

**Oldmans Township School District  
Board of Education  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**OLDMANS TOWNSHIP SCHOOL DISTRICT**

**PEDRICKTOWN, NEW JERSEY 08067**

**Oldmans Township School Board of Education  
Pedricktown, New Jersey 08067**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

**Oldmans Township School Board of Education  
Pedricktown, New Jersey 08067**

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

Prepared by:

**Oldmans Township School  
Board of Education Administration**

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## **INTRODUCTORY SECTION**



# Oldmans Township School District

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ADMINISTRATIVE OFFICES  
(856) 299-4240

10 FREED ROAD  
(856) 299-4243

PEDRICKTOWN, NJ 08067  
FAX: (856) 299-8182

Daniel P. Daly  
Board President

Shari Payson  
Superintendent

Valerie Carmody  
Interim School Business  
Administrator

September 19, 2016

Honorable President and  
Members of the Board of Education  
Oldmans Township School District  
10 Freed Road  
Pedricktown, New Jersey 08067

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and/or reporting requirements under NJ OMB's Circular 15-08, *Audits of State, Local Governments, and Non-Profit Organizations, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## 1. Reporting Entity and its Services

Oldmans Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Oldmans 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, vocational, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 287 students, which is 19 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

## 1. Reporting Entity and its Services (Continued)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Percentage Change</u>
2015-2016	287	7.1%
2014-2015	268	6.8%
2013-2014	251	9.6%
2012-2013	229	0.4%
2011-2012	228	15.7%

## 2. Economic Condition and Outlook

Oldmans Township is a rural farming community with some general businesses and light industry. The Pedricktown Industrial Complex provides the largest source of employment in the community. Of the three residential developments that have gained local planning board approvals, one development of 49 homes is now 100% complete. The Gateway Industrial Park has four commercial warehouses complete and operational as of June 30, 2011. There is room for additional businesses.

## 3. Major Initiatives

With the start of the FY 2002-03 school year, the \$4,800,000 building project, which provided an additional 31,000 square feet of space, which began in February 2000, was complete with the exception of an expansion to the existing septic system being finished in October 2004. This addition added eight regular classrooms, two resource center rooms, several small group instruction areas, science lab, art room, library/media center, cafeteria and kitchen along with additional storage areas, and a central custodial storage area. The project also included renovations to the existing "middle school" building that included retrofitting the pod to accommodate students in grades K-2, creating rooms for speech, guidance, and basic skills and adding a storage area in the music room. It also provided a state of the art HVAC geothermal heating/cooling system. Since November 13, 2001, all students in Oldmans Township now attend school at one location/school known as Oldmans Township School. School building capacity is now rated at 445.

Beginning the 2011-12 school year, Oldmans became a CHOICE district and had twenty-five (25) students from neighboring districts apply and be accepted. It is estimated that the number of CHOICE students for the 2016-17 school year will be fifty four (54).

All 9 curricular areas are current and adhere to the CCSS and/or NJ CCCS. Oldmans School District will continue to implement all aspects of the Achieve NJ initiative including the new evaluation process; utilizing the Danielson Framework and Teachscape for teacher evaluation; creating Student Growth Objectives (SGOs) and analyzing Student Growth Percentiles (SGPs).

In preparation for the full implementation of PARCC, Oldmans was a pilot district for the 4<sup>th</sup> grade End of Year (EOY) ELA PARCC assessment. Teachers will now utilize Link It as their online benchmark assessment tool, which now features a PARCC prep component. For the 2016-2017 school year we will have 1:1 computing in grades 3-8, utilizing Chromebooks in grades 4-8 and Netbooks in grade 3. There is a class set of Netbooks housed in the Pod.

