u>(34,036.48)</u>	-	<u>42,449.50</u>	<u>(1,358,330.78)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 184,423.61</u>	<u>\$ (34,036.48)</u>	\$ -	<u>\$ (7,811.65)</u>	<u>\$ 142,575.48</u>

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Instruction Regular Programs	\$1,111,750.09
Instruction Special Programs	3,601.72
Instruction Nonpublic School Programs	232.17
Support Services Students	14,107.03
Support Services General Administration	88,308.11
Support Services School Administration	7,450.23
Support Services Plant Operations and Maintenance	696,239.99
Support Services Pupil Transportation	423,316.86
Support Services Business and Other Support Services	69,090.82

Total Depreciation Expense - Governmental Activities	<u>\$ 2,414,097.02</u>
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Business-Type Activities:

Food Service	\$ 32,515.57
Latchkey	1,520.91

Total Depreciation Expense - Business-Type Activities	<u>\$ 34,036.48</u>
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Note 7: LONG-TERM LIABILITIES

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

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 13,836,000.00		\$ (3,130,000.00)	\$ 10,706,000.00	\$ 3,180,000.00
Plus Amounts:					
Premium on Bonds	171,015.13		(76,459.55)	94,555.58	
Total Bonds Payable	<u>14,007,015.13</u>	<u>-</u>	<u>(3,206,459.55)</u>	<u>10,800,555.58</u>	<u>3,180,000.00</u>
Other Liabilities:					
Obligations under Capital Lease	60,954.37		(60,954.37)		
Compensated Absences	1,836,973.94	\$ 214,609.06		2,051,583.00	110,016.25
Net Pension Liability (note 9)	25,557,435.00	5,789,978.00		31,347,413.00	
Total Other Liabilities	<u>27,455,363.31</u>	<u>6,004,587.06</u>	<u>(60,954.37)</u>	<u>33,398,996.00</u>	<u>110,016.25</u>
Governmental Activity Long-Term Liabilities	<u>\$ 41,462,378.44</u>	<u>\$ 6,004,587.06</u>	<u>\$ (3,267,413.92)</u>	<u>\$ 44,199,551.58</u>	<u>\$ 3,290,016.25</u>

The bonds payable are liquidated by the debt service fund. Obligations under capital lease are liquidated by the internal service fund. Compensated absences and net pension liability are liquidated by the general fund.

Note 7: LONG-TERM LIABILITIES (CONT'D)

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:					
Other Liabilities:					
Compensated Absences Payable	\$ 161,167.26	\$ -	\$ (714.26)	\$ 160,453.00	\$ -
Business-Type Activity Long-Term Liabilities	<u>\$ 161,167.26</u>	<u>\$ -</u>	<u>\$ (714.26)</u>	<u>\$ 160,453.00</u>	<u>\$ -</u>

Compensated absences are liquidated by the enterprise funds.

Bonds Payable - Bonds and loans 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 School District are general obligation bonds.

On March 1, 2007, the School District issued \$7,806,000.00 general obligation bonds at interest rates varying from 3.625% to 3.875% for the emergent replacement and reconstruction of the roofs at the Charles Lewis Middle School, Glen Landing Middle School and J.W. Lilly Elementary School. The final maturity of these bonds is March 1, 2022. Subsequent to June 30, 2016, on October 6, 2016, the School District issued school refunding bonds to advance refund and redeem all of the School District's outstanding callable School Bonds, Series 2007, maturing on March 1 in the years 2018 through and including 2022 (see note 19).

On September 1, 2011, the School District issued \$4,175,000.00 in general obligation refunding bonds with a variable interest rate of 2.0% to 3.0% to advance refund \$4,094,000.00 of outstanding callable 2002 series bonds with a variable interest rate of 4.2% to 4.4%. The final maturity of these bonds is August 1, 2017.

On May 8, 2013, the School District issued \$7,430,000.00 in general obligation refunding bonds with a variable interest rate of 0.45% to 2.00% to currently refund \$7,375,000.00 of outstanding 2004 refunding bonds with an interest rate of 4.00%. The final maturity of these bonds is August 1, 2017.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,180,000.00	\$ 291,520.01	\$ 3,471,520.01
2018	3,220,000.00	215,620.00	3,435,620.00
2019	1,010,000.00	166,857.50	1,176,857.50
2020	1,055,000.00	127,720.00	1,182,720.00
2021	1,100,000.00	86,838.76	1,186,838.76
2022	1,141,000.00	44,213.76	1,185,213.76
Total	<u>\$ 10,706,000.00</u>	<u>\$ 932,770.03</u>	<u>\$ 11,638,770.03</u>

Bonds Authorized but not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Note 7: LONG-TERM LIABILITIES (CONT'D)

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2017	\$ 124,395.12
2018	118,257.12
2019	16,620.48
2020	<u>4,155.12</u>
	<u>\$ 263,427.84</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$124,395.12.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - 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.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.18% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$2,405,496.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$3,299,314.80.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 13.40% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$1,200,569.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$647,046.78.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$92,752.85, and the School District recognized pension expense of \$50,604.04. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>282,899,224.00</u>
	<u><u>\$282,899,224.00</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.4475951120%, which was a decrease of 0.0189922034% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized \$17,273,545.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$31,347,413.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was 0.1396445955%, which was an increase of 0.0031397813% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$1,900,244.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 747,839.00	\$ -
Changes of Assumptions	3,366,462.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	504,006.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	498,736.00	1,162,685.00
School District Contributions Subsequent to the Measurement Date	1,212,874.00	-
	<u>\$ 5,825,911.00</u>	<u>\$ 1,666,691.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$1,212,874.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2017	\$ 499,845.00
2018	499,845.00
2019	499,845.00
2020	880,619.00
2021	566,192.00
	<u>\$ 2,946,346.00</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were 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.

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
				<u>100.00%</u>	
	<u>100.00%</u>				

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS 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 actuarially determined 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 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>336,215,153.00</u>	<u>282,899,224.00</u>	<u>236,964,360.00</u>
	<u>\$336,215,153.00</u>	<u>\$282,899,224.00</u>	<u>\$236,964,360.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 38,960,999.00</u>	<u>\$ 31,347,413.00</u>	<u>\$ 24,964,238.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment 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 premiums 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 free health benefits to members of PERS and the Alternate Benefit Program who retire 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.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$3,482,757.00, \$4,353,578.00 and \$173,489.00, respectively.

Note 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 97,280.82	\$ 1,242.81	\$ 50,026.86	\$ 1,354,681.36
2015	96,136.43	1,207.64	75,260.84	1,306,184.59
2014	96,496.23	1,211.96	125,891.75	1,284,101.36

Note 12: RISK MANAGEMENT (CONT'D)

Self-Insurance Plan - The School District has adopted a plan of self-insurance for workers' compensation insurance claims up to \$500,000.00 per any one accident. Claims greater than this amount are covered by an excess workers' compensation insurance policy. The records of the Administrator of the plan indicate \$429,319.00 of pending claims which have been recorded and are included in accounts payable as of June 30, 2016. Any additional funds required for claims in excess of these pending claims will be paid and charged to the 2016-2017 or future budgets.

The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management, which is based on historical trends. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan.

Note 13: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Syracusa Benefits Program
Metlife
Equitable Life Assurance Society

Note 14: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$2,051,583.00 and \$160,453.00, respectively.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,900,758.97	
Special Revenue		\$ 298,286.93
Capital Projects		229,078.71
Debt Service	229,078.71	227,327.59
Food Service		158,702.68
Internal Service		1,178,663.49
Fiduciary		37,778.28
	<u>\$ 2,129,837.68</u>	<u>\$ 2,129,837.68</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Internal Service Fund</u>
<u>Transfer Out:</u>				
General Fund	\$ (4,601,990.23)	\$ 1,200,000.00		\$ 3,401,990.23
Capital Projects Fund		(229,806.26)	\$ 229,806.26	
Total Transfers	<u>\$ (4,601,990.23)</u>	<u>\$ 970,193.74</u>	<u>\$ 229,806.26</u>	<u>\$ 3,401,990.23</u>

During the fiscal year ended June 30, 2016, the general fund transferred \$1,200,000.00 to the capital projects fund for the local share of a capital project and \$3,401,990.23 to the internal service proprietary fund for the local share of transportation expenditures made in the internal service fund. Additionally, the capital projects fund transferred \$229,078.71 to the debt service fund for debt service principal payments related to completed local capital projects having unexpended bond proceeds. Finally, the capital projects fund transferred \$727.55 to the debt service fund for interest earned on deposits in the capital projects fund.

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Note 17: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Tuition - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$400,000.00 in a legal reserve for tuition adjustments. This restricted fund balance represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2016, \$200,000.00 and \$200,000.00 have been restricted for the contract years 2014-2015 and 2015-2016, respectively.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund 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 \$5,378,402.38 presented on the budgetary basis of accounting (Exhibit C-1). Excluding the last state aid payments not recognized on a GAAP basis, the excess fund balance reported on the balance sheet as of June 30, 2016 is \$506,491.38. Additionally, \$3,795,666.00 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$5,769,756.35. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Note 18: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd)**

For Maintenance Reserve Account - As of June 30, 2016, the balance in the maintenance reserve account is \$1,088,256.49. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Emergency Reserve - As of June 30, 2016, the balance in the emergency reserve is \$913,708.46. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

Capital Projects Fund - As of June 30, 2016, \$353,719.09 of capital projects fund balance is restricted for future capital expenditures.

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As of June 30, 2016, \$1,751.12 of debt service fund balance is restricted for future debt service expenditures, of which \$1,023.00 has been designated for utilization in the 2016-2017.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 800,000.00 of general fund balance at June 30, 2016.

Additionally, the School District has assigned for future use \$122,337.23 of general fund balance at June 30, 2016. \$1,936.43 results from the Special Education Medicaid Initiative (SEMI) reimbursement accrued during the current fiscal year for reimbursement of previous fiscal year expenditures. Such amount must be appropriated and included as anticipated revenue in fiscal year ending June 30, 2017 or 2018. \$120,400.80 results from the Special Education Medicaid Initiative (SEMI) reimbursement received during fiscal year ending June 30, 2015. Such amount must be appropriated and included as anticipated revenue in fiscal year ending June 30, 2017.

Other Purposes - As of June 30, 2016, the School District had \$547,644.77 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Note 18: FUND BALANCES (CONT'D)**UNASSIGNED**

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

General Fund - As of June 30, 2016, \$3,087,290.82 of general fund balance was unassigned.

Note 19: SUBSEQUENT EVENTS

Capital Debt Refunding - On October 6, 2016, the School District issued \$4,570,000.00 in school refunding bonds with an interest rate of 4.000% to advance refund \$4,806,000.00 of outstanding 2007 series bonds with an interest rate of 3.875%. The net proceeds of \$4,894,026.46 (after payment of issuance costs) were used to purchase U.S. Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 series bonds. As a result of the advance refunding, the School District will reduce its total debt service payments over the next six years by \$264,750.99, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$256,861.23, or 5.35% of the principal amount being refunded.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 45,456,852.00		\$ 45,456,852.00	\$ 45,456,852.00	
Unrestricted Miscellaneous	325,000.00		325,000.00	1,011,897.38	\$ 686,897.38
Total - Local Sources	45,781,852.00	-	45,781,852.00	46,468,749.38	686,897.38
State Sources:					
Equalization Aid	45,803,377.00		45,803,377.00	45,803,377.00	
Transportation Aid	513,108.00		513,108.00	513,108.00	
Categorical Special Education Aid	3,915,535.00		3,915,535.00	3,915,535.00	
Security Aid	487,009.00		487,009.00	487,009.00	
PARCC Readiness Aid	65,225.00		65,225.00	65,225.00	
Per Pupil Growth Aid	65,225.00		65,225.00	65,225.00	
Tuition Reimbursements for Homeless Students				51,359.00	51,359.00
Extraordinary Special Education Costs Aid				1,082,076.00	1,082,076.00
Nonpublic School Transportation Aid				64,032.00	64,032.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,358,195.43	3,358,195.43
On-behalf TPAF Pension Contributions (non-budgeted)				8,009,824.00	8,009,824.00
Total - State Sources	50,849,479.00	-	50,849,479.00	63,414,965.43	12,565,486.43
Federal Sources:					
Special Education Medicaid Initiative	116,916.00		116,916.00	199,585.95	82,669.95
Special Education Medicaid Initiative--Settlement				1,936.43	1,936.43
Total - Federal Sources	116,916.00	-	116,916.00	201,522.38	84,606.38
Total Revenues	96,748,247.00	-	96,748,247.00	110,085,237.19	13,336,990.19
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	1,310,887.00		1,310,887.00	1,245,839.44	65,047.56
Grades 1 - 5	16,552,581.00	(326,000.00)	16,226,581.00	16,185,167.99	41,413.01
Grades 6 - 8	10,876,161.00	(153,800.00)	10,722,361.00	10,370,935.87	351,425.13
Regular Programs - Home Instruction:					
Salaries of Teachers	32,000.00	3,500.00	35,500.00	35,439.46	60.54
Purchased Professional Educational Services	15,000.00		15,000.00	14,471.68	528.32
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,215,053.00	3,500.00	1,218,553.00	1,184,530.39	34,022.61
Purchased Professional - Educational Services	921,890.80	224,050.00	1,145,940.80	1,145,798.02	142.78
Purchased Technical Services	8,000.00	17,000.00	25,000.00	21,116.00	3,884.00
Other Purchased Services	6,000.00		6,000.00	821.71	5,178.29
General Supplies	1,594,408.53	754,250.00	2,348,658.53	1,879,635.15	469,023.38
Textbooks	17,290.00		17,290.00	1,933.53	15,356.47
Other Objects	30,000.00	(15,900.00)	14,100.00	14,087.02	12.98
Total Regular Programs	32,579,271.33	506,600.00	33,085,871.33	32,099,776.26	986,095.07

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 244,256.00	\$ 2,400.00	\$ 246,656.00	\$ 246,112.72	\$ 543.28
Other Salaries for Instruction	38,888.00	2,200.00	41,088.00	40,369.00	719.00
General Supplies	10,000.00	(4,600.00)	5,400.00	3,271.72	2,128.28
Textbooks	1,000.00		1,000.00		1,000.00
Other Objects	2,000.00		2,000.00	1,578.03	421.97
Total - Behavioral Disabilities	296,144.00	-	296,144.00	291,331.47	4,812.53
Multiple Disabilities:					
Salaries of Teachers	1,246,377.00	(8,700.00)	1,237,677.00	1,149,599.77	88,077.23
Other Salaries for Instruction	258,431.00	8,700.00	267,131.00	267,093.80	37.20
General Supplies	38,000.00	(5,000.00)	33,000.00	15,620.43	17,379.57
Textbooks	2,000.00		2,000.00		2,000.00
Other Objects	4,000.00		4,000.00	1,950.56	2,049.44
Total - Multiple Disabilities	1,548,808.00	(5,000.00)	1,543,808.00	1,434,264.56	109,543.44
Resource Room/Center					
Salaries of Teachers	6,282,396.00	(41,000.00)	6,241,396.00	6,112,801.51	128,594.49
Other Salaries for Instruction	323,839.00		323,839.00	321,902.35	1,936.65
General Supplies	80,516.40	43,000.00	123,516.40	118,083.15	5,433.25
Textbooks	8,000.00		8,000.00	7,281.68	718.32
Total - Resource Room/Center	6,694,751.40	2,000.00	6,696,751.40	6,560,068.69	136,682.71
Autism					
Salaries of Teachers	513,837.00	(2,000.00)	511,837.00	511,005.00	832.00
Other Salaries for Instruction	757,589.00		757,589.00	524,507.56	233,081.44
General Supplies	28,500.00		28,500.00	28,000.17	499.83
Other Objects	4,000.00	2,000.00	6,000.00	5,087.02	912.98
Total - Autism	1,303,926.00	-	1,303,926.00	1,068,599.75	235,326.25
Preschool Disabilities - Part-time:					
Salaries of Teachers	446,036.00	(5,400.00)	440,636.00	404,324.57	36,311.43
Other Salaries for Instruction	224,756.00	5,400.00	230,156.00	230,110.49	45.51
General Supplies	12,000.00		12,000.00	10,069.32	1,930.68
Other Objects	2,000.00		2,000.00	1,545.06	454.94
Total - Preschool Disabilities - Part-Time	684,792.00	-	684,792.00	646,049.44	38,742.56