The School District has revised the Gifted and Talented Curriculum and will revise the Science Curriculum to align with the new standards, which was done prior to the start of the 2016-2017 school year. Additional STEM activities will be threaded through the science, math, and computer classes. Close Reading is being implemented to enhance student achievement in all areas. A new math series enVisions is being implemented in grades 3-8 in 2016-2017 and grades K-2 will transition to enVisions for the 2017-2018 school year. Teachers are provided with extensive professional development.

### **3. Major Initiatives (Continued)**

For the 2015-2016, Chromebooks were purchased for students in grades 4-8. Google Apps are being utilized for Education and Google Classroom is employed to enhance communication and instruction. A new computer teacher was hired.

A new Tennis and Basketball Court was approved for construction in May 2012 and completed during the summer of 2012. A new Soccer Field was approved for construction in April 2013 and completed in late Fall 2013. Construction of additional parking to accommodate approximately 75 more vehicles along with addressing storm water drainage issues was approved and a contract awarded in June 2014. This project was completed by late Fall 2014.

In an effort to enhance security at the facility, a contract was awarded in May 2014 to renovate the Main Entrance to provide better control of the public into the facility through a series of lockdown zones and check in procedures before access to the school population is permitted.

In the 2015-16 school year, the District contracted to renovate the heating, ventilation, and air conditioning of the circular wing of the building for a project cost of approximately \$350,000.

With the enactment of S1701, in the 2005-06 school year, the Board of Education aggressively pursued shared services agreements in many areas. In 2016-17, the District will be revisiting these initiatives to align with the needs of the various constituencies. At present, the District continues to share business office services and transportation with other school districts and grounds maintenance services with the Township.

### **4. Internal Accounting Controls**

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

As a recipient of Federal and State 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's Management.

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

### **5. Budgetary Controls**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as

## 5. Budgetary Controls (Continued)

reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

## 6. Accounting System and Reports

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

## 7. Cash Management

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

## 8. Risk Management

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

## 9. Other Information

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards and/or* reporting requirements under NJ OMB's Circular 15-08. The auditor's report on the general-purpose 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.

**B) Awards** - The District will not apply to the Association of School Business Officials (ASBO) for its Certificate of Excellence in Financial Reporting by School Districts for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This award certifies that the annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials.

## 10. Acknowledgements

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

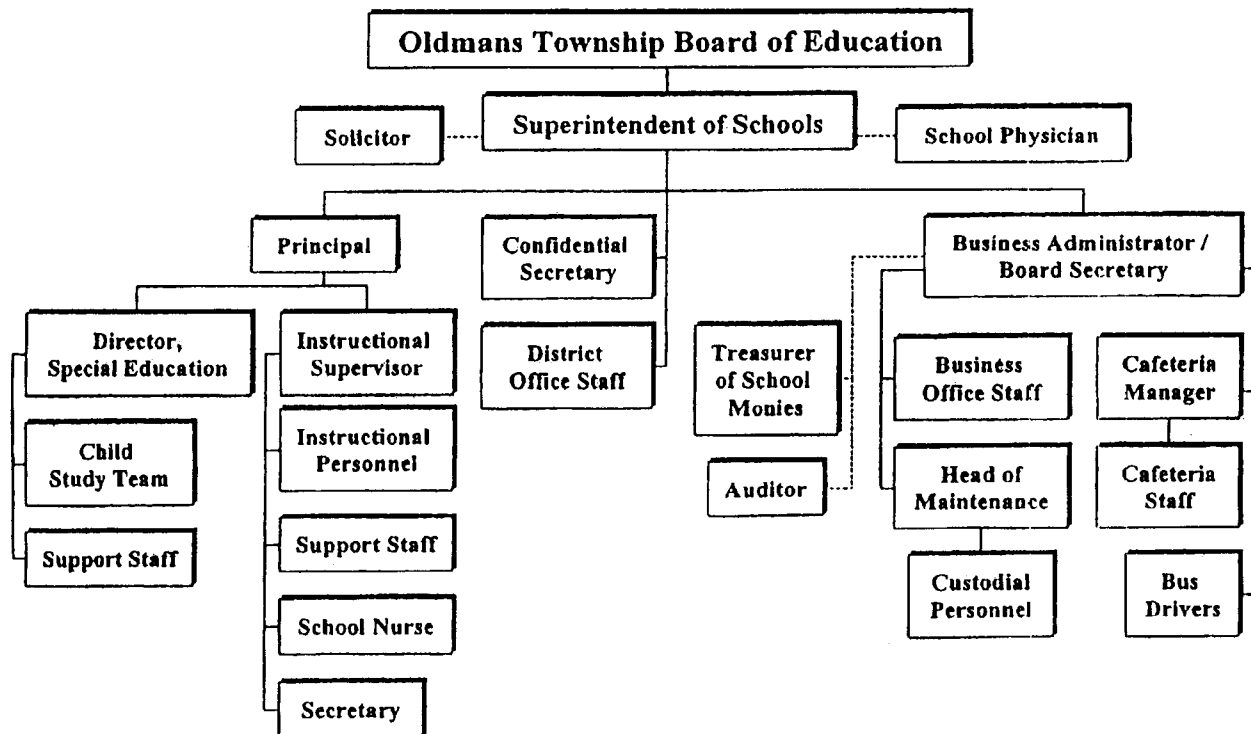
Respectfully submitted,

Shari Payson

Shari Payson  
Superintendent

Valerie Carmody

Valerie Carmody  
Interim School Business Administrator



**OLDMANS TOWNSHIP BOARD OF EDUCATION  
Pedricktown, New Jersey**

**ROSTER OF OFFICIALS  
June 30, 2016**

**Board of Education Members**

<u>Board Member</u>	<u>Office Held</u>	<u>Term Date</u>
Daniel P. Daly	President	2018
Randall Tyler	Vice President	2017
Patricia Gaskill	Board Member	2018
Gary Green	Board Member	2017
Lou Guardascione	Board Member	2018
Kathryn Moore	Board Member	2016
Jeffrey Newman	Board Member	2016
Dawn Oliver	Board Member	2016
Helene Paxton	Board Member	2016

**OTHER OFFICIALS**

Shari Payson, Superintendent

Gary Moore, School Business Administrator until May 2016

Valerie Carmody, Interim School Business Administrator from June 2016

James R. Hackett, Treasurer

**Consultants and Advisors**

**Auditor**

Petroni & Associates LLC  
102 West High Street, Suite 100  
Glassboro, NJ 08028  
Contact: Nick Petroni

**Attorney and Labor Relations Consultant**

Amy Houck Esquire  
Cooper Levenson, Attorneys at Law  
145 Marlton Pike East #205  
Cherry Hill, NJ 08034

**Architect**

Radey Architects  
100 Haddontowne Court  
Cherry Hill, NJ 08034

**Engineer**

Tedesco Engineering  
811 Landis Avenue  
Bridgeton, NJ 08302

**Depository**

Fulton Bank  
221 Shell Road  
Carneys Point, NJ 08069

Pennsville National Bank  
Mill & Railroad Avenue  
Pedricktown, NJ 08067

**Negotiations Consultant**

Bruce Taylor  
Taylor, Whalen, and Hybbeneth  
P.O. Box 622  
Howell, NJ 07731

**AHERA Consultant**

Environmental Remediation & Management, Inc.  
200 Princeton South, Suite 160  
Ewing, NJ 08628

**Insurance Broker**

GCSSD JIF  
P.O. Box 449  
Marlton, NJ 08053

## FINANCIAL SECTION



# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
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MEMBER: AMERICAN INSTITUTE OF  
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Nick L. Petroni, CPA, RMA

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Jeffrey T. Ridgway, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Oldmans Township School District  
10 Freed Road  
Pedricktown, New Jersey 08067

### ***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 Board of Education of the Oldmans Township School District, in the County of Salem, 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 District's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Board of Education, Oldmans, New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