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education (Cont'd):					
Home Instruction					
Salaries of Teachers	\$ 55,000.00		\$ 55,000.00	\$ 19,116.29	\$ 35,883.71
Purchased Professional - Educational Services	20,000.00	\$ 10,000.00	30,000.00	27,142.96	2,857.04
Total - Home Instruction	75,000.00	10,000.00	85,000.00	46,259.25	38,740.75
Total - Special Education	10,603,421.40	7,000.00	10,610,421.40	10,046,573.16	563,848.24
Bilingual Education:					
Salaries of Teachers	277,971.00	(38,100.00)	239,871.00	210,214.50	29,656.50
General Supplies	5,000.00		5,000.00	1,771.75	3,228.25
Other Objects	500.00		500.00		500.00
Total - Bilingual Education	283,471.00	(38,100.00)	245,371.00	211,986.25	33,384.75
School Sponsored Cocurricular Activities - Instruction:					
Salaries	348,230.00	-	348,230.00	287,344.89	60,885.11
School Sponsored Athletics - Instruction:					
Salaries	235,646.00		235,646.00	190,650.00	44,996.00
Other Purchased Services	39,000.00		39,000.00	26,909.50	12,090.50
General Supplies	39,000.00		39,000.00	29,134.90	9,865.10
Total - School-Sponsored Athletics - Instruction	313,646.00	-	313,646.00	246,694.40	66,951.60
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	1,086,861.00		1,086,861.00	1,051,219.75	35,641.25
Total - Instruction	45,214,900.73	475,500.00	45,690,400.73	43,943,594.71	1,746,806.02
Community Service Programs/Operations:					
General Supplies	7,000.00	-	7,000.00	1,549.00	5,451.00
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	220,000.00	7,100.00	227,100.00	227,002.31	97.69
Tuition to Other LEAs within the State - Special	110,000.00	60,000.00	170,000.00	152,328.41	17,671.59
Tuition to CSSD & Regional Day Schools	2,800,000.00	110,000.00	2,910,000.00	2,864,956.96	45,043.04
Tuition to Private School for the Disabled - within the State	2,300,000.00	(162,100.00)	2,137,900.00	2,130,845.33	7,054.67
Tuition Private School for the Disabled and Other LEAs - Out of State	10,000.00		10,000.00		10,000.00
Tuition - Other	100,000.00	(60,000.00)	40,000.00	37,612.60	2,387.40
Total Undistributed Expenditures - Instruction	5,540,000.00	(45,000.00)	5,495,000.00	5,412,745.61	82,254.39

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 162,440.00	\$ (4,000.00)	\$ 158,440.00	\$ 149,313.17	\$ 9,126.83
General Supplies	1,000.00		1,000.00	613.00	387.00
Total Undistributed Expenditures - Attendance and Social Work	163,440.00	(4,000.00)	159,440.00	149,926.17	9,513.83
Undistributed Expenditures - Health Services:					
Salaries	984,772.00	36,200.00	1,020,972.00	1,020,404.39	567.61
Purchased Professional and Technical Services	509,773.00	(32,700.00)	477,073.00	418,195.22	58,877.78
General Supplies	8,000.00		8,000.00	5,473.79	2,526.21
Total Undistributed Expenditures - Health Services	1,502,545.00	3,500.00	1,506,045.00	1,444,073.40	61,971.60
Undistributed Expenditures - Speech, OT, PT & Related Services:					
Salaries	1,376,736.00	(43,500.00)	1,333,236.00	1,316,703.80	16,532.20
Purchased Professional Educational Services	20,000.00	78,100.00	98,100.00	98,011.48	88.52
General Supplies	12,000.00		12,000.00	2,355.02	9,644.98
Total Undistributed Expenditures - Speech, OT, PT & Rel. Serv.	1,408,736.00	34,600.00	1,443,336.00	1,417,070.30	26,265.70
Undistributed Expenditures - Extraordinary Services					
Purchased Professional Educational Services	-	125,000.00	125,000.00	103,384.52	21,615.48
Total Undistributed Expenditures - Extraordinary Services	-	125,000.00	125,000.00	103,384.52	21,615.48
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	1,504,461.00	(55,000.00)	1,449,461.00	1,439,944.66	9,516.34
Salaries of Secretarial and Clerical Assistants	72,615.00	1,100.00	73,715.00	73,713.05	1.95
Other Purchased Professional and Technical Services	17,500.00	(300.00)	17,200.00	17,200.00	
Other Purchased Services		3,800.00	3,800.00	552.00	3,248.00
General Supplies	15,000.00	(1,600.00)	13,400.00	7,647.92	5,752.08
Total Undistributed Expenditures - Guidance	1,609,576.00	(52,000.00)	1,557,576.00	1,539,057.63	18,518.37
Undistributed Expenses - Child Study Teams:					
Salaries of Other Professional Staff	1,574,477.00		1,574,477.00	1,543,700.89	30,776.11
Other Purchased Professional and Technical Services	30,000.00	(11,500.00)	18,500.00	5,304.50	13,195.50
Miscellaneous Purchased Services	10,000.00	2,100.00	12,100.00	12,087.89	12.11
General Supplies	46,787.19	(600.00)	46,187.19	37,983.76	8,203.43
Total Undistributed Expenditures - Child Study Teams	1,661,264.19	(10,000.00)	1,651,264.19	1,599,077.04	52,187.15

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 607,700.00		\$ 607,700.00	\$ 566,683.88	\$ 41,016.12
Salaries of Secretarial and Clerical Assistants	91,621.00		91,621.00	87,766.20	3,854.80
Salaries of Facilitators, Math and Literacy Coaches	96,614.00		96,614.00	95,200.00	1,414.00
Other Purchased Services		\$ 540.00	540.00		540.00
General Supplies	2,800.00		2,800.00	1,617.16	1,182.84
Other Objects	2,200.00	(540.00)	1,660.00	629.00	1,031.00
Total Undistributed Expenditures - Improvement of Instruction Services	800,935.00	-	800,935.00	751,896.24	49,038.76
Undistributed Expenditures - Educational Media/Library:					
Salaries	947,080.00	5,500.00	952,580.00	952,477.65	102.35
General Supplies	58,060.00	(2,600.00)	55,460.00	46,059.92	9,400.08
Total Undistributed Expenditures - Educational Media/Library	1,005,140.00	2,900.00	1,008,040.00	998,537.57	9,502.43
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional Educational Services	11,200.00	10,000.00	21,200.00	12,852.08	8,347.92
Other Purchased Services	24,400.00	4,500.00	28,900.00	26,168.36	2,731.64
Total Undistributed Expenditures - Instructional Staff Training Services	35,600.00	14,500.00	50,100.00	39,020.44	11,079.56
Undistributed Expenditures - Support Services General Administration:					
Salaries	223,707.00	9,000.00	232,707.00	232,593.50	113.50
Legal Services	140,000.00		140,000.00	124,114.80	15,885.20
Audit Fees	92,000.00	6,000.00	98,000.00	97,750.00	250.00
Architectural/Engineering Services	70,000.00	57,000.00	127,000.00	80,722.66	46,277.34
Miscellaneous Purchased Services	143,000.00	92,000.00	235,000.00	229,439.11	5,560.89
Communications/Telephone	220,000.00	(12,010.00)	207,990.00	189,353.59	18,636.41
BOE Other Purchased Services	11,408.00		11,408.00	8,752.22	2,655.78
General Supplies	6,500.00	(800.00)	5,700.00	5,095.26	604.74
Miscellaneous Expenditures	13,000.00	810.00	13,810.00	13,787.52	22.48
BOE Membership Dues and Fees	27,000.00		27,000.00	26,662.70	337.30
Total Undistributed Expenditures - Support Services General Administration	946,615.00	152,000.00	1,098,615.00	1,008,271.36	90,343.64
Undistributed Expenditures - Support Services School Administration:					
Salaries of Principals/Assistant Principals	2,531,473.00		2,531,473.00	2,447,053.61	84,419.39
Salaries of Other Professional Staff	132,880.00		132,880.00	98,500.06	34,379.94
Salaries of Secretarial and Clerical Assistants	777,905.00		777,905.00	762,461.28	15,443.72
Other Purchased Services	20,000.00		20,000.00	6,817.92	13,182.08
Other Objects		120,000.00	120,000.00	7,150.00	112,850.00
Total Undistributed Expenditures - Support Services School Administration	3,462,258.00	120,000.00	3,582,258.00	3,321,982.87	260,275.13

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Central Services					
Salaries	\$ 920,455.00	\$ (200.00)	\$ 920,255.00	\$ 798,078.07	\$ 122,176.93
Purchased Professional Services	13,500.00	(4,000.00)	9,500.00	4,946.67	4,553.33
Miscellaneous Purchased Services	228,500.00	71,200.00	299,700.00	241,478.32	58,221.68
General Supplies	46,553.22	(4,000.00)	42,553.22	17,669.06	24,884.16
Miscellaneous Expenditures	6,000.00	43,550.00	49,550.00	17,379.89	32,170.11
Total Undistributed Expenditures - Central Services	1,215,008.22	106,550.00	1,321,558.22	1,079,552.01	242,006.21
Undistributed Expenditures - Admin. Info. Technology					
Salaries	426,172.00	53,704.00	479,876.00	479,460.45	415.55
Purchased Technical Services	356,918.00	(124,194.50)	232,723.50	232,723.26	0.24
Other Purchased Services	176,646.50	(12,335.00)	164,311.50	164,258.47	53.03
General Supplies	80,000.00	(9,994.00)	70,006.00	64,649.97	5,356.03
Total Undistributed Expenditures - Admin. Info. Technology	1,039,736.50	(92,819.50)	946,917.00	941,092.15	5,824.85
Undistributed Expenditures - Required Maint. for School Facilities:					
Salaries	294,992.00	(20,000.00)	274,992.00	269,220.83	5,771.17
Cleaning, Repair & Maintenance Services	312,142.13	435,000.00	747,142.13	473,147.27	273,994.86
General Supplies	83,367.13	16,000.00	99,367.13	98,731.90	635.23
Other Objects	12,000.00	2,000.00	14,000.00	13,791.02	208.98
Total Undistributed Expenditures - Required Maint. for School Facilities	702,501.26	433,000.00	1,135,501.26	854,891.02	280,610.24
Undistributed Expenditures - Custodial Services:					
Salaries	2,596,490.00	(70,000.00)	2,526,490.00	2,382,814.53	143,675.47
Purchased Professional and Technical Services	5,000.00		5,000.00	2,861.66	2,138.34
Cleaning, Repair & Maintenance Services	319,467.70	(27,893.00)	291,574.70	215,222.59	76,352.11
Rental of Land and Building Other Than Lease Purchase		1,213.00	1,213.00	1,212.45	0.55
Other Purchased Property Services	322,500.00	37,000.00	359,500.00	339,221.95	20,278.05
Insurance	275,000.00	(46,720.00)	228,280.00	225,674.29	2,605.71
Miscellaneous Purchased Services	2,000.00		2,000.00	312.27	1,687.73
General Supplies	376,796.65	11,500.00	388,296.65	365,971.01	22,325.64
Energy (Electricity)	1,350,000.00	(20,000.00)	1,330,000.00	1,101,118.68	228,881.32
Energy (Natural Gas)	750,000.00	(133,600.00)	616,400.00	426,924.42	189,475.58
Other Objects	26,967.09	2,500.00	29,467.09	29,487.54	(20.45)
Total - Undistributed Expenditures - Custodial Services	6,024,221.44	(246,000.00)	5,778,221.44	5,090,821.39	687,400.05
Undistributed Expenditures - Care and Upkeep of Grounds:					
Salaries	181,291.00		181,291.00	180,491.50	799.50
Cleaning, Repair & Maintenance Services	8,140.00		8,140.00	4,919.64	3,220.36
General Supplies	45,000.00		45,000.00	30,472.26	14,527.74
Total Undistributed Expenditures - Care and Upkeep of Grounds	234,431.00	-	234,431.00	215,883.40	18,547.60

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Security:					
Salaries	\$ 168,199.00	\$ (20,000.00)	\$ 148,199.00	\$ 144,880.38	\$ 3,318.62
Purchased Professional and Technical Services	200,000.00	100,000.00	300,000.00	300,000.00	
Cleaning, Repair & Maintenance Services	133,482.29		133,482.29	61,808.99	71,673.30
General Supplies	22,000.00		22,000.00	505.54	21,494.46
	<u>523,681.29</u>	<u>80,000.00</u>	<u>603,681.29</u>	<u>507,194.91</u>	<u>96,486.38</u>
Total Undistributed Expenditures - Security					
Undistributed Expenditures - Student Transportation Services:					
Salaries - Non-Instructional Aides	200,000.00	40,000.00	240,000.00	236,942.18	3,057.82
Salaries for Pupil Transportation (Between Home & School) - Regular	40,000.00	(20,000.00)	20,000.00	19,978.05	21.95
Salaries for Pupil Transportation (Between Home & School) - Special Education	415,000.00	(16,400.00)	398,600.00	398,520.47	79.53
Salaries for Pupil Transportation (Between Home & School) - Nonpublic	35,000.00	(6,000.00)	29,000.00		29,000.00
Group Insurance	287,176.00	(21,500.00)	265,676.00	226,224.36	39,451.64
Social Security Contributions	51,000.00		51,000.00		51,000.00
Other Retirement Contributions - PERS	55,000.00		55,000.00	55,000.00	
Other Employee Benefits	5,000.00		5,000.00		5,000.00
Cleaning, Repair & Maintenance Services	9,033.67	25,000.00	34,033.67	11,131.76	22,901.91
Contracted Services (Between Home & School) - Vendors	532,190.50	(322,000.00)	210,190.50	152,824.17	57,366.33
Contracted Services (Other Than Between Home & School) - Vendors	75,000.00	5,500.00	80,500.00	80,467.80	32.20
Contracted Services (Spec. Ed. Students) - Vendors	20,000.00	16,400.00	36,400.00	23,847.34	12,552.66
Contracted Services (Special Ed. Students) - ESC/CTSA	1,328,824.00	214,000.00	1,542,824.00	1,541,566.62	1,257.38
Contracted Services - Aid in Lieu Payments - Nonpublic	170,000.00	175,000.00	345,000.00	313,982.67	31,017.33
Miscellaneous Purchased Services - Transportation	15,000.00	(10,000.00)	5,000.00		5,000.00
Transportation Supplies	130,000.00	(69,000.00)	61,000.00	44,830.48	16,169.52
General Supplies	60,547.54	5,000.00	65,547.54	44,206.30	21,341.24
Other Objects	3,000.00		3,000.00	1,155.02	1,844.98
	<u>3,431,771.71</u>	<u>16,000.00</u>	<u>3,447,771.71</u>	<u>3,150,677.22</u>	<u>297,094.49</u>
Total Undistributed Expenditures - Student Transportation Services					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	950,000.00	(1,500.00)	948,500.00	808,318.27	140,181.73
Other Retirement Contributions - PERS	900,000.00	286,100.00	1,186,100.00	1,186,077.61	22.39
Unused Sick Payment to Terminated/Retired Staff	250,000.00		250,000.00	189,986.87	60,013.13
Workmen's Compensation	450,000.00		450,000.00	402,407.77	47,592.23
Health Benefits	15,783,674.00	(785,100.00)	14,998,574.00	13,714,542.97	1,284,031.03
Tuition Reimbursement	151,500.00		151,500.00	40,803.03	110,696.97
Other Employee Benefits	414,080.00	65,500.00	479,580.00	476,426.96	3,153.04
	<u>18,899,254.00</u>	<u>(435,000.00)</u>	<u>18,464,254.00</u>	<u>16,818,563.48</u>	<u>1,645,690.52</u>
Total Unallocated Benefits - Employee Benefits					
Undistributed Expenditures - Transfer to Charter Schools	1,844,998.00	-	1,844,998.00	1,600,693.00	244,305.00

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures- Non-budgeted:					
On-behalf TPAF Pension Contributions	-	-	-	\$ 8,009,824.00	\$ (8,009,824.00)
Undistributed Expenditures - Non-budgeted					
Reimbursed TPAF Social Security Contributions	-	-	-	3,358,195.43	(3,358,195.43)
Total Undistributed Expenses	\$ 52,051,712.61	\$ 203,230.50	\$ 52,254,943.11	59,412,431.16	(7,157,488.05)
Total Current Expense	97,273,613.34	678,730.50	97,952,343.84	103,357,574.87	(5,405,231.03)
CAPITAL OUTLAY:					
Equipment:					
Resource Room/Resource Center	30,483.60		30,483.60	18,978.60	11,505.00
Undistributed Expenditures:					
Central Services		39,950.00	39,950.00		39,950.00
Admin. Info. Technology		181,319.50	181,319.50	181,319.50	
Required Maintenance for School Facilities	75,405.94	100,000.00	175,405.94	174,492.19	913.75
Total - Equipment	105,889.54	321,269.50	427,159.04	374,790.29	52,368.75
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	100,000.00	(100,000.00)			
Construction Services	1,100,000.00	(1,100,000.00)			
Assessment for Debt Service on SDA Funding	92,805.00		92,805.00	92,805.00	
Total - Facilities Acquisition and Construction Services	1,292,805.00	(1,200,000.00)	92,805.00	92,805.00	-
Total Capital Outlay	1,398,694.54	(878,730.50)	519,964.04	467,595.29	52,368.75
Total Expenditures	98,672,307.88	(200,000.00)	98,472,307.88	103,825,170.16	(5,352,862.28)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,924,060.88)	200,000.00	(1,724,060.88)	6,260,067.03	7,984,127.91
Other Financing Sources (Uses):					
Transfers to Capital Projects - Capital Reserve Transfer		(1,200,000.00)	(1,200,000.00)	(1,200,000.00)	
Transfers to Internal Service Fund - Board Contribution	(3,782,250.00)		(3,782,250.00)	(3,401,990.23)	380,259.77
Total - Other Financing Sources (Uses)	(3,782,250.00)	(1,200,000.00)	(4,982,250.00)	(4,601,990.23)	380,259.77
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,706,310.88)	(1,000,000.00)	(6,706,310.88)	1,658,076.80	8,364,387.68
Fund Balances, July 1	20,244,985.70	-	20,244,985.70	20,244,985.70	-
Fund Balances, June 30	\$ 14,538,674.82	\$ (1,000,000.00)	\$ 13,538,674.82	\$ 21,903,062.50	\$ 8,364,387.68

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 GENERAL FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 5,769,756.35	
Maintenance Reserve				1,088,256.49	
Emergency Reserve				913,708.46	
Reserve for Tuition:					
2014-15--Designated for Subsequent Year's Expenditures				200,000.00	
2015-16				200,000.00	
Excess Surplus--Current Year				5,378,402.38	
Excess Surplus--Prior Year--Designated for Subsequent Year's Expenditures				3,795,666.00	
Assigned:					
Year-End Encumbrances				547,644.77	
Designated for Subsequent Year's Expenditures:					
SEMI/ARRA				120,400.80	
SEMI Settlement				1,936.43	
2016-17 Budget				800,000.00	
Unassigned				<u>3,087,290.82</u>	
				21,903,062.50	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments Not Recognized on GAAP Basis				<u>(4,871,911.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,031,151.50</u>	

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
SPECIAL REVENUE FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

REVENUES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
State Sources:					
Nonpublic Aid	\$ 541,729.00	\$ 6,727.00	\$ 548,456.00	\$ 400,551.89	\$ (147,904.11)
Municipal Drug Alliance		12,000.00	12,000.00	12,000.00	
Total - State Sources	<u>541,729.00</u>	<u>18,727.00</u>	<u>560,456.00</u>	<u>412,551.89</u>	<u>(147,904.11)</u>
Federal Sources:					
N.C.L.B.:					
Title I	950,341.00	198,106.00	1,148,447.00	905,943.29	(242,503.71)
Title II - Part A	181,281.00	46,524.00	227,805.00	189,166.96	(38,638.04)
Title III	23,324.00	5,592.00	28,916.00	20,960.95	(7,955.05)
Title III Immigrant	8,853.00		8,853.00	7,738.75	(1,114.25)
I.D.E.A. Part B:					
Basic	1,784,424.00	111,771.00	1,896,195.00	1,766,015.43	(130,179.57)
Preschool	68,354.00	4,327.00	72,681.00	61,628.16	(11,052.84)
Total - Federal Sources	<u>3,016,577.00</u>	<u>366,320.00</u>	<u>3,382,897.00</u>	<u>2,951,453.54</u>	<u>(431,443.46)</u>
Total Revenues	<u>3,558,306.00</u>	<u>385,047.00</u>	<u>3,943,353.00</u>	<u>3,364,005.43</u>	<u>(579,347.57)</u>

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 SPECIAL REVENUE FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Instruction:					
Salaries of Teachers	\$ 496,052.00	\$ (6,040.25)	\$ 490,011.75	\$ 434,270.69	\$ 55,741.06
Other Salaries for Instruction	182,960.00	1,077.00	184,037.00	167,778.61	16,258.39
Purchased Professional Educational Services	427,822.00	6,727.00	434,549.00	302,714.42	131,834.58
Purchased Professional and Technical Services	9,670.00	18,910.00	28,580.00	6,750.00	21,830.00
Other Purchased Services	3,966.00	(3,966.00)			
Tuition	1,703,160.00	23,615.00	1,726,775.00	1,698,088.59	28,686.41
General Supplies	108,940.00	59,922.25	168,862.25	98,996.84	69,865.41
Textbooks	32,832.00		32,832.00	31,241.79	1,590.21
Other Objects	700.00	2,600.00	3,300.00	3,242.00	58.00
Total Instruction	<u>2,966,102.00</u>	<u>102,845.00</u>	<u>3,068,947.00</u>	<u>2,743,082.94</u>	<u>325,864.06</u>
Support Services:					
Personal Services-Salaries	61,581.40		61,581.40	56,502.90	5,078.50
Personal Services-Employee Benefits	291,789.00		291,789.00	222,978.46	68,810.54
Purchased Professional Educational Services	43,481.00	62,524.00	106,005.00	77,068.30	28,936.70
Purchased Professional and Technical Services	143,655.00	92,483.00	236,138.00	127,704.00	108,434.00
Other Purchased Services	17,180.10	1,195.00	18,375.10	8,097.00	10,278.10
General Supplies	33,252.50	6,000.00	39,252.50	32,996.53	6,255.97
Other Objects	1,265.00		1,265.00	1,265.00	
Total Support Services	<u>592,204.00</u>	<u>162,202.00</u>	<u>754,406.00</u>	<u>526,612.19</u>	<u>227,793.81</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	120,000.00	120,000.00	94,310.30	25,689.70
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>120,000.00</u>	<u>120,000.00</u>	<u>94,310.30</u>	<u>25,689.70</u>
Total Expenditures	<u>3,558,306.00</u>	<u>385,047.00</u>	<u>3,943,353.00</u>	<u>3,364,005.43</u>	<u>579,347.57</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 110,085,237.19	\$ 3,364,005.43
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	4,872,704.00	
State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(4,871,911.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 110,086,030.19</u>	<u>\$ 3,364,005.43</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 103,825,170.16	\$ 3,364,005.43
Differences - Budget to GAAP:		
Encumbrances for goods or services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the goods or services are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 103,825,170.16</u>	<u>\$ 3,364,005.43</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS

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

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1396445955%	0.1365048142%	0.1453286906%
School District's Proportionate Share of the Net Pension Liability	\$ 31,347,413.00	\$ 25,557,435.00	\$ 27,775,200.00
School District's Covered Payroll (Plan Measurement Period)	\$ 10,431,456.00	\$ 10,396,260.00	\$ 10,904,504.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	300.51%	245.83%	254.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,212,874.00	\$ 1,200,569.00	\$ 1,125,326.00
Contributions in Relation to the Contractually Required Contribution	<u>(1,212,874.00)</u>	<u>(1,200,569.00)</u>	<u>(1,125,326.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 9,053,821.00	\$ 9,334,577.00	\$ 9,225,278.00
Contributions as a Percentage of School District's Covered Payroll	13.40%	12.86%	12.20%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>282,899,224.00</u>	<u>249,375,734.00</u>	<u>231,195,410.00</u>
	<u>\$ 282,899,224.00</u>	<u>\$ 28,929,452.00</u>	<u>\$ 28,929,452.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 54,728,692.00	\$ 53,208,424.00	\$ 53,736,876.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	516.91%	468.68%	430.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	N.C.L.B.					NJ Non-Public Security Aid	NJ Non-Public Technology Aid	Total Brought Forward
	Total	Title I	Title II Part A	Title III	Title III Immigrant			
REVENUES:								
Federal Sources	\$ 2,951,453.54	\$ 905,943.29	\$ 189,166.96	\$ 20,960.95	\$ 7,738.75			\$ 1,827,643.59
State Sources	412,551.89					\$ 14,083.99	\$ 14,647.86	383,820.04
Total Revenues	3,364,005.43	905,943.29	189,166.96	20,960.95	7,738.75	14,083.99	14,647.86	2,211,463.63
EXPENDITURES:								
Instruction:								
Salaries of Teachers	434,270.69	321,966.61	90,585.00	10,980.33	7,738.75			3,000.00
Other Salaries for Instruction	167,778.61	167,378.61						400.00
Purchased Professional Educational Services	302,714.42	9,485.00						293,229.42
Purchased Professional and Technical Services	6,750.00			750.00				6,000.00
Tuition	1,698,088.59							1,698,088.59
General Supplies	98,996.84	90,066.22		8,930.62				
Textbooks	31,241.79							31,241.79
Other Objects	3,242.00	642.00						2,600.00
Total Instruction	2,743,082.94	589,538.44	90,585.00	20,660.95	7,738.75	-	-	2,034,559.80
Support Services:								
Personal Services-Salaries	56,502.90	15,945.40						40,557.50
Personal Services-Employee Benefits	222,978.46	168,843.85	51,031.96					3,102.65
Purchased Professional Educational Services	77,068.30	29,638.30	47,430.00					
Purchased Professional and Technical Services	127,704.00			300.00		13,617.00		113,787.00
Other Purchased Services	8,097.00	7,667.00						430.00
General Supplies	32,996.53		120.00			466.99	13,900.36	18,509.18
Other Objects	1,265.00						747.50	517.50
Total Support Services	526,612.19	222,094.55	98,581.96	300.00	-	14,083.99	14,647.86	176,903.83
Facilities Acquisition and Construction Services:								
Instructional Equipment	94,310.30	94,310.30	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	94,310.30	94,310.30	-	-	-	-	-	-
Total Expenditures	\$ 3,364,005.43	\$ 905,943.29	\$ 189,166.96	\$ 20,960.95	\$ 7,738.75	\$ 14,083.99	\$ 14,647.86	\$ 2,211,463.63

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Total Carried Forward	I.D.E.A. Part B		N.J. Nonpublic Auxiliary Services, Ch. 192, L. 1977			Total Brought Forward
		Basic	Preschool	Compensatory Education	ESL	Transportation	
REVENUES:							
Federal Sources	\$ 1,827,643.59	\$ 1,766,015.43	\$ 61,628.16				
State Sources	383,820.04			\$ 175,629.60	\$ 603.89	\$ 8,172.11	\$ 199,414.44
Total Revenues	<u>2,211,463.63</u>	<u>1,766,015.43</u>	<u>61,628.16</u>	<u>175,629.60</u>	<u>603.89</u>	<u>8,172.11</u>	<u>199,414.44</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	3,000.00						3,000.00
Other Salaries for Instruction	400.00						400.00
Purchased Professional Educational Services	293,229.42			175,629.60	603.89	8,172.11	108,823.82
Purchased Professional and Technical Services	6,000.00						6,000.00
Tuition	1,698,088.59	1,636,460.43	61,628.16				
General Supplies							
Textbooks	31,241.79						31,241.79
Other Objects	2,600.00						2,600.00
Total Instruction	<u>2,034,559.80</u>	<u>1,636,460.43</u>	<u>61,628.16</u>	<u>175,629.60</u>	<u>603.89</u>	<u>8,172.11</u>	<u>152,065.61</u>
Support Services:							
Personal Services-Salaries	40,557.50						40,557.50
Personal Services-Employee Benefits	3,102.65						3,102.65
Purchased Professional Educational Services							
Purchased Professional and Technical Services	113,787.00	112,005.00					1,782.00
Other Purchased Services	430.00						430.00
General Supplies	18,509.18	17,550.00					959.18
Other Objects	517.50						517.50
Total Support Services	<u>176,903.83</u>	<u>129,555.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,348.83</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,211,463.63</u>	<u>\$ 1,766,015.43</u>	<u>\$ 61,628.16</u>	<u>\$ 175,629.60</u>	<u>\$ 603.89</u>	<u>\$ 8,172.11</u>	<u>\$ 199,414.44</u>

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Total Carried Forward	NJ Non-Public Textbook Aid	NJ Non-Public Nursing Services Aid	N.J. Nonpublic Handicapped Services, Ch. 193, L. 1977			Municipal Drug Alliance
				Examination and Classification	Corrective Speech	Supplementary Instruction	
REVENUES:							
Federal Sources							
State Sources	\$ 199,414.44	\$ 31,241.79	\$ 47,348.83	\$ 51,246.80	\$ 29,659.02	\$ 27,918.00	\$ 12,000.00
Total Revenues	199,414.44	31,241.79	47,348.83	51,246.80	29,659.02	27,918.00	12,000.00
EXPENDITURES:							
Instruction:							
Salaries of Teachers	3,000.00						3,000.00
Other Salaries for Instruction	400.00						400.00
Purchased Professional Educational Services	108,823.82			51,246.80	29,659.02	27,918.00	
Purchased Professional and Technical Services	6,000.00						6,000.00
Tuition							
General Supplies							
Textbooks	31,241.79	31,241.79					
Other Objects	2,600.00						2,600.00
Total Instruction	152,065.61	31,241.79	-	51,246.80	29,659.02	27,918.00	12,000.00
Support Services:							
Personal Services-Salaries	40,557.50		40,557.50				
Personal Services-Employee Benefits	3,102.65		3,102.65				
Purchased Professional Educational Services							
Purchased Professional and Technical Services	1,782.00		1,782.00				
Other Purchased Services	430.00		430.00				
General Supplies	959.18		959.18				
Other Objects	517.50		517.50				
Total Support Services	47,348.83	-	47,348.83	-	-	-	-
Facilities Acquisition and Construction Services:							
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Expenditures	\$ 199,414.44	\$ 31,241.79	\$ 47,348.83	\$ 51,246.80	\$ 29,659.02	\$ 27,918.00	\$ 12,000.00

CAPITAL PROJECTS FUND

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2016

Project Title/Issue	Original Date	Appropriations	Expenditures/Financing Uses to Date		Other Financing Uses	Unexpended Balance June 30, 2016
			Prior Years	Current Year Expenditures		
a. Ann Mullen Middle School HVAC	7-1-14	\$ 1,825,000.00	\$ 1,795,040.91	\$ 29,959.09	-	-
b. Blackwood Elementary School Parking Lot Redesign and Paving	7-1-15	549,500.00	-	372,644.04	-	\$ 176,855.96
c. Erial Elementary School Parking Lot Redesign and Paving	7-1-15	600,500.00	-	452,458.69	-	148,041.31
d. Charles W. Lewis Middle School Installation of Emergency Generator	7-1-15	50,000.00	-	21,178.18	-	28,821.82
e. Emergent Replacement and Reconstruction of Various Roofs	12-12-06	7,806,000.00	7,576,921.29	-	\$ 229,078.71	-
Total Projects Authorized		<u>\$ 10,831,000.00</u>	<u>\$ 9,371,962.20</u>	<u>\$ 876,240.00</u>	<u>\$ 229,078.71</u>	<u>\$ 353,719.09</u>
Unexpended Balances Canceled:						
Transfer to Debt Service					\$ 229,078.71	
Recapitulation:						
Restricted for Capital Projects:						
Year-End Encumbrances						\$ 3,755.00
Designated for Subsequent Year's Expenditures						349,964.09
						<u>353,719.09</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance--Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues:

Transfer from Capital Reserve	\$ 1,200,000.00
Interest Earned on Deposits	<u>727.55</u>
Total Revenues	<u>1,200,727.55</u>

Expenditures:

Other Purchased Professional and Technical Services	104,643.11
Construction Services	<u>771,596.89</u>
Total Expenditures	<u>876,240.00</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>324,487.55</u>
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Other Financing Sources (Uses):

Transfer to Debt Service Fund--Interest Earned on Deposits	(727.55)
Transfer to Debt Service	<u>(229,078.71)</u>

Total - Other Financing Sources (Uses)	<u>(229,806.26)</u>
--	---------------------

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>94,681.29</u>
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Fund Balance -- July 1	<u>259,037.80</u>
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Fund Balance -- June 30	<u><u>\$ 353,719.09</u></u>
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GLOUCESTER TOWNSHIP SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis

Ann Mullen Middle School HVAC

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

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 1,825,000.00		\$ 1,825,000.00	\$ 1,825,000.00
Total Revenues	1,825,000.00	-	1,825,000.00	1,825,000.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	70,150.64	\$ 4,849.36	75,000.00	75,000.00
Construction Services	1,724,890.27	25,109.73	1,750,000.00	1,750,000.00
Total Expenditures	1,795,040.91	29,959.09	1,825,000.00	1,825,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 29,959.09	\$ (29,959.09)	\$ -	\$ -
Additional Project Information:				
Project Numbers	1780-100-14-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,250,000.00			
Additional Authorized Cost	575,000.00			
Revised Authorized Cost	\$ 1,825,000.00			
Percentage Increase over Original Authorized Cost	46.00%			
Percentage Completion	100.00%			
Original Target Completion Date	6-30-15			
Revised Target Completion Date	N/A			

GLOUCESTER TOWNSHIP SCHOOL DISTRICT**CAPITAL PROJECTS FUND**

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis

Erial Elementary School Parking Lot Redesign and Paving
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 600,500.00	\$ 600,500.00	\$ 600,500.00
Total Revenues	-	600,500.00	600,500.00	600,500.00
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services		50,293.75	50,293.75	50,500.00
Construction Services		402,164.94	402,164.94	550,000.00
Total Expenditures	-	452,458.69	452,458.69	600,500.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 148,041.31	\$ 148,041.31	\$ -
Additional Project Information:				
Project Numbers	1780-050-15-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 600,000.00			
Additional Authorized Cost	500.00			
Revised Authorized Cost	\$ 600,500.00			
Percentage Increase over Original Authorized Cost	0.08%			
Percentage Completion	75.35%			
Original Target Completion Date	8-31-15			
Revised Target Completion Date	12-7-15			

GLOUCESTER TOWNSHIP SCHOOL DISTRICT**CAPITAL PROJECTS FUND**

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis

Charles W. Lewis Middle School Installation of Emergency Generator

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

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Total Revenues	-	50,000.00	50,000.00	50,000.00
Expenditures and Other Financing Uses				
Construction Services		21,178.18	21,178.18	50,000.00
Total Expenditures	-	21,178.18	21,178.18	50,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 28,821.82	\$ 28,821.82	\$ -
Additional Project Information:				
Project Numbers		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 50,000.00			
Additional Authorized Cost		-		
Revised Authorized Cost	\$ 50,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion		42.36%		
Original Target Completion Date		6-30-17		
Revised Target Completion Date		N/A		