The combining and individual non-major fund financial statements and schedule of expenditures of federal and state awards, is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2016, on our consideration of the Oldmans Township School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Oldmans Township School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

September 19, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

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

**Financial Highlights**

- The assets of the Oldmans Township School District exceeded its liabilities at the close of the most recent fiscal year by \$4,165,943 (net position) see exhibit A-1.
- The Oldmans Township School District's total net position increased by \$290,236. This increase is not the result of any one specific occurrence, but a net result of multiple, insignificant changes in the listed balance sheet items reported and capital assets.
- Program specific revenues, in the form of charges for services and grants and contributions, accounted for \$372,748 or 6.5% of total revenues of \$5,732,271.
- As of the close of the current fiscal year, the Oldmans Township School District's Governmental Funds reported combined ending fund balances of \$883,737, an increase of \$153,766 in comparison with the prior year (see Exhibit B-2).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$57,322, (see Exhibit B-1) approximately a 4% increase from that of the prior fiscal year of \$55,020, which was attributable in part to increased state aid payment being deferred in the amount of \$3,130 (see Exhibit C-3).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Oldmans Township School District's basic financial statements. The Oldmans Township School District's basic financial statements comprise three components: (1) District-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

**District-wide Financial Statements** - The District-wide financial statements are designed to provide readers with a broad overview of the Oldmans Township School District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Oldmans Township School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Oldmans Township School District is improving or deteriorating.

The Statement of Activities presents information showing how the Oldmans Township School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

**District-wide Financial Statements (Continued)** - Both of the District-wide financial statements distinguish functions of the Oldmans Township School District that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The Governmental Activities of the Oldmans Township School District include the education of students in grades K-8 at the Oldmans Township School District. The Business-type Activities of the Oldmans Township School District include a Food Service Program and a School Age Child Care Program.

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

**Governmental Funds** - Most of the Oldmans Township School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the Oldmans Township School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The Oldmans Township School District maintains four individual Governmental Funds. Information is presented separately in the Governmental Fund balance sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

The relationship (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Also, the Oldmans Township School District adopts an annual budget for its General Fund, Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided for both to demonstrate compliance with the budgets.

**Proprietary Funds** - The Oldmans Township School District maintains two different types of Proprietary Funds. Enterprise Funds, which are a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services, are used to report the same functions presented as Business-type Activities in the District-wide financial statements. The Oldmans Township School District uses Enterprise Funds to account for its Food Service Program and its School Age Child Care Program.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

***Proprietary Funds (Continued)*** - Proprietary Funds provide the same type of information as the District-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Food Service Program and the School Age Child Care Program.

***Fiduciary Funds*** - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the District-wide financial statements because the resources of those funds are not available to support the Oldmans Township School District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**District-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Oldmans Township School District, assets exceeded liabilities by \$4,165,943 at the close of fiscal year 2015-2016 (see Exhibit A-1).

The largest portion of the Oldmans Township School District's net position (105 percent) reflects its investment in capital assets (i.e., land, buildings, equipment); less any related debt used to acquire those assets that are still outstanding. The Oldmans Township School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Oldmans Township School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Oldmans Township School District's net position (19.8 percent) represents resources that are subject to external restrictions on how they may be used.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

**District-wide Financial Analysis (Continued)**

	<b>NET POSITION</b>					
	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>ASSETS</b>						
Current and other assets	\$ 925,894	\$ 833,882	\$ 71,966	\$ 66,609	\$ 997,860	\$ 900,491
Capital assets	5,085,707	5,106,750	1,685	2,148	5,087,392	5,108,898
Total assets	<u>6,011,601</u>	<u>5,940,632</u>	<u>73,651</u>	<u>68,757</u>	<u>6,085,252</u>	<u>6,009,389</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>312,239</u>	<u>77,747</u>			<u>312,239</u>	<u>77,747</u>
<b>LIABILITIES</b>						
Non-current liabilities	811,644	988,923	1,954	1,893	990,877	990,816
Other liabilities	46,787	88,989	4,810	8,780	93,799	97,769
Net pension liability	1,361,165	1,030,086			1,030,086	1,030,086
Total liabilities	<u>2,219,596</u>	<u>2,107,998</u>	<u>6,764</u>	<u>10,673</u>	<u>2,114,762</u>	<u>2,118,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>6,538</u>	<u>92,758</u>			<u>6,538</u>	<u>92,758</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	4,376,618	4,230,078	1,685	2,148	4,378,303	4,232,226
Restricted	826,415	674,951			826,415	674,951
Unrestricted	(1,105,327)	(1,087,406)	65,202	55,936	(1,040,125)	(1,031,470)
Total net position	<u>\$ 4,097,706</u>	<u>\$ 3,817,623</u>	<u>\$ 66,887</u>	<u>\$ 58,084</u>	<u>\$ 4,164,593</u>	<u>\$ 3,875,707</u>

The District's combined net position was \$4,164,593 on June 30, 2016. This was due to an increase from the prior year of \$290,236.



OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
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(Unaudited)

**District-wide Financial Analysis (Continued)**

	Activities		Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 73,000	\$ 126,000	\$ 70,381	\$ 68,398	\$ 143,381	\$ 194,398
Operating grants and contributions	167,778	157,503	61,589	58,099	229,367	215,602
General revenues:						
Property taxes	2,817,399	2,615,588			2,817,399	2,615,588
Grants and contributions not restricted to specific programs	2,500,705	2,387,484			2,500,705	2,387,484
Other	40,009	30,079	60	54	40,069	30,133
<b>Total revenues</b>	<b>5,598,891</b>	<b>5,316,654</b>	<b>132,030</b>	<b>126,551</b>	<b>5,730,921</b>	<b>5,443,205</b>
<b>EXPENSES:</b>						
Instruction	1,871,394	1,783,910			1,871,394	1,783,910
Support services	3,214,990	2,953,762			3,214,990	2,953,762
Interest on long-term debt	41,467	48,267			41,467	48,267
Other	190,957	187,679			190,957	187,679
Food service			95,399	103,676	95,399	103,676
School age child care			27,828	21,489	27,828	21,489
<b>Total expenses</b>	<b>5,318,808</b>	<b>4,973,618</b>	<b>123,227</b>	<b>125,165</b>	<b>5,442,035</b>	<b>5,098,783</b>
Increase in net position	280,083	343,036	8,803	1,386	288,886	344,422
Net position, July 1	3,817,623	4,520,307	58,084	56,698	3,875,707	4,577,005
Prior period adjustment of pension liability		(1,045,720)				(1,045,720)
<b>Net position, June 30</b>	<b>\$ 4,097,706</b>	<b>\$ 3,817,623</b>	<b>\$ 66,887</b>	<b>\$ 58,084</b>	<b>\$ 4,164,593</b>	<b>\$ 3,875,707</b>

Property taxes increased by \$201,811 or 7.7% during the year. This increase is the result of state imposed budget caps over the prior year.

The overall increase in expenses of \$343,252 was attributable to decreases in employee benefits of \$159,001 and contractual increases for employees.

**Business-Type Activities** - Business-type activities increased the Oldmans Township School District's net position by \$10,153. The key element of this decrease is as follows:

- Decrease in participants
- Increase in funding
- Decrease in operational costs

**Financial Analysis of the Government's Funds**

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

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
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(Unaudited)

**Governmental Fund** - The focus of the Oldmans Township School District's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Oldmans Township School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Oldmans Township School District's Governmental Funds reported combining ending fund balances of \$883,737, an increase of \$153,766 in comparison with the prior year.