PROPRIETARY FUNDS

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Business-Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2016

	<u>Food Service</u>	<u>Latchkey</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 227,389.16	\$ 1,043,646.16	\$ 1,271,035.32
Accounts Receivable:			
State	860.59		860.59
Federal	49,486.67		49,486.67
Other	3,162.88		3,162.88
Inventories	25,972.38		25,972.38
Total Current Assets	<u>306,871.68</u>	<u>1,043,646.16</u>	<u>1,350,517.84</u>
Noncurrent Assets:			
Equipment	1,402,080.08	98,826.18	1,500,906.26
Less Accumulated Depreciation	<u>(1,264,500.83)</u>	<u>(93,829.95)</u>	<u>(1,358,330.78)</u>
Total Noncurrent Assets	<u>137,579.25</u>	<u>4,996.23</u>	<u>142,575.48</u>
Total Assets	<u>444,450.93</u>	<u>1,048,642.39</u>	<u>1,493,093.32</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	110.88	2,102.04	2,212.92
Interfund Accounts Payable	45,436.50	113,266.18	158,702.68
Unearned Revenue	23,774.19	108,612.92	132,387.11
Total Current Liabilities	<u>69,321.57</u>	<u>223,981.14</u>	<u>293,302.71</u>
Noncurrent Liabilities:			
Compensated Absences Payable	104,174.00	56,279.00	160,453.00
Total Liabilities	<u>173,495.57</u>	<u>280,260.14</u>	<u>453,755.71</u>
NET POSITION:			
Net Investment in Capital Assets	137,579.25	4,996.23	142,575.48
Unrestricted	<u>133,376.11</u>	<u>763,386.02</u>	<u>896,762.13</u>
Total Net Position	<u>\$ 270,955.36</u>	<u>\$ 768,382.25</u>	<u>\$ 1,039,337.61</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Business-Type Activities - Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Latchkey</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 657,879.00		\$ 657,879.00
Daily Sales - Non-Reimbursable Programs	357,803.37		357,803.37
Special Functions	57,326.42		57,326.42
Community Service Activities		\$ 1,333,887.74	1,333,887.74
Miscellaneous	430.50		430.50
	<u>1,073,439.29</u>	<u>1,333,887.74</u>	<u>2,407,327.03</u>
Total Operating Revenues			
OPERATING EXPENSES:			
Salaries	877,491.20	450,137.01	1,327,628.21
Employee Benefits	626,286.65	407,743.24	1,034,029.89
Purchased Professional Services	30,762.00	9,000.00	39,762.00
Purchased Property Services		175,000.00	175,000.00
Cleaning, Repair and Maintenance Services	18,149.82		18,149.82
Communications/Telephone		6,454.20	6,454.20
Travel	817.78	116.25	934.03
General Supplies	48,107.35	40,249.46	88,356.81
Depreciation	32,515.57	1,520.91	34,036.48
Cost of Sales:			
Reimbursable Programs	779,819.82		779,819.82
Non-reimbursable Programs	193,824.68		193,824.68
Miscellaneous	373.54	20,272.30	20,645.84
	<u>2,608,148.41</u>	<u>1,110,493.37</u>	<u>3,718,641.78</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,534,709.12)</u>	<u>223,394.37</u>	<u>(1,311,314.75)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	25,003.34		25,003.34
Federal Sources:			
National School Lunch Program	1,028,854.52		1,028,854.52
National School Breakfast Program	291,220.57		291,220.57
After School Snack Program	7,994.91		7,994.91
Special Milk Program	8,510.64		8,510.64
Food Distribution Program	144,079.60		144,079.60
Gain/(Loss) on Disposal of Capital Assets	(6,899.28)	(912.37)	(7,811.65)
Interest and Investment Revenue	301.47	854.41	1,155.88
	<u>1,499,065.77</u>	<u>(57.96)</u>	<u>1,499,007.81</u>
Total Nonoperating Revenues (Expenses)			
Change in Net Position	(35,643.35)	223,336.41	187,693.06
Net Position -- July 1	<u>306,598.71</u>	<u>545,045.84</u>	<u>851,644.55</u>
Net Position -- June 30	<u>\$ 270,955.36</u>	<u>\$ 768,382.25</u>	<u>\$ 1,039,337.61</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Business-Type Activities - Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Latchkey</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 1,073,496.24	\$ 1,310,747.10	\$ 2,384,243.34
Payments to Employees	(877,491.20)	(450,137.01)	(1,327,628.21)
Payments for Employee Benefits	(641,139.15)	(393,605.00)	(1,034,744.15)
Payments to Suppliers	<u>(1,100,198.74)</u>	<u>(248,990.17)</u>	<u>(1,349,188.91)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,545,332.85)</u>	<u>218,014.92</u>	<u>(1,327,317.93)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	25,814.40		25,814.40
Federal Sources	1,520,631.94		1,520,631.94
Operating Subsidies and Transfers to Other Funds	<u>85,534.92</u>	<u>(47,043.86)</u>	<u>38,491.06</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,631,981.26</u>	<u>(47,043.86)</u>	<u>1,584,937.40</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	<u>301.47</u>	<u>854.41</u>	<u>1,155.88</u>
Net Cash Provided by (used for) Investing Activities	<u>301.47</u>	<u>854.41</u>	<u>1,155.88</u>
Net Increase (Decrease) in Cash and Cash Equivalents	86,949.88	171,825.47	258,775.35
Cash and Cash Equivalents -- July 1	<u>140,439.28</u>	<u>871,820.69</u>	<u>1,012,259.97</u>
Cash and Equivalents -- June 30	<u>\$ 227,389.16</u>	<u>\$ 1,043,646.16</u>	<u>\$ 1,271,035.32</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,534,709.12)	\$ 223,394.37	\$ (1,311,314.75)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	32,515.57	1,520.91	34,036.48
(Increase) Decrease in Inventories	(262.75)		(262.75)
(Increase) Decrease in Accounts Receivable, net	(892.60)		(892.60)
Increase (Decrease) in Accounts Payable	(28,081.00)	2,102.04	(25,978.96)
Increase (Decrease) in Unearned Revenue	949.55	(23,140.64)	(22,191.09)
Increase (Decrease) in Accrued Salaries Benefits	<u>(14,852.50)</u>	<u>14,138.24</u>	<u>(714.26)</u>
Total Adjustments	<u>(10,623.73)</u>	<u>(5,379.45)</u>	<u>(16,003.18)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,545,332.85)</u>	<u>\$ 218,014.92</u>	<u>\$ (1,327,317.93)</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Governmental Activities - Internal Service Fund
 Transportation Services
 Statement of Net Position
 June 30, 2016

ASSETS:

Current Assets:	
Receivables from Other Governments	\$ 1,392,758.00
Total Current Assets	<u>1,392,758.00</u>
Noncurrent Assets:	
Equipment	5,952,038.42
Less Accumulated Depreciation	<u>(4,670,942.70)</u>
Total Noncurrent Assets	<u>1,281,095.72</u>
Total Assets	<u>2,673,853.72</u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	11,555.98
Interfund Accounts Payable	1,178,663.49
Estimated Worker's Compensation Claims Payable	<u>105,944.00</u>
Total Current Liabilities	<u>1,296,163.47</u>
Total Liabilities	<u>1,296,163.47</u>

NET POSITION:

Net Investment in Capital Assets	1,281,095.72
Unrestricted	<u>96,594.53</u>
Total Net Position	<u>\$ 1,377,690.25</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Governmental Activities - Internal Service Fund
 Transportation Services
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

OPERATING REVENUES:

Charges for Service:	
Transportation Fees from LEA	\$ 3,401,990.23
Transportation Fees from Other LEAs Within the State	<u>1,392,758.00</u>
Total Operating Revenues	<u>4,794,748.23</u>

OPERATING EXPENSES:

Salaries	1,941,424.43
Employee Benefits	1,563,089.44
Purchased Professional Services	19,434.45
Cleaning, Repair and Maintenance Services	86,224.58
Other Purchased Services:	
Contracted Services (Other Than Between Home & School) - Vendors	272,874.44
Insurance	166,030.00
Miscellaneous	3,231.40
Transportation Supplies	201,860.44
Gasoline	191,119.40
Depreciation	373,126.29
Miscellaneous	<u>26,550.94</u>
Total Operating Expenses	<u>4,844,965.81</u>
Operating Income (Loss)	(50,217.58)

NONOPERATING REVENUES (EXPENSES):

Gain/(Loss) on Disposal of Capital Assets	(4,055.77)
Interest on Capital Leases	<u>(1,392.81)</u>
Total Nonoperating Revenues (Expenses)	<u>(5,448.58)</u>
Change in Net Position	(55,666.16)
Net Position -- July 1	<u>1,433,356.41</u>
Net Position--June 30	<u><u>\$ 1,377,690.25</u></u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
 Governmental Activities - Internal Service Fund
 Transportation Services
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers	\$ 4,266,049.23
Payments to Employees	(1,941,424.43)
Payments for Employee Benefits	(1,492,888.44)
Payments to Suppliers	<u>(958,848.34)</u>
Net Cash Provided by (used for) Operating Activities	<u>(127,111.98)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Interfunds Payable	<u>386,535.76</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>386,535.76</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal Paid on Capital Leases	(60,954.37)
Interest Paid on Capital Leases	(1,392.81)
Purchase of Capital Assets	<u>(197,076.60)</u>
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(259,423.78)</u>

Net Increase (Decrease) in Cash and Cash Equivalents -

Cash and Equivalents -- June 30 -

Cash and Equivalents -- June 30 \$ -

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)
by Operating Activities:

Operating Income (Loss)	\$ (50,217.58)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	373,126.29
(Increase) Decrease in Accounts Receivable, net	(528,699.00)
Increase (Decrease) in Accounts Payable	8,477.31
Increase (Decrease) in Estimated Worker's Comp Claims Payable	<u>70,201.00</u>

Total Adjustments (76,894.40)

Net Cash Provided by (used for) Operating Activities \$ (127,111.98)

FIDUCIARY FUNDS

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Private-Purpose Trust Fund	Agency Funds		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
ASSETS:				
Cash and Cash Equivalents	\$ 1,262,461.26	\$ 160,147.26	\$ 358,057.70	\$ 1,780,666.22
Receivables from Other Governments			95,620.65	95,620.65
Intrafund Accounts Receivable	<u>97,280.82</u>			<u>97,280.82</u>
Total Assets	<u>1,359,742.08</u>	<u>\$ 160,147.26</u>	<u>\$ 453,678.35</u>	<u>1,973,567.69</u>
LIABILITIES:				
Accounts Payable	5,060.72			5,060.72
Interfund Accounts Payable			\$ 37,778.28	37,778.28
Intrafund Accounts Payable			97,280.82	97,280.82
Payable to Student Groups		\$ 160,147.26		160,147.26
Payroll Deductions and Withholdings			318,619.25	318,619.25
Total Liabilities	<u>5,060.72</u>	<u>\$ 160,147.26</u>	<u>\$ 453,678.35</u>	<u>618,886.33</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>1,354,681.36</u>			<u>1,354,681.36</u>
Total Net Position	<u>\$ 1,354,681.36</u>			<u>\$ 1,354,681.36</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

		<u>Private-Purpose Trust Fund</u>
		<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Employee Salary Deductions	\$	97,280.82
Investment Earnings:		
Interest		<u>1,242.81</u>
Total Additions		<u>98,523.63</u>
DEDUCTIONS:		
Unemployment Claims		<u>50,026.86</u>
Total Deductions		<u>50,026.86</u>
Change in Net Position		48,496.77
Net Position -- July 1		<u>1,306,184.59</u>
Net Position -- June 30	\$	<u><u>1,354,681.36</u></u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Blackwood Elementary	\$ 14,707.50	\$ 11,448.80	\$ 9,276.52	\$ 16,879.78
Chews Elementary	21,600.71	17,604.82	32,997.90	6,207.63
Erial Elementary	13,483.03	24,879.96	23,660.12	14,702.87
Glendora Elementary	921.46	12,113.41	11,862.22	1,172.65
Union Valley Elementary	16,537.35	24,905.55	22,438.34	19,004.56
Gloucester Township Elementary	959.90	10,675.86	9,858.20	1,777.56
Loring-Flemming Elementary	10,192.15	29,219.20	24,926.45	14,484.90
James W. Lilley, Jr. Elementary	1,801.30	21,253.18	20,115.35	2,939.13
MIDDLE SCHOOLS:				
Glen Landing Middle School	20,989.13	120,937.78	123,024.66	18,902.25
Charles W. Lewis, Jr. Middle School	31,094.59	80,316.37	86,033.71	25,377.25
Ann Mullen Middle School	24,469.11	114,027.16	99,797.59	38,698.68
Total All Schools	<u>\$ 156,756.23</u>	<u>\$ 467,382.09</u>	<u>\$ 463,991.06</u>	<u>\$ 160,147.26</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 390,264.21	\$ 66,686,823.67	\$ 66,719,030.18	\$ 358,057.70
Receivables from Other Governments		95,620.65		95,620.65
Intrafund Accounts Receivable	<u>1,720.00</u>		<u>1,720.00</u>	
	<u>\$ 1,696,471.19</u>	<u>\$ 66,782,444.32</u>	<u>\$ 66,720,750.18</u>	<u>\$ 453,678.35</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 281,054.30	\$ 31,001,343.27	\$ 30,963,778.32	\$ 318,619.25
Net Payroll		35,645,743.65	35,645,743.65	
Intrafund Accounts Payable	97,856.43	97,280.82	97,856.43	97,280.82
Interfund Accounts Payable: Due to General Fund	<u>13,073.48</u>	<u>38,076.58</u>	<u>13,371.78</u>	<u>37,778.28</u>
Total Liabilities	<u>\$ 1,696,471.19</u>	<u>\$ 66,782,444.32</u>	<u>\$ 66,720,750.18</u>	<u>\$ 453,678.35</u>

LONG-TERM DEBT

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2016

	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2015	Paid by Budget Appropriation	Balance June 30, 2016
			Date	Amount				
Emergent replacement and reconstruction of the roofs at the Charles Lewis Middle School, Glen Landing Middle School & the J.W. Lilley Elementary School	3-1-07	\$ 7,806,000.00	3-1-17	\$ 475,000.00	3.875%	\$ 5,731,000.00	\$ 450,000.00	\$ 5,281,000.00
			3-1-18	500,000.00	3.875%			
			3-1-19	1,010,000.00	3.875%			
			3-1-20	1,055,000.00	3.875%			
			3-1-21	1,100,000.00	3.875%			
			3-1-22	1,141,000.00	3.875%			
Refunding Bonds, Series 2011	9-1-11	4,175,000.00	8-1-16	845,000.00	2.250%	2,580,000.00	860,000.00	1,720,000.00
			8-1-17	875,000.00	2.500%			
Refunding Bonds, Series 2013	5-8-13	7,430,000.00	8-1-16	1,860,000.00	2.000%	5,525,000.00	1,820,000.00	3,705,000.00
			8-1-17	1,845,000.00	2.000%			
						<u>\$ 13,836,000.00</u>	<u>\$ 3,130,000.00</u>	<u>\$ 10,706,000.00</u>

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2016

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2015</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2016</u>
			<u>Principal</u>	<u>Interest</u>				
Two 54 Passenger Buses	8-28-13	3 years	\$ 182,894.24	\$ 4,147.30	2.285%	\$ 60,954.37	\$ 60,954.37	\$ -
Internal Service Fund						\$ 60,954.37	\$ 60,954.37	\$ -

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,126,400.00		\$ 2,126,400.00	\$ 2,126,400.00	
Debt Service Aid Type II	1,046,205.00		1,046,205.00	1,046,205.00	
Total Revenues	<u>3,172,605.00</u>	<u>-</u>	<u>3,172,605.00</u>	<u>3,172,605.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	368,164.00		368,164.00	368,163.78	\$ 0.22
Redemption of Principal	3,130,000.00		3,130,000.00	3,130,000.00	
Total Regular Debt Service	<u>3,498,164.00</u>	<u>-</u>	<u>3,498,164.00</u>	<u>3,498,163.78</u>	<u>0.22</u>
Total Expenditures	<u>3,498,164.00</u>	<u>-</u>	<u>3,498,164.00</u>	<u>3,498,163.78</u>	<u>0.22</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(325,559.00)</u>	<u>-</u>	<u>(325,559.00)</u>	<u>(325,558.78)</u>	<u>0.22</u>
Other Financing Sources (Uses):					
Operating Transfers In:					
Interest Earned in Capital Projects Fund				727.55	727.55
Transfer from Capital Projects Fund	229,079.00		229,079.00	229,078.71	(0.29)
Total - Other Financing Sources (Uses)	<u>229,079.00</u>	<u>-</u>	<u>229,079.00</u>	<u>229,806.26</u>	<u>727.26</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(96,480.00)</u>	<u>-</u>	<u>(96,480.00)</u>	<u>(95,752.52)</u>	<u>727.48</u>
Fund Balance, July 1	<u>97,503.64</u>	<u>-</u>	<u>97,503.64</u>	<u>97,503.64</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,023.64</u>	<u>\$ -</u>	<u>\$ 1,023.64</u>	<u>\$ 1,751.12</u>	<u>\$ 727.48</u>
Restricted for:					
Debt Service				\$ 728.12	
Debt Service--Designated for Subsequent Year's Expenditures				<u>1,023.00</u>	
				<u>\$ 1,751.12</u>	

STATISTICAL SECTION

Financial Trends Information

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2016 (1)	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 41,061,947	\$ 38,782,919	\$ 34,842,051	\$ 32,198,818	\$ 29,088,160	\$ 26,644,828	\$ 24,224,862	\$ 20,037,664	\$ 14,532,158	\$ 9,921,335
Restricted	12,827,598	11,649,639	14,330,032	15,016,313	13,483,865	10,424,564	9,212,439	8,635,537	9,599,453	12,208,901
Unrestricted	<u>(25,913,156)</u>	<u>(25,573,942)</u>	<u>(124,794)</u>	<u>1,404,525</u>	<u>2,393,957</u>	<u>1,863,826</u>	<u>(2,277,652)</u>	<u>287,370</u>	<u>733,046</u>	<u>1,180,542</u>
Total Governmental Activities Net Position	<u>\$ 27,976,389</u>	<u>\$ 24,858,616</u>	<u>\$ 49,047,290</u>	<u>\$ 48,619,656</u>	<u>\$ 44,965,982</u>	<u>\$ 38,933,218</u>	<u>\$ 31,159,650</u>	<u>\$ 28,960,571</u>	<u>\$ 24,864,657</u>	<u>\$ 23,310,778</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 142,575	\$ 184,424	\$ 219,658	\$ 179,536	\$ 181,693	\$ 164,736	\$ 197,860	\$ 245,156	\$ 235,083	\$ 158,185
Unrestricted	<u>896,762</u>	<u>667,221</u>	<u>639,319</u>	<u>1,021,358</u>	<u>1,243,111</u>	<u>1,425,065</u>	<u>1,280,213</u>	<u>930,153</u>	<u>998,416</u>	<u>1,287,639</u>
Total Business-type Activities Net Position	<u>\$ 1,039,338</u>	<u>\$ 851,645</u>	<u>\$ 858,978</u>	<u>\$ 1,200,894</u>	<u>\$ 1,424,805</u>	<u>\$ 1,589,801</u>	<u>\$ 1,478,073</u>	<u>\$ 1,175,309</u>	<u>\$ 1,233,499</u>	<u>\$ 1,445,824</u>
District-wide:										
Net Investment in Capital Assets	\$ 41,204,523	\$ 38,967,343	\$ 35,061,710	\$ 32,378,354	\$ 29,269,853	\$ 26,809,564	\$ 24,422,722	\$ 20,282,820	\$ 14,767,241	\$ 10,079,520
Restricted	12,827,598	11,649,639	14,330,032	15,016,313	13,483,865	10,424,564	9,212,439	8,635,537	9,599,453	12,208,901
Unrestricted	<u>(25,016,394)</u>	<u>(24,906,721)</u>	<u>514,526</u>	<u>2,425,883</u>	<u>3,637,069</u>	<u>3,288,891</u>	<u>(997,439)</u>	<u>1,217,523</u>	<u>1,731,462</u>	<u>2,468,181</u>
Total Government-wide Net Position	<u>\$ 29,015,727</u>	<u>\$ 25,710,261</u>	<u>\$ 49,906,268</u>	<u>\$ 49,820,550</u>	<u>\$ 46,390,787</u>	<u>\$ 40,523,019</u>	<u>\$ 32,637,723</u>	<u>\$ 30,135,880</u>	<u>\$ 26,098,156</u>	<u>\$ 24,756,602</u>

(1) Amounts for the years 2016 and 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.

Source: CAFR Exhibit A-1

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2016 (1)	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 35,954,609	\$ 35,703,761	\$ 35,559,017	\$ 34,354,778	\$ 35,280,362	\$ 33,720,137	\$ 34,914,795	\$ 36,687,064	\$ 35,543,903	\$ 33,376,307
Special Education	10,046,573	9,927,724	9,693,153	9,300,264	9,238,521	8,724,619	8,566,433	7,739,290	7,158,935	5,971,133
Other Instruction	1,800,847	1,846,099	1,829,108	2,044,579	2,042,166	2,139,988	2,301,655	1,041,211	1,036,544	997,812
Nonpublic School Programs	232	581	732	836	1,157	1,364	1,251	1,038	1,408	1,537
Community Service Programs	1,549	3,998	6,724	3,596	6,000	6,000	4,112	5,000	5,073	5,218
Support Services:										
Tuition	5,412,746	5,511,133	5,396,982	4,914,497	4,002,479	3,434,398	4,429,492	4,038,304	4,452,388	5,644,048
Student and Instruction Related Services	8,582,763	8,413,105	8,428,324	8,519,392	8,718,777	8,343,288	8,864,935	7,289,210	6,949,211	6,822,323
School Administrative Services	3,329,433	3,351,440	3,332,941	3,133,103	3,193,051	3,202,290	3,406,533	3,316,860	3,224,783	3,119,234
General and Business Administrative Services	3,279,119	3,213,482	3,240,029	3,063,471	3,156,096	3,229,557	3,267,739	3,388,368	3,352,928	2,826,467
Plant Operations and Maintenance	7,365,031	7,517,517	7,793,024	6,282,657	6,371,859	6,606,280	6,920,385	6,874,832	6,604,800	6,519,187
Pupil Transportation	8,045,834	8,022,599	8,901,381	8,408,098	7,868,327	7,738,205	7,564,362	7,584,227	7,758,031	7,070,077
Unallocated Benefits	42,891,639	37,045,293	24,925,354	25,518,151	22,759,680	20,275,643	20,902,949	18,914,151	20,779,423	20,429,844
Special Schools							132,134	69,257	86,549	87,389
Transfer to Charter Schools	1,600,693	1,499,077	1,383,870	1,273,339	1,088,627	45,965	73,355	39,089	4,478	16,886
Interest on Long-term Debt	358,783	531,502	586,771	938,063	1,146,507	1,315,649	1,381,975	1,580,531	1,546,381	1,499,000
Amortization of Bond Issuance Costs				200,825	38,067	25,612	26,004	30,323	30,983	24,387
Total Governmental Activities Expenses	128,669,851	122,587,311	111,077,410	107,955,649	104,911,675	98,808,996	102,758,111	98,598,755	98,535,818	94,410,849
Business-type Activities:										
Food Service	2,608,148	2,664,658	2,824,690	2,789,512	2,869,290	2,854,773	2,846,508	3,317,590	3,302,840	3,000,304
Latchkey	1,110,493	1,155,814	1,427,860	1,458,663	1,401,800	1,341,495	1,369,907	1,379,537	1,482,746	1,250,267
Total Business-type Activities Expense	3,718,642	3,820,471	4,252,550	4,248,175	4,271,091	4,196,268	4,216,415	4,697,127	4,785,586	4,250,571
Total District Expenses	\$ 132,388,492	\$ 126,407,782	\$ 115,329,960	\$ 112,203,824	\$ 109,182,766	\$ 103,005,264	\$ 106,974,525	\$ 103,295,883	\$ 103,321,404	\$ 98,661,420
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,392,758	\$ 1,459,123	\$ 1,670,853	\$ 1,691,965	\$ 1,605,339	\$ 1,518,767	\$ 1,535,238	\$ 1,659,218	\$ 1,503,322	\$ 1,521,309
Operating Grants and Contributions	28,538,610	24,041,996	11,881,465	13,449,353	13,009,717	11,308,318	10,767,885	10,800,091	14,407,133	12,488,143
Capital Grants and Contributions								2,323		
Total Governmental Activities Program Revenues	29,931,368	25,501,119	13,552,318	15,141,318	14,615,056	12,827,086	12,303,123	12,461,632	15,910,455	14,009,452
Business-type activities:										
Charges for Services:										
Food service	1,073,439	1,112,365	1,230,905	1,325,356	1,469,814	1,585,916	1,739,489	1,705,853	1,644,698	1,755,169
Latchkey	1,333,888	1,233,626	1,171,266	1,289,464	1,306,669	1,371,994	1,349,443	1,331,417	1,376,169	1,299,640
Operating Grants and Contributions	1,505,664	1,466,162	1,506,822	1,405,552	1,316,283	1,229,224	1,217,946	1,190,256	1,167,965	1,040,857
Total Business-type Activities Program Revenues	3,912,991	3,812,152	3,908,992	4,020,372	4,092,767	4,187,134	4,306,878	4,227,526	4,188,832	4,095,666
Total District Program Revenues	\$ 33,844,359	\$ 29,313,272	\$ 17,461,311	\$ 19,161,690	\$ 18,707,823	\$ 17,014,220	\$ 16,610,001	\$ 16,689,158	\$ 20,099,287	\$ 18,105,118
Net (Expense)/Revenue:										
Governmental Activities	\$ (98,738,482)	\$ (97,086,191)	\$ (97,525,092)	\$ (92,814,332)	\$ (90,296,619)	\$ (85,981,910)	\$ (90,454,987)	\$ (86,137,123)	\$ (82,625,363)	\$ (80,401,397)
Business-type Activities	194,349	(8,319)	(343,558)	(227,803)	(178,324)	(9,134)	90,463	(469,601)	(596,754)	(154,906)
Total District-wide Net Expense	\$ (98,544,134)	\$ (97,094,511)	\$ (97,868,650)	\$ (93,042,134)	\$ (90,474,942)	\$ (85,991,044)	\$ (90,364,524)	\$ (86,606,724)	\$ (83,222,117)	\$ (80,556,303)

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2016 (1)	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 45,456,852	\$ 43,756,246	\$ 41,692,469	\$ 40,874,970	\$ 40,435,550	\$ 39,936,815	\$ 38,400,784	\$ 38,400,784	\$ 39,707,454	\$ 39,712,435
Taxes Levied for Debt Service	2,126,400	2,035,444	2,001,320	2,637,923	2,600,478	2,787,851	2,442,713	2,469,323	2,188,166	2,183,185
Unrestricted Grants and Contributions	53,279,669	53,835,583	52,756,189	52,146,826	52,639,922	50,209,897	51,536,431	49,070,636	41,468,248	40,578,550
Investment Earnings	19,093	19,386	19,927	45,997	144,417	179,239	121,471	144,421	596,176	815,683
Other	993,532	800,229	1,027,047	762,289	514,107	744,687	356,027	581,179	559,911	749,478
Disposal of Assets						(3,010)	(3,361)	(33,305)	(5,714)	(19,853)
EDA Grant Receivable Canceled										
Gain/(Loss) on Disposal of Capital Assets	(19,290)		490,728		(332)					
Canceled Accounts Receivables/Payables			(34,953)		(4,759)					
Transfers						(100,000)	(200,000)	(400,000)	(335,000)	(300,000)
Total Governmental Activities	101,856,255	100,446,888	97,952,727	96,468,005	96,329,383	93,755,479	92,654,066	90,233,038	84,179,241	83,719,478
Business-type Activities:										
Investment Earnings	1,156	986	1,641	3,892	13,327	20,862	12,302	12,117	49,430	68,687
Disposal of Assets	(7,812)							(707)		
Transfers						100,000	200,000	400,000	335,000	300,000
Total Business-type Activities	(6,656)	986	1,641	3,892	13,327	120,862	212,302	411,410	384,430	368,687
Total District-wide	\$ 101,849,600	\$ 100,447,874	\$ 97,954,368	\$ 96,471,898	\$ 96,342,710	\$ 93,876,341	\$ 92,866,367	\$ 90,644,448	\$ 84,563,671	\$ 84,088,165
Change in Net Position:										
Governmental Activities	\$ 3,117,773	\$ 3,360,697	\$ 427,635	\$ 3,653,673	\$ 6,032,764	\$ 7,773,569	\$ 2,199,078	\$ 4,095,915	\$ 1,553,878	\$ 3,318,081
Business-type Activities	187,693	(7,333)	(341,917)	(223,910)	(164,997)	111,728	302,765	(58,191)	(212,324)	213,781
Total District	\$ 3,305,466	\$ 3,353,364	\$ 85,718	\$ 3,429,763	\$ 5,867,767	\$ 7,885,297	\$ 2,501,843	\$ 4,037,724	\$ 1,341,554	\$ 3,531,863

(1) Amounts for the years 2016 and 2015 include the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.

Source: CAFR Exhibit A-2

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010	2009	2008	2007
General Fund:										
Reserved							\$ 7,000,692	\$ 7,057,333	\$ 7,590,634	\$ 6,503,197
Unreserved							(1,313,067)	1,380,048	1,985,084	2,148,128
Restricted	\$ 12,473,879	\$ 11,440,951	\$ 13,743,531	\$ 14,039,671	\$ 12,245,059	\$ 8,411,864				
Assigned	1,469,982	1,424,287	355,699	282,398	1,210,942	944,795				
Unassigned	3,087,291	2,507,044	1,349,502	2,491,812	2,249,048	1,916,516				
Total General Fund	\$ 17,031,151	\$ 15,372,282	\$ 15,448,731	\$ 16,813,881	\$ 15,705,050	\$ 11,273,174	\$ 5,687,625	\$ 8,437,381	\$ 9,575,717	\$ 8,651,325
All Other Governmental Funds:										
Reserved							\$ 977,891	\$ 54,071	\$ 189,202	\$ 3,732,496
Unreserved, Reported in:										
Special Revenue Fund									139,696	139,695
Capital Projects Fund							1,350,493	1,641,800	1,716,800	1,943,592
Debt Service Fund							36,924	131,484	245,135	143,738
Restricted, Reported in:										
Capital Projects Fund	\$ 353,719	\$ 259,038	\$ 654,079	\$ 1,103,047	\$ 1,378,047	\$ 2,202,000				
Debt Service Fund	1,751	97,504	100,118	56,587	67,834	28,666				
Total All Other Governmental Funds	\$ 355,470	\$ 356,541	\$ 754,197	\$ 1,159,634	\$ 1,445,881	\$ 2,230,666	\$ 2,365,308	\$ 1,827,355	\$ 2,290,833	\$ 5,959,521

(1) GASB Statement No. 54 effective for the fiscal year ending June 30, 2011. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Source: CAFR Exhibit B-1

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax Levy	\$ 47,583,252	\$ 45,791,690	\$ 43,693,789	\$ 43,512,893	\$ 43,036,028	\$ 42,724,666	\$ 40,843,497	\$ 40,870,107	\$ 41,895,620	\$ 41,895,620
Other Local Revenue	1,012,625	819,615	1,046,974	808,286	644,720	923,926	477,498	715,600	1,155,547	1,628,935
State Sources	64,874,515	63,782,713	61,783,441	62,190,240	59,334,692	57,235,139	50,531,209	56,571,208	52,792,299	50,515,534
Federal Sources	3,152,976	3,095,973	2,854,213	3,405,939	6,314,947	4,283,076	11,773,108	3,301,841	3,083,082	2,551,159
Total Revenue	116,623,368	113,489,992	109,378,417	109,917,358	109,330,388	105,166,807	103,625,312	101,458,757	98,926,548	96,591,248
Expenditures:										
Instruction										
Regular Instruction	34,842,859	34,558,348	34,440,363	33,172,708	34,079,062	32,487,319	33,659,674	35,384,271	34,203,059	32,028,247
Special Education Instruction	10,046,573	9,927,724	9,693,153	9,300,264	9,238,521	8,724,619	8,566,433	7,739,290	7,158,935	5,971,133
Other	211,986	270,564	261,685	250,275	253,942	356,683	512,546	421,003	443,977	441,811
School-Sponsored/Other Instructional	1,585,259	1,574,442	1,538,107	1,759,682	1,755,496	1,752,614	1,759,030	589,350	561,221	524,653
Community Services	1,549	3,998	6,724	3,596	6,000	6,000	4,112	5,000	5,073	5,218
Support Services:										
Tuition	5,412,746	5,511,133	5,396,982	4,914,497	4,002,479	3,434,398	4,429,492	4,038,304	4,452,388	5,644,048
Student and Instruction Related Services	8,568,656	8,399,761	8,421,590	8,511,056	8,711,114	8,336,331	8,859,517	7,285,902	6,946,488	6,819,636
School Administrative Services	3,321,983	3,340,311	3,299,183	3,095,497	3,156,084	3,169,321	3,374,391	3,285,368	3,192,978	3,088,577
Other Administrative Services	3,121,721	3,047,584	3,073,636	2,897,356	3,021,415	3,134,785	3,189,082	3,307,118	3,271,177	2,758,840
Plant Operations and Maintenance	6,668,791	6,958,959	7,229,358	5,894,593	6,046,479	6,336,519	6,655,639	6,833,966	6,573,787	6,490,768
Pupil Transportation	3,150,677	3,273,597	3,273,807	3,126,901	2,892,064	2,805,574	2,701,599	2,814,058	3,123,922	2,736,960
Unallocated Benefits	28,186,583	26,124,881	24,453,376	25,246,307	22,660,680	20,230,114	21,048,536	18,871,959	20,840,078	20,232,199
Special Schools							132,134	69,257	86,549	87,389
Transfer to Charter Schools	1,600,693	1,499,077	1,383,870	1,273,339	1,088,627	45,965	73,355	39,089	4,478	16,886
Debt Service:										
Principal	3,130,000	3,035,000	3,015,790	3,540,789	3,285,789	3,060,789	2,950,789	2,750,789	2,430,789	2,320,789
Interest and Other Charges	368,164	432,955	484,589	825,738	1,004,806	1,194,791	1,322,621	1,734,282	1,228,338	1,314,966
Capital Outlay	1,345,341	2,748,941	1,596,547	1,791,628	1,225,300	1,578,257	3,296,024	4,075,815	3,830,272	2,572,618
Total Expenditures	111,563,579	110,707,275	107,568,760	105,604,226	102,427,859	96,654,081	102,534,975	99,244,821	98,353,509	93,054,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,059,789	2,782,717	1,809,657	4,313,131	6,902,529	8,512,727	1,090,337	2,213,936	573,039	3,536,511
Other Financing Sources (Uses):										
Sale of Bonds				7,430,000	4,175,000					7,806,000
Premium on Sale of Bonds				189,532	171,551					
Payment to Refunded Debt Escrow Agent				(7,521,799)	(4,265,026)					
Costs of Issuance				(97,733)	(81,524)					
Accounts Receivable/Payable Canceled			(34,953)		(4,759)					
Transfers In				2,635,719	514,186	510,401	2,044,906	3,672,865	108,340	124,288
Transfers Out	(3,401,990)	(3,256,823)	(3,545,290)	(6,126,265)	(3,764,866)	(3,572,221)	(5,347,045)	(7,488,616)	(3,477,644)	(3,326,786)
Total Other Financing Sources (Uses)	(3,401,990)	(3,256,823)	(3,580,243)	(3,490,547)	(3,255,439)	(3,061,820)	(3,302,139)	(3,815,751)	(3,369,304)	4,603,502
Net Change in Fund Balances	\$ 1,657,799	\$ (474,105)	\$ (1,770,586)	\$ 822,585	\$ 3,647,090	\$ 5,450,907	\$ (2,211,802)	\$ (1,601,815)	\$ (2,796,265)	\$ 8,140,013
Debt Service as a Percentage of Noncapital Expenditures	3.2%	3.2%	3.3%	4.2%	4.2%	4.5%	4.3%	4.7%	3.9%	4.0%

Source: CAFR Exhibit B-2

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<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>
Tuition							\$ 12,351.57	\$ 60,138.64	\$ 21,568.00	\$ 7,160.00
Prior Year Tuition Adjustments	\$ 94,272.00	\$ 4,681.80	\$ 1,305.18					7,594.00		30,407.41
Homeless Tuition	453,328.38	298,339.47	335,593.50	\$ 232,042.18	\$ 59,818.04	\$ 261,858.58		4,410.24	40,586.83	12,790.88
Sale of Surplus Items	4,462.43	11,691.61	12,635.23	10,626.28	1,630.25	512.57	8,792.11	8,305.23		4,777.57
Hurricane Sandy--FEMA				6,795.62						
Rentals	175,000.00	175,000.00	175,000.00	175,000.00	175,000.00	150,000.00	150,000.00	153,700.00	183,300.00	125,000.00
Bid Specifications/OPRA			5.00	100.00	2,599.95	2,207.40	460.06	857.50	130.00	115.00
Cancellation of Accounts Payable					2,980.00		1,012.47	33,918.69	2,696.31	110,891.26
Various Refunds	13,591.77	45,050.50	38,811.23	31,110.23	5,974.41	17,090.79	50,294.95	143,703.30	175,049.15	418,783.08
Refund of Prior Year Expense	6,565.50	22,126.00	243,629.33	95,438.28	184,987.50	75,157.01	76,965.49	19,929.00	20,542.67	
Emergency Snow Removal--FEMA							53,535.51			
Administrative Fees	1,265.00	1,549.49	1,096.87	1,057.55	1,798.80	2,221.16	3,550.03	6,605.43	2,605.69	4,017.92
Cancellation of Prior Year Outstanding Checks		6,246.99	11,763.74			644.15	899.00	619.23	1,273.85	16,951.34
Various Fines and Fees	1,058.94	631.85	4,883.04	513.46	1,441.65	2,202.15	3,049.04	5,784.73	6,497.19	2,054.26
Settlements								4,190.00		
Summer School Fees				4,918.75	7,050.00	13,300.00	5,575.00		10,350.00	4,025.00
E-Rate	243,988.22	234,911.21	199,049.07	204,686.84	57,022.98	165,957.95	43,076.93	121,423.10	94,771.59	
Interest Earned on Capital Reserve Funds	3,070.23	1,244.21	3,447.93	10,786.75	31,764.93	47,708.20	33,677.81	28,783.71	35,131.57	26,379.28
Interest Earned on Maintenance Reserve Funds	835.30	622.24	996.62	2,719.70	6,093.12	8,732.70	6,942.99	4,149.40		
Interest Earned on Emergency Reserve Funds	646.60	312.88	312.58	645.23	2,509.66	4,046.01	3,205.03	1,970.60		
Interest Earned on Deposits	13,813.01	16,183.26	13,926.40	28,206.91	93,848.51	103,867.15	63,864.94	86,375.37	452,704.17	665,015.57
Total Miscellaneous Revenues	\$ 1,011,897.38	\$ 818,591.51	\$ 1,042,455.72	\$ 804,647.78	\$ 634,519.80	\$ 909,041.33	\$ 463,717.42	\$ 692,458.17	\$ 1,047,207.02	\$ 1,428,368.57

Source: District Records

Revenue Capacity Information

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Taxable Value of Partial Exemptions and Abatements	Real Property Exempt from Taxation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016	\$ 55,182,400.00	\$ 3,762,790,300.00	\$ 6,675,400.00	\$ 373,582,200.00	\$ 47,981,100.00	\$ 159,262,700.00	\$ 4,405,474,100.00	\$ 6,402,300.00	\$ 4,411,876,400.00	\$ 693,400.00	\$ 696,449,100.00	\$ 4,411,876,400.00	\$ 1.102
2015	54,885,800.00	3,792,784,400.00	6,870,600.00	375,824,800.00	49,999,300.00	160,526,700.00	4,440,891,600.00	6,549,400.00	4,447,441,000.00	946,200.00	634,921,000.00	4,111,264,808.00	1.026
2014	43,112,300.00	3,798,043,600.00	6,969,100.00	337,565,300.00	53,742,100.00	160,579,500.00	4,400,011,900.00	6,371,300.00	4,406,383,200.00	1,488,200.00	703,718,500.00	4,094,461,888.00	1.040
2013	43,644,900.00	3,860,376,200.00	7,165,800.00	340,996,300.00	58,290,800.00	161,685,100.00	4,472,159,100.00	8,504,800.00	4,480,663,900.00	1,786,500.00	740,427,900.00	4,224,341,056.00	0.974
2012	42,470,400.00	3,912,957,500.00	7,189,600.00	333,418,200.00	57,339,900.00	160,651,000.00	4,514,026,600.00	10,169,900.00	4,524,196,500.00	2,243,800.00	754,018,000.00	4,481,273,902.00	0.956
2011	44,506,600.00	3,926,504,450.00	6,791,800.00	320,755,000.00	58,630,600.00	164,046,800.00	4,521,235,250.00	10,362,210.00	4,531,597,460.00	2,773,250.00	768,960,600.00	4,488,606,317.00	0.947
2010 (3)	48,611,000.00	3,922,541,150.00	7,735,800.00	317,979,100.00	60,852,900.00	166,205,500.00	4,523,925,450.00	11,677,300.00	4,535,602,750.00	2,842,050.00	777,355,900.00	4,619,464,477.00	0.922
2009	25,485,900.00	2,145,192,600.00	4,312,600.00	153,492,500.00	32,643,200.00	85,262,700.00	2,446,389,500.00	5,923,640.00	2,452,313,140.00	1,545,300.00	418,139,400.00	4,688,905,072.00	1.667
2008	25,716,200.00	2,140,088,300.00	4,313,700.00	151,720,300.00	32,694,200.00	85,262,700.00	2,439,795,400.00	5,520,631.00	2,445,316,031.00	1,602,200.00	410,586,000.00	4,820,589,508.00	1.692
2007	24,462,900.00	2,125,453,500.00	4,277,200.00	148,503,800.00	33,918,700.00	82,508,000.00	2,419,124,100.00	6,055,577.00	2,425,179,677.00	1,430,600.00	404,633,900.00	4,764,364,192.00	1.727

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

(3) Revaluation

Source: Camden County Board of Taxation

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>				<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Regional High School District</u>	<u>Township of Gloucester</u>	<u>Township of Gloucester Fire Districts</u>	<u>Camden County</u>	
2016	\$1.051	\$0.052	\$1.102	\$0.604	\$1.028	\$0.874	\$0.849	\$4.457
2015	0.980	0.046	1.026	0.565	0.918	0.835	0.813	4.157
2014	0.994	0.046	1.040	0.542	0.925	0.828	0.797	4.132
2013	0.922	0.052	0.974	0.517	0.853	0.778	0.791	3.913
2012	0.898	0.058	0.956	0.509	0.845	0.764	0.772	3.846
2011	0.888	0.059	0.947	0.511	0.843	0.734	0.736	3.771
2010 (1)	0.865	0.058	0.922	0.499	0.887	0.708	0.682	3.698
2009	1.567	0.100	1.667	0.888	1.448	1.294	1.239	6.536
2008	1.597	0.095	1.692	0.939	1.116	1.259	1.257	6.263
2007	1.636	0.090	1.727	0.981	1.040	1.211	1.287	6.246

(1) Revaluation

Source: Municipal Tax Collector

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2016			2007		
	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
Autumn Ridge Apartments	\$ 35,162,900.00	1	0.80%	\$ 18,476,800.00	1	0.76%
Millbridge Apartments	33,388,000.00	2	0.76%	15,480,300.00	3	0.64%
Camden County Realty LLC	28,090,300.00	3	0.64%			
Lakeview Apartments	22,360,500.00	4	0.51%	17,402,000.00	2	0.72%
Korman Cherrywood Apartments	15,773,500.00	5	0.36%	10,914,600.00	4	0.45%
Fairways Apartments	16,145,500.00	6	0.37%	7,800,000.00	7	0.32%
C Keys LLC	13,644,700.00	7	0.31%			
Paramount at Chews Landing	12,159,800.00	8	0.28%			
Target Corporation	10,913,800.00	9	0.25%			
HKJV LLC c/o Metro Commercial (2 properties)	10,674,800.00	10	0.24%			
Cross Keys MZL LLC						
Group IV Equities				10,547,600.00	5	0.43%
Chews Landing Investors				9,810,800.00	6	0.40%
Pine Run Commerce Center				6,602,900.00	8	0.27%
Freeland				6,472,600.00	9	0.27%
Zallies Supermarket (Shop Rite)				4,350,600.00	10	0.18%
Total	<u>\$ 198,313,800.00</u>		<u>4.49%</u>	<u>\$ 107,858,200.00</u>		<u>4.45%</u>

Source: Township of Gloucester

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2016	\$ 47,583,252.00	\$ 43,617,980.52	91.67%	\$ 3,965,271.48
2015	45,791,690.00	45,791,690.00	100.00%	-
2014	43,693,789.00	43,688,887.00	99.99%	4,902.00
2013	43,512,893.00	43,507,991.00	99.99%	4,902.00
2012	43,036,028.00	43,026,028.10	99.98%	9,999.90
2011	42,724,666.00	42,714,666.10	99.98%	9,999.90
2010	40,843,497.00	40,843,497.00	100.00%	-
2009	40,870,107.00	40,870,107.00	100.00%	-
2008	41,895,620.00	41,895,620.00	100.00%	-
2007	41,895,620.00	41,895,620.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Capital Leases			
2016	\$ 10,706,000.00	-	\$ 10,706,000.00	Unavailable	\$ 167.44
2015	13,836,000.00	\$ 60,954.37	13,896,954.37	0.46%	217.23
2014	16,871,000.00	236,926.48	17,107,926.48	0.59%	266.64
2013	19,886,789.54	230,914.83	20,117,704.37	0.70%	312.11
2012	23,372,579.01	98,470.51	23,471,049.52	0.82%	363.71
2011	26,577,368.48	193,161.58	26,770,530.06	0.99%	414.36
2010	29,638,157.95	-	29,638,157.95	1.10%	458.09
2009	32,588,947.42	187,040.51	32,775,987.93	1.22%	505.79
2008	35,339,736.89	537,813.41	35,877,550.30	1.38%	551.17
2007	37,770,526.36	335,164.12	38,105,690.48	1.51%	583.07

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income data provided by the NJ Dept of Labor and Workforce Development
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2016	\$ 10,706,000.00	-	\$ 10,706,000.00	0.24%	\$ 167.44
2015	13,836,000.00	-	13,836,000.00	0.31%	216.28
2014	16,871,000.00	-	16,871,000.00	0.38%	262.95
2013	19,886,789.54	-	19,886,789.54	0.44%	308.52
2012	23,372,579.01	-	23,372,579.01	0.52%	362.19
2011	26,577,368.48	-	26,577,368.48	0.59%	411.37
2010 (4)	29,638,157.95	-	29,638,157.95	0.65%	458.09
2009	32,588,947.42	-	32,588,947.42	1.33%	502.91
2008	35,339,736.89	-	35,339,736.89	1.45%	542.90
2007	37,770,526.36	-	37,770,526.36	1.56%	577.95

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development
- (4) Revaluation

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2015
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Gloucester Township</u>	<u>Debt Authorized but not Issued</u>
Municipal Debt: (1)					
Gloucester Township School District (1)	\$ 11,156,000.00	\$ 11,156,000.00			
Black Horse Pike Regional School District (1) (2)	9,161,836.00	9,161,836.00			
Gloucester Township (3)	60,596,453.76	2,101,464.77	\$ 58,494,988.99	\$ 58,494,988.99	
	<u>80,914,289.76</u>	<u>22,419,300.77</u>	<u>58,494,988.99</u>	<u>58,494,988.99</u>	
Overlapping Debt Apportioned to the Municipality:					
County of Camden: (1)					
General:					
Bonds	35,695,000.00	12,761,633.00 (4)	22,933,367.00	2,566,243.77 (6)	\$ 204,000.00
Loan Agreements	269,003,014.00		269,003,014.00	30,101,437.27 (6)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	471,754,632.00	471,754,632.00 (5)			
Gloucester Township Municipal Utilities Authority(1)	9,604,763.00		9,604,763.00	9,604,763.00	
Gloucester Township Fire Districts (1)	650,000.00		650,000.00	650,000.00	
	<u>786,707,409.00</u>	<u>484,516,265.00</u>	<u>302,191,144.00</u>	<u>42,922,444.03</u>	<u>204,000.00</u>
	<u>\$ 867,621,698.76</u>	<u>\$ 506,935,565.77</u>	<u>\$ 360,686,132.99</u>	<u>\$ 101,417,433.02</u>	<u>\$ 204,000.00</u>

Sources:

- (1) Entity's Audit Report
- (2) Allocated based on percentage of average equalized valuations
- (3) Township Audit Report
- (4) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (5) Deductible in accordance with N.J.S. 40:37A-80.
- (6) Such debt is allocated as a proportion of the Issuer's share of the total 2015 Net Valuation on which County taxes are apportioned, which is 11.19%.
The source for this computation was the County of Camden 2015 Abstract of Ratables.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis (1)
2015	\$ 4,260,665,451
2014	4,066,930,308
2013	<u>4,155,123,200</u>
	<u>\$ 12,482,718,959</u>
Average equalized valuation of taxable property	<u>\$ 4,160,906,320</u>
Debt limit (3% of average equalization value) (2)	\$ 124,827,190
Total Net Debt Applicable to Limit	<u>10,706,000</u>
Legal Debt Margin	<u>\$ 114,121,190</u>

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 124,827,189.59	\$ 124,773,576.18	\$ 128,886,714.17	\$ 133,413,353.94	\$ 137,690,127.16	\$ 141,058,374.86	\$ 142,563,589.24	\$ 139,223,612.78	\$ 129,995,126.52	\$ 114,332,877.48
Total net debt applicable to limit (3)	<u>10,706,000.00</u>	<u>13,836,000.00</u>	<u>16,871,000.00</u>	<u>19,886,789.54</u>	<u>23,372,579.01</u>	<u>26,577,368.48</u>	<u>29,638,157.95</u>	<u>32,588,947.42</u>	<u>35,339,736.89</u>	<u>37,770,526.36</u>
Legal debt margin	<u>\$ 114,121,189.59</u>	<u>\$ 110,937,576.18</u>	<u>\$ 112,015,714.17</u>	<u>\$ 113,526,564.40</u>	<u>\$ 114,317,548.15</u>	<u>\$ 114,481,006.38</u>	<u>\$ 112,925,431.29</u>	<u>\$ 106,634,665.36</u>	<u>\$ 94,655,389.63</u>	<u>\$ 76,562,351.12</u>
Total net debt applicable to the limit as a percentage of debt limit	8.58%	11.09%	13.09%	14.91%	16.97%	18.84%	20.79%	23.41%	27.19%	33.04%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	County of Camden Per Capita <u>Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	63,939	Unavailable	Unavailable	5.7%
2014	63,973	\$ 2,999,438,078.00	\$ 46,886.00	7.1%
2013	64,160	2,892,140,320.00	45,077.00	8.1%
2012	64,458	2,883,979,836.00	44,742.00	9.4%
2011	64,532	2,846,829,180.00	44,115.00	9.3%
2010	64,607	2,713,041,751.00	41,993.00	9.6%
2009	64,700	2,694,172,700.00	41,641.00	8.7%
2008	64,801	2,681,011,773.00	41,373.00	3.2%
2007	65,094	2,604,150,564.00	40,006.00	2.7%
2006	65,353	2,522,495,094.00	38,598.00	2.7%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita Personal Income data provided by the NJ Dept of Labor and Workforce Development
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2016</u>			<u>2007 (1)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment (1)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Metrologic Corp.	500					
U.S. Vision	350					
Zallie Supermarkets	300					
Freeland Associates	255					
Super G	225					
Blackwell North America	180					
Wastequip/Accurate Industries	150					
K-Mart	100					
A.L. Hyde Company	95					
Reliable Tire	77					
	<u>2,232</u>		<u>-</u>	<u>-</u>		<u>-</u>

(1) Information not available

Source: Respective Employers as reported in Township Official Statement

Operating Information

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<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>
Instruction:										
Teachers	534.5	534.5	533.0	534.0	526.0	528.0	572.0	564.0	589.0	608.0
Classroom Aides	67.0	69.0	62.0	60.0	56.0	53.0	108.0	129.0	107.0	99.0
Support Services:										
Attendance and Social Work services	4.5	4.5	2.7	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Health Services	23.0	23.0	24.0	24.0	24.0	22.0	22.0	13.0	11.0	11.0
Related Services	19.0	19.0	18.0	18.0	21.0	22.0	20.0	18.0	16.0	11.0
Extraordinary Services	-	-	-	-	-	-	-	-	-	2.0
Guidance Services	20.0	21.0	21.0	21.0	19.0	19.0	22.0	22.0	20.5	20.5
Child Study Team Services	20.0	20.0	20.0	21.0	20.0	22.0	24.0	22.0	20.0	24.0
Improvement of Instruction Services	9.7	9.7	12.0	11.6	9.0	15.0	22.0	20.0	10.0	12.0
Media/Library Services	18.0	18.0	18.0	18.0	18.0	11.0	11.0	10.0	7.0	7.0
Instructional Staff Training Services	-	-	-	-	-	-	-	-	-	1.0
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0
School Administrative Services	50.0	50.0	50.0	50.0	49.0	51.0	55.0	55.0	54.0	49.0
Central Services	15.0	15.0	17.0	17.0	16.5	16.0	19.0	19.0	4.0	3.0
Administrative Information Technology	9.3	9.3	7.3	7.3	9.0	9.0	12.0	13.0	15.0	18.0
Plant Operations and Maintenance Services	68.0	70.0	68.0	69.0	71.0	69.0	82.0	84.0	81.0	91.0
Student Transportation Services	14.0	21.0	17.0	15.0	15.0	12.0	20.0	20.0	24.0	81.0
Business and Other Support Services	-	-	-	-	-	-	20.0	20.0	20.0	86.0
Various Other Functions	69.0	67.0	77.0	79.0	72.0	81.0	87.0	88.0	81.0	88.0
Food Service	58.0	61.0	60.0	59.0	59.0	62.0	67.0	69.0	45.0	57.0
Latchkey	20.3	24.3	33.6	33.6	36.0	36.0	43.0	43.0	53.0	45.0
Total	<u>1,021.3</u>	<u>1,038.3</u>	<u>1,042.6</u>	<u>1,041.5</u>	<u>1,023.5</u>	<u>1,031.0</u>	<u>1,209.0</u>	<u>1,212.0</u>	<u>1,161.5</u>	<u>1,316.5</u>

Source: Annual School District Budget Statement Supporting Documentation

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>		<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>				
2016	6,407	\$ 106,720,075.00	\$ 16,656.79	3.84%	559	11.9	10.8	6,388.21	6,079.83	-2.23%	95.17%
2015	6,514	104,490,378.81	16,040.89	5.98%	559	12.3	18.2	6,533.97	6,227.24	-3.19%	95.31%
2014	6,770	102,471,834.46	15,136.16	5.72%	558	18.8	23.5	6,749.50	6,433.29	-2.77%	95.32%
2013	6,946	99,446,071.36	14,317.03	4.12%	559	19.0	25.4	6,941.80	6,596.10	-1.19%	95.00%
2012	7,048	96,911,962.89	13,750.28	11.43%	557	19.3	26.0	7,025.30	6,708.10	-4.29%	95.50%
2011	7,360	90,820,243.71	12,339.71	-3.57%	557	18.8	27.6	7,340.30	6,998.80	-1.19%	95.30%
2010	7,421	94,965,541.06	12,796.87	6.60%	564	19.4	23.3	7,428.90	7,066.50	-1.41%	95.10%
2009	7,554	90,683,934.07	12,004.76	0.95%	564	19.6	23.8	7,535.30	7,170.70	-1.13%	95.40%
2008	7,641	90,864,109.50	11,891.65	6.28%	548	20.2	23.7	7,621.20	7,268.40	-1.70%	95.40%
2007	7,762	86,846,364.06	11,188.66	7.65%	544	20.6	24.9	7,753.20	7,392.90	-1.15%	95.40%

Sources: District Records

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<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 Buildings:										
Elementary Schools:										
Square Feet	67,565	67,565	67,565	67,565	67,565	67,565	67,565	67,565	67,565	67,565
Capacity (students)	850	850	850	850	850	850	850	850	850	850
Enrollment	635	589	606	615	605	676	669	670	727	719
Chews (1958)										
Square Feet	76,676	76,676	76,676	76,676	76,676	76,676	76,676	76,676	76,676	76,676
Capacity (students)	925	925	925	925	925	925	925	925	925	925
Enrollment	678	701	729	745	748	820	824	829	831	839
Erial (1961)										
Square Feet	76,202	76,202	76,202	76,202	76,202	76,202	76,202	76,202	76,202	76,202
Capacity (students)	925	925	925	925	925	925	925	925	925	925
Enrollment	659	641	718	730	766	764	758	804	795	777
Glendora (1922)										
Square Feet	32,906	32,906	32,906	32,906	32,906	32,906	32,906	32,906	32,906	32,906
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	243	285	286	277	285	285	272	290	275	274
Gloucester Township (1926)										
Square Feet	37,684	37,684	37,684	37,684	37,684	37,684	37,684	37,684	37,684	37,684
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	236	255	258	275	272	278	296	285	293	266
J.W. Lilley (1986)										
Square Feet	67,812	67,812	67,812	67,812	67,812	67,812	67,812	67,812	67,812	67,812
Capacity (students)	925	925	925	925	925	925	925	925	925	925
Enrollment	500	452	485	487	510	593	634	644	664	686
Loring-Flemming (1976)										
Square Feet	75,150	75,150	75,150	75,150	75,150	75,150	75,150	75,150	75,150	75,150
Capacity (students)	975	975	975	975	975	975	975	975	975	975
Enrollment	660	707	742	780	761	745	713	713	725	754
Union Valley (2001)										
Square Feet	88,841	88,841	88,841	88,841	88,841	88,841	88,841	88,841	88,841	88,841
Capacity (students)	925	925	925	925	925	925	925	925	925	925
Enrollment	481	509	523	543	561	607	627	630	650	679

(Continued)

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<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 Buildings:										
Middle Schools:										
C.W. Lewis (1964)										
Square Feet	133,119	133,119	133,119	133,119	133,119	133,119	133,119	133,119	133,119	133,119
Capacity (students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	639	685	693	679	671	641	626	638	646	709
Glen Landing (1971)										
Square Feet	131,646	131,646	131,646	131,646	131,646	131,646	131,646	131,646	131,646	131,646
Capacity (students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	751	799	813	842	820	843	873	889	891	883
Ann A. Mullen (1996)										
Square Feet	173,342	173,342	173,342	173,342	173,342	173,342	173,342	173,342	173,342	173,342
Capacity (students)	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Enrollment	925	891	917	973	1,049	1,108	1,129	1,162	1,144	1,176
Other:										
Administration Office (1955)										
Square Feet	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Mirenda Building (1923)										
Square Feet	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
Maintenance/Transportation Building (1970)										
Square Feet	18,716	18,716	18,716	18,716	18,716	18,716	18,716	18,716	18,716	18,716
Grenloch Building (1916)										
Square Feet	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492	9,492

Number of Schools at June 30, 2016

Elementary = 8

Middle School = 3

Other = 4

Source: District Records

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Blackwood Elementary School	N/A	\$ 61,146.90	\$ 68,841.19	\$ 69,502.67	\$ 37,987.46	\$ 26,170.31	\$ 27,533.69	\$ 26,396.00	\$ 25,722.68	\$ 27,136.00	\$ 27,762.00
C.W. Lewis Middle School	N/A	120,550.73	135,720.01	134,880.40	74,892.49	44,217.69	46,521.28	51,352.00	47,846.28	73,530.00	75,226.00
Chews Elementary School	N/A	69,392.44	78,124.29	78,961.01	43,110.36	34,171.36	35,951.57	28,516.00	39,107.21	21,446.00	21,941.00
Erial Elementary School	N/A	68,963.46	77,641.33	77,857.35	42,843.38	28,050.09	29,511.40	31,629.00	29,294.76	45,518.00	46,568.00
Glen Landing Middle School	N/A	106,461.57	119,857.95	120,818.14	66,139.25	68,502.39	72,071.13	40,289.00	50,256.34	56,898.00	58,658.00
Glendora Elementary School	N/A	30,382.95	34,206.12	34,793.64	18,875.23	11,680.73	12,289.26	12,448.00	19,857.79	24,072.00	24,628.00
Gloucester Township Elementary School	N/A	31,659.01	35,642.75	35,928.92	19,668.43	14,287.47	15,031.80	18,923.00	18,238.16	24,948.00	25,523.00
J.W. Lilley Elementary School	N/A	61,370.44	69,092.86	41,343.21	38,126.75	24,826.81	26,120.20	25,053.00	27,393.04	41,579.00	42,538.00
Loring-Flemming Elementary School	N/A	68,011.39	76,569.46	75,634.72	42,252.35	44,213.43	46,516.80	37,082.00	94,743.36	41,142.00	42,091.00
Ann A. Mullen Middle School	N/A	156,875.99	176,616.15	176,962.68	97,459.97	94,472.90	67,834.03	103,287.00	77,546.06	31,950.00	32,687.00
Union Valley Elementary School	N/A	80,076.14	90,152.26	89,985.08	49,748.08	40,964.88	43,099.01	31,703.00	34,809.82	26,261.00	26,866.00
Total School Facilities		<u>854,891.02</u>	<u>962,464.39</u>	<u>936,667.82</u>	<u>531,103.76</u>	<u>431,558.07</u>	<u>422,480.17</u>	<u>406,678.00</u>	<u>464,815.50</u>	<u>414,480.00</u>	<u>424,488.00</u>
Other Facilities		-	-	-	2,978.85	32,694.18	34,155.98	6,782.00	38,630.72	23,198.00	23,284.00
Grand Total		<u>\$ 854,891.02</u>	<u>\$ 962,464.39</u>	<u>\$ 936,667.82</u>	<u>\$ 534,082.61</u>	<u>\$ 464,252.25</u>	<u>\$ 456,636.15</u>	<u>\$ 413,460.00</u>	<u>\$ 503,446.22</u>	<u>\$ 437,678.00</u>	<u>\$ 447,772.00</u>

Source: District Records

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property		
Blanket Building & Contents	\$ 205,993,259.00	\$ 1,000.00
Earthquake - Volcanic Eruption	5,000,000.00	25,000.00
Flood	5,015,000.00	25,000.00
Equipment		
Audio Visual	908,930.00	250.00
Lab/Science/Engineer	132,357.00	250.00
Data Processing	5,453,995.00	250.00
Communications	150,000.00	250.00
Boiler and Machinery		
Property Damage	201,843,345.00	1,000.00
Employee Dishonesty - Per Employee	100,000.00	500.00
Comprehensive General Liability		
General	2,000,000.00	-
Products/Completed Operations	1,000,000.00	-
Personal and Advertising Injury - Per Occurrence	1,000,000.00	-
Employee Benefits - Per Claim	1,000,000.00	-
Employee Benefits	3,000,000.00	1,000.00
Sexual Abuse and Molestation - Per Claim	1,000,000.00	-
Sexual Abuse and Molestation	3,000,000.00	-
Educators Legal Liability Policy - Per Claim	1,000,000.00	5,000.00
Educators Legal Liability Policy	2,000,000.00	
Comprehensive Automobile Liability	1,000,000.00	1,000.00
Umbrella Liability		
Umbrella Policy	15,000,000.00	10,000.00
Excess Workers Compensation	Statutory	500,000.00
Excess Employer's Liability	1,000,000.00	500,000.00
Student Accident	500,000.00	25,000.00
Catastrophic Student Accident	1,000,000.00	25,000.00

Source: District Insurance Broker

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Gloucester Township School District
County of Camden

Report on Compliance for Each Major Federal and State Program

We have audited the Gloucester Township School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2016. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Gloucester Township School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Gloucester Township School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Public School Accountant No. CS 02195

Voorhees, New Jersey
November 30, 2016

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Pass-through Grantor/Program Title	CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Award Amount	Grant Period		Balance June 30, 2015	Carryover Amount
					From	To		
General Fund:								
U.S. Department of Health and Human Services:								
Passed-through the State Department of Education:								
Special Education--Medicaid Initiative--Settlement	93.778	1605NJ5MAP	N/A	\$ 1,936.43	7-1-13	6-30-14		
Special Education--Medicaid Initiative	93.778	1605NJ5MAP	N/A	199,585.95	7-1-15	6-30-16		
Total General Fund							-	-
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
N.C.L.B.:								
Title I	84.010	S010A150030	NCLB178016	1,148,447.00	7-1-15	6-30-16		\$ 198,106.00
Title I	84.010	S010A150030	NCLB178015	987,447.00	7-1-14	6-30-15	\$ (257,740.00)	(198,106.00)
Total Title I							(257,740.00)	-
Title II - Part A	84.367	S367A150029	NCLB178016	227,805.00	7-1-15	6-30-16		46,524.00
Title II - Part A	84.367	S367A150029	NCLB178015	219,888.00	7-1-14	6-30-15	(66,895.00)	(46,524.00)
Total Title II - Part A							(66,895.00)	-
Title III Immigrant	84.365	S365A150030	NCLB178016	8,853.00	7-1-15	6-30-16		
Title III	84.365	S365A150030	NCLB178016	28,916.00	7-1-15	6-30-16		5,592.00
Title III	84.365	S365A150030	NCLB178015	27,227.00	7-1-14	6-30-15	(3,892.00)	(5,592.00)
Total Title III							(3,892.00)	-
I.D.E.A. Part B:								
Basic	84.027	H027A150100	IDEA178014	1,835,987.00	7-1-13	6-30-14	3,914.00	
Basic	84.027	H027A150100	IDEA178015	1,775,149.00	7-1-14	6-30-15	(278,972.00)	(111,771.00)
Basic	84.027	H027A150100	IDEA178016	1,896,195.00	7-1-15	6-30-16		111,771.00
Pre-School	84.173	H173A150114	IDEA178016	72,681.00	7-1-15	6-30-16		4,327.00
Pre-School	84.173	H173A150114	IDEA178015	67,056.00	7-1-14	6-30-15	(8,000.00)	(4,327.00)
Total I.D.E.A. Part B							(283,058.00)	-
Total Special Revenue Fund							(611,585.00)	-
Enterprise Fund:								
U.S. Department of Agriculture:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance (Food Distribution):								
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	144,079.60	7-1-15	6-30-16		
Cash Assistance:								
School Breakfast Program	10.553	16161NJ304N1099	Unavailable	292,288.31	7-1-14	6-30-15	(21,546.52)	
School Breakfast Program	10.553	16161NJ304N1099	Unavailable	291,220.57	7-1-15	6-30-16		
Special Milk Program	10.556	16161NJ304N1099	Unavailable	9,498.53	7-1-14	6-30-15	(549.09)	
Special Milk Program	10.556	16161NJ304N1099	Unavailable	8,510.64	7-1-15	6-30-16		
After School Snack Program	10.555	16161NJ304N1099	Unavailable	8,676.29	7-1-14	6-30-15	(578.26)	
After School Snack Program	10.555	16161NJ304N1099	Unavailable	7,994.91	7-1-15	6-30-16		
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	1,046,522.90	7-1-14	6-30-15	(66,784.50)	
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	1,028,854.52	7-1-15	6-30-16		
Total Child Nutrition Cluster:							(89,458.37)	-
Total Enterprise Fund:							(89,458.37)	-
Total Federal Financial Assistance							\$ (701,043.37)	\$ -

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance

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

Cash Received	Adjustments (A)	Budgetary Expenditures			Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2016		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			Accounts Receivable	Unearned Revenue	Due to Grantor
\$ 199,585.95	\$ (1,936.43)	\$ 199,585.95		\$ 199,585.95			\$ (1,936.43)		
199,585.95	(1,936.43)	199,585.95	-	199,585.95	-	-	(1,936.43)	-	-
362,021.00	\$ (7.71)	905,943.29		905,943.29			(345,824.00)		
455,846.00									
817,867.00	(7.71)	905,943.29	-	905,943.29	-	-	(345,824.00)	-	-
172,323.00	(0.04)	189,166.96		189,166.96				\$ 29,680.00	
113,419.00							-		
285,742.00	(0.04)	189,166.96	-	189,166.96	-	-		29,680.00	-
6,406.00	(0.25)	7,738.75		7,738.75			(1,333.00)		
14,008.00	(0.05)	20,960.95		20,960.95			(1,361.00)		
9,484.00									
29,898.00	(0.30)	28,699.70	-	28,699.70	-	-	(2,694.00)	-	-
390,743.00									\$ 3,914.00
1,414,482.00	0.43	1,766,015.43		1,766,015.43			(239,762.00)		
41,873.00	0.16	61,628.16		61,628.16			(15,428.00)		
12,327.00									
1,859,425.00	0.59	1,827,643.59	-	1,827,643.59	-	-	(255,190.00)	-	3,914.00
2,992,932.00	(7.46)	2,951,453.54	-	2,951,453.54	-	-	(603,708.00)	29,680.00	3,914.00
144,079.60		144,079.60		144,079.60					
21,546.52									
279,213.57		291,220.57		291,220.57			(12,007.00)		
549.09									
8,210.02		8,510.64		8,510.64			(300.62)		
578.26									
7,757.47		7,994.91		7,994.91			(237.44)		
66,784.50									
991,912.91		1,028,854.52		1,028,854.52			(36,941.61)		
1,520,631.94	-	1,480,660.24	-	1,480,660.24	-	-	(49,486.67)	-	-
1,520,631.94	-	1,480,660.24	-	1,480,660.24	-	-	(49,486.67)	-	-
\$ 4,713,149.89	\$ (1,943.89)	\$ 4,631,699.73	\$ -	\$ 4,631,699.73	\$ -	\$ -	\$ (655,131.10)	\$ 29,680.00	\$ 3,914.00

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2016

State Grantor/ Program Title	State Project Number	Award Amount	Matching	Grant Period		Balance at June 30, 2015		Carryover/ Walkover Amount
				From	To	Unearned Revenue/ Accounts Receivable	Due to Grantor	
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	15-495-034-5120-078	\$ 45,803,377.00	N/A	7-1-14	6-30-15	\$ (4,389,157.00)		
Equalization Aid	16-495-034-5120-078	45,803,377.00	N/A	7-1-15	6-30-16			
Special Education Categorical Aid	15-495-034-5120-089	3,915,535.00	N/A	7-1-14	6-30-15	(375,210.00)		
Special Education Categorical Aid	16-495-034-5120-089	3,915,535.00	N/A	7-1-15	6-30-16			
PARCC Readiness Aid	15-495-034-5120-098	65,225.00	N/A	7-1-14	6-30-15	(6,250.00)		
PARCC Readiness Aid	16-495-034-5120-098	65,225.00	N/A	7-1-15	6-30-16			
Per Pupil Growth Aid	15-495-034-5120-097	65,225.00	N/A	7-1-14	6-30-15	(6,250.00)		
Per Pupil Growth Aid	16-495-034-5120-097	65,225.00	N/A	7-1-15	6-30-16			
Security Aid	15-495-034-5120-084	487,009.00	N/A	7-1-14	6-30-15	(46,668.00)		
Security Aid	16-495-034-5120-084	487,009.00	N/A	7-1-15	6-30-16			
Total State Aid - Public Cluster						<u>(4,823,535.00)</u>	<u>-</u>	<u>-</u>
Transportation Aid:								
Transportation Aid	15-495-034-5120-014	513,108.00	N/A	7-1-14	6-30-15	(49,169.00)		
Transportation Aid	16-495-034-5120-014	513,108.00	N/A	7-1-15	6-30-16			
Nonpublic School Transportation Aid	15-495-034-5120-014	51,595.00	N/A	7-1-14	6-30-15	(51,595.00)		
Nonpublic School Transportation Aid	16-495-034-5120-014	64,032.00	N/A	7-1-15	6-30-16			
Total Transportation Aid						<u>(100,764.00)</u>	<u>-</u>	<u>-</u>
Extraordinary Special Education Aid								
Extraordinary Special Education Aid	15-100-034-5120-473	1,580,320.00	N/A	7-1-14	6-30-15	(1,580,320.00)		
Extraordinary Special Education Aid	16-100-034-5120-473	1,082,076.00	N/A	7-1-15	6-30-16			
Total Extraordinary Special Education Aid						<u>(1,580,320.00)</u>	<u>-</u>	<u>-</u>
Payment for Institutionalized Children - Unknown District of Residence								
Payment for Institutionalized Children - Unknown District of Residence	15-495-034-5120-005	261,531.84	N/A	7-1-14	6-30-15	(200,683.94)		
Payment for Institutionalized Children - Unknown District of Residence	16-495-034-5120-005	51,359.00	N/A	7-1-15	6-30-16			
Total Payment for Institutionalized Children - Unknown District of Residence						<u>(200,683.94)</u>	<u>-</u>	<u>-</u>
Reimbursed TPAF Social Security Contributions								
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	3,372,805.33	N/A	7-1-14	6-30-15	(165,853.46)		
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	3,358,195.43	N/A	7-1-15	6-30-16			
Reimbursed TPAF Social Security Contributions						<u>(165,853.46)</u>	<u>-</u>	<u>-</u>
Total General Fund						<u>(6,871,156.40)</u>	<u>-</u>	<u>-</u>
Special Revenue Fund:								
New Jersey Department of Education:								
Nonpublic Aid:								
Technology Aid	15-100-034-5120-373	19,456.00	N/A	7-1-14	6-30-15		\$ 352.00	
Technology Aid	16-100-034-5120-373	14,950.00	N/A	7-1-15	6-30-16			
Total Technology Aid						<u>-</u>	<u>352.00</u>	<u>-</u>
Nursing Services								
Nursing Services	15-100-034-5120-070	57,669.00	N/A	7-1-14	6-30-15		4,011.00	
Nursing Services	16-100-034-5120-070	51,750.00	N/A	7-1-15	6-30-16			
Total Nursing Services						<u>-</u>	<u>4,011.00</u>	<u>-</u>
Textbook Aid (Ch. 194, L. 1977)								
Textbook Aid (Ch. 194, L. 1977)	15-100-034-5120-064	36,225.00	N/A	7-1-14	6-30-15		7,278.00	
Textbook Aid (Ch. 194, L. 1977)	16-100-034-5120-064	32,832.00	N/A	7-1-15	6-30-16			
Total Textbook Aid (Ch. 194, L. 1977)						<u>-</u>	<u>7,278.00</u>	<u>-</u>
Security Aid								
Security Aid	16-100-034-5120-509	14,375.00	N/A	7-1-15	6-30-16			
Total Textbook Aid (Ch. 194, L. 1977)						<u>-</u>	<u>-</u>	<u>-</u>
Auxiliary Services (Ch. 192, L. 1977)								
Compensatory Education	15-100-034-5120-067	240,074.00	N/A	7-1-14	6-30-15		33,771.00	
Transportation		22,950.00	N/A	7-1-14	6-30-15		15,034.00	
Auxiliary Services (Ch. 192, L. 1977)	16-100-034-5120-067	219,968.00	N/A	7-1-15	6-30-16			
Compensatory Education		1,380.00	N/A	7-1-15	6-30-16			
Transportation		27,965.00	N/A	7-1-15	6-30-16			
Total Auxiliary Services (Ch. 192, L. 1977)						<u>-</u>	<u>48,805.00</u>	<u>-</u>
Handicapped Services (Ch. 193, L. 1977)								
Corrective Speech	15-100-034-5120-066	61,404.00	N/A	7-1-14	6-30-15		2,803.00	
Examination and Classification		38,723.00	N/A	7-1-14	6-30-15		6,270.00	
Supplementary Instruction		32,958.00	N/A	7-1-14	6-30-15		6,121.00	
Handicapped Services (Ch. 193, L. 1977)	16-100-034-5120-066	57,938.00	N/A	7-1-15	6-30-16			
Examination and Classification		94,476.00	N/A	7-1-15	6-30-16			
Supplementary Instruction		32,822.00	N/A	7-1-15	6-30-16			
Total Handicapped Services (Ch. 193, L. 1977)						<u>-</u>	<u>15,194.00</u>	<u>-</u>
Total New Jersey Department of Education						<u>-</u>	<u>75,640.00</u>	<u>-</u>
New Jersey Department of Treasury:								
Municipal Drug Alliance Grant	2000-475-995120-60	11,600.00	N/A	(B) 7-1-14	6-30-15	(450.20)		
Municipal Drug Alliance Grant	2000-475-995120-60	12,000.00	N/A	(B) 7-1-15	6-30-16			
Total Municipal Drug Alliance Grant						<u>(450.20)</u>	<u>-</u>	<u>-</u>
Total New Jersey Department of Treasury						<u>(450.20)</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund						<u>(450.20)</u>	<u>75,640.00</u>	<u>-</u>
Debt Service Fund:								
State Department of Education:								
State Support	16-495-034-5120 -075	1,046,205.00	N/A	7-1-15	6-30-16			

Cash Received	Adjustments (A)	Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 4,389,157.00		\$ 45,803,377.00			\$ (4,388,442.00)			\$ (4,388,442.00)	\$ 45,803,377.00
41,414,935.00									
375,210.00									
3,540,386.00		3,915,535.00			(375,149.00)			(375,149.00)	3,915,535.00
6,250.00									
58,976.00		65,225.00			(6,249.00)			(6,249.00)	65,225.00
6,250.00									
58,976.00		65,225.00			(6,249.00)			(6,249.00)	65,225.00
46,668.00									
440,348.00		487,009.00			(46,661.00)			(46,661.00)	487,009.00
50,337,156.00	-	50,336,371.00	-	-	(4,822,750.00)	-	-	(4,822,750.00)	50,336,371.00
49,169.00									
463,947.00		513,108.00			(49,161.00)			(49,161.00)	513,108.00
51,595.00									
		64,032.00			(64,032.00)				64,032.00
564,711.00	-	577,140.00	-	-	(113,193.00)	-	-	(49,161.00)	577,140.00
1,580,320.00									
		1,082,076.00			(1,082,076.00)				1,082,076.00
1,580,320.00	-	1,082,076.00	-	-	(1,082,076.00)	-	-	-	1,082,076.00
200,683.94									
		51,359.00			(51,359.00)				51,359.00
200,683.94	-	51,359.00	-	-	(51,359.00)	-	-	-	51,359.00
165,853.46									
3,192,531.45		3,358,195.43			(165,663.98)				3,358,195.43
3,358,384.91	-	3,358,195.43	-	-	(165,663.98)	-	-	-	3,358,195.43
56,041,255.85	-	55,405,141.43	-	-	(6,235,041.98)	-	-	(4,871,911.00)	55,405,141.43
14,950.00	\$ (0.14)	14,647.86		\$ 352.00			\$ 302.00		14,647.86
14,950.00	(0.14)	14,647.86	-	352.00	-	-	302.00	-	14,647.86
51,750.00	(0.17)	47,348.83		4,011.00			-		47,348.83
51,750.00	(0.17)	47,348.83	-	4,011.00	-	-	4,401.00	-	47,348.83
32,832.00	(0.21)	31,241.79		7,278.00			1,590.00		31,241.79
32,832.00	(0.21)	31,241.79	-	7,278.00	-	-	1,590.00	-	31,241.79
14,375.00	(0.01)	14,083.99					291.00		14,083.99
14,375.00	(0.01)	14,083.99	-		-	-	291.00	-	14,083.99
219,968.00	(0.40)	175,629.60 (C)		33,771.00			44,338.00		175,629.60
1,380.00	(0.11)	603.89 (C)		15,034.00			776.00		603.89
27,965.00	0.11	8,172.11 (C)					19,793.00		8,172.11
249,313.00	(0.40)	184,405.60	-	48,805.00	-	-	64,907.00	-	184,405.60
57,938.00	0.02	29,659.02 (C)		2,803.00			28,279.00		29,659.02
94,476.00	(0.20)	51,246.80 (C)		6,270.00			43,229.00		51,246.80
32,822.00		27,918.00 (C)		6,121.00			4,904.00		27,918.00
185,236.00	(0.18)	108,823.82		15,194.00	-	-	76,412.00	-	108,823.82
548,456.00	(1.11)	400,551.89	-	75,640.00	-	-	147,903.00	-	400,551.89
450.20									
23,149.80		12,000.00				\$ 11,149.80			12,000.00
23,600.00	-	12,000.00				11,149.80			12,000.00
23,600.00	-	12,000.00	-			11,149.80			12,000.00
572,056.00	(1.11)	412,551.89	-	75,640.00	-	11,149.80	147,903.00	-	412,551.89
1,046,205.00	-	1,046,205.00	-						1,046,205.00

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2016

State Grantor/ Program Title	State Project Number	Award Amount	Matching	Grant Period		Balance at June 30, 2015		Carryover/ Walkover Amount
				From	To	Unearned Revenue/ Accounts Receivable	Due to Grantor	
Enterprise Fund:								
New Jersey Department of Education:								
State School Lunch Aid	15-100-010-3350 -023	\$ 27,147.21	N/A	7-1-14	6-30-15	\$ (1,671.65)		
State School Lunch Aid	16-100-010-3350 -023	24,194.89	N/A	7-1-15	6-30-16			
Total State School Lunch Aid						(1,671.65)	-	-
Total Enterprise Fund						(1,671.65)	-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(6,873,278.25)	\$ 75,640.00	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of Treasury:								
On-behalf T.P.A.F. Pension Contributions - Normal Cost	16-495-034-5094-002	3,482,757.00	N/A	7-1-15	6-30-16			
On-behalf T.P.A.F. Pension Contributions - Non-contributory Insurance	16-495-034-5094-004	173,489.00	N/A	7-1-15	6-30-16			
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	16-495-034-5094-001	4,353,578.00	N/A	7-1-15	6-30-16			
Total General Fund (Non-Cash Assistance)						-	-	-
Total State Financial Assistance						\$ (6,873,278.25)	\$ 75,640.00	\$ -

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance

(B) Passed through the Township of Gloucester

(C) Passed through to Camden County Educational Services Commission

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

Cash Received	Adjustments (A)	Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 2,480.10		\$ 808.45							\$ 27,147.21
23,334.30		24,194.89			(860.59)				24,194.89
25,814.40	-	25,003.34	-	-	(860.59)	-	-	-	51,342.10
25,814.40	-	25,003.34	-	-	(860.59)	-	-	-	51,342.10
57,685,331.25	\$ (1.11)	56,888,901.66	-	\$ 75,640.00	(6,235,902.57)	\$ 11,149.80	\$ 147,903.00	\$ (4,871,911.00)	56,915,240.42
3,482,757.00		3,482,757.00							3,482,757.00
173,489.00		173,489.00							173,489.00
4,353,578.00		4,353,578.00							4,353,578.00
8,009,824.00	-	8,009,824.00	-	-	-	-	-	-	8,009,824.00
\$ 65,695,155.25	\$ (1.11)	\$ 64,898,725.66	\$ -	\$ 75,640.00	\$ (6,235,902.57)	\$ 11,149.80	\$ 147,903.00	\$ (4,871,911.00)	\$ 64,925,064.42

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Gloucester Township School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$793.00 for the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 199,585.95	\$ 63,414,965.43	\$ 63,614,551.38
Special Revenue	2,951,453.54	412,551.89	3,364,005.43
Debt Service		1,046,205.00	1,046,205.00
Food Service	1,480,660.24	25,003.34	1,505,663.58
Total Awards and Financial Assistance	<u>\$ 4,631,699.73</u>	<u>\$ 64,898,725.66</u>	<u>\$ 69,530,425.39</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

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

<u>Adjustment</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
Rounding Adjustments	\$ (7.46)	\$ (1.11)	\$ (8.57)
Reimbursement for Prior Year Expenditures	<u>(1,936.43)</u>	<u></u>	<u>(1,936.43)</u>
Total Adjustments	<u>\$ (1,943.89)</u>	<u>\$ (1.11)</u>	<u>\$ (1,945.00)</u>

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes X no

 Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Special Education Cluster (I.D.E.A.):
<u>84.027</u>	<u>H027A150100</u>	<u>I.D.E.A. Part B Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>I.D.E.A. Part B Preschool</u>
<u>93.778</u>	<u>1605NJ5MAP</u>	<u>Special Education--Medicaid Initiative</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?

yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

16-495-034-5120-078

16-495-034-5120-089

16-495-034-5120-084

16-495-034-5095-098

16-495-034-5095-097

State Aid - Public Cluster: _____
Equalization Aid _____
Special Education Categorical Aid _____
Security Aid _____
PARCC Readiness Aid _____
Per Pupil Growth Aid _____

Dollar threshold used to determine Type A programs

\$1,706,667

Auditee qualified as low-risk auditee?

yes no

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

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

None.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

GLOUCESTER TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