Of the combined ending fund balances of \$883,737, 6.4 percent constitutes unassigned fund balance in the amount of \$57,322. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period \$264,183, (2) to be appropriated in the following years budget to reduce property tax \$72,562, (3) \$213,556 maintenance reserve, and (4) excess surplus - current year of \$276,114.

The General Fund is the main operating fund of the Oldmans Township School District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$57,322, while total fund balance was \$883,737.

The Debt Service Fund has a total fund balance of \$0.

**Proprietary Funds** - The Oldmans Township School District's Proprietary Funds provide the same type of information found in the District-wide financial statements, but in more detail.

Unrestricted net position consisted of the following: a balance of \$43,828 for the Food Service Program and a balance of \$21,374 for the School Age Child Care Program. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Oldmans Township School District's Business-type activities.

**General Fund Budgetary Highlights**

During the course of the 2016 fiscal year, the Oldmans Township School District modified its General Fund budget numerous times. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances and the additional federal aid.

The final budgetary basis revenue appropriation estimate was \$4,701,290, and fund balance budgeted of \$357,082.

During fiscal year 2016, the Oldmans Township School District budgeted \$2,663,290 for property taxes (local tax levy) and \$2,013,000 in federal and state aid revenues, respectively.

The Oldmans Township School District revenues and expenditures include \$127,962 in reimbursed TPAF Social Security Aid and \$298,188 in TPAF Pension Contributions, respectively.

The final budgetary basis expenditure estimate was \$5,094,435, including prior year's encumbrances of \$36,063. The original budgeted estimate was \$5,058,372.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

**Capital Asset and Debt Administration**

**Capital Assets** - The Oldmans Township School District's investment in capital assets for its Governmental and Business-type activities as of June 30, 2016, amounts to \$5,087,392 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. The total decrease in the Oldmans Township School District's investment in capital assets for the current fiscal year was \$22,991.

**CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)**

	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 38,000	\$ 38,000			\$ 38,000	\$ 38,000
Construction in progress	152,897				152,897	
Building improvements	4,442,042	4,603,336			4,442,042	4,603,336
Equipment	452,768	465,414	\$ 1,685	\$ 2,148	454,453	467,562
<b>Total</b>	<b>\$ 5,085,707</b>	<b>\$ 5,106,750</b>	<b>\$ 1,685</b>	<b>\$ 2,148</b>	<b>\$ 5,087,392</b>	<b>\$ 5,108,898</b>

Additional information on the Oldmans Township School District's capital assets can be found as Note 6 to the financial statements.

**Long-Term Debt** - At the end of the current fiscal year, the Oldmans Township School District had total bonded debt outstanding of \$715,000 for the 2009 Series Bonds. The entire Oldmans Township School District's bonded debt is governmental as opposed to business-type. The bonds will mature on February 15, 2020.

**Economic Factors and Next Year's Budget**

For the 2015-2016 school year, the Oldmans Township School District was able to sustain its budget through the township tax levy, federal aid, state aid, and miscellaneous revenue sources. Approximately 51 percent of total revenue is from local tax levy, while 48.3 percent of the Oldmans Township School District's revenue is from federal, state, and local aid (restricted and not restricted). One of the most important factors affecting the Oldmans Township School District's budget is its enrollment. The 2015-2016 budget was adopted May 2015, based in part on the state education aid the Oldmans Township School District anticipated receiving. This aid was based on the State's projected enrollment for the District on October 15, 2015, of 265. The District became a Choice District in FY 2012.

The Oldmans Township School District anticipates a slight increase in enrollment to 287 students for the 2016-2017 fiscal year.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

**Requests for Information**

This financial report is designed to provide a general overview of the Oldmans Township School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Valerie Carmody, Interim School Business Administrator at Oldmans Township School District, 10 Freed Road, Pedricktown, New Jersey 08067, or via e-mail at [vcarmody@oldmans.org](mailto:vcarmody@oldmans.org).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-type Activities	FY 2016
<b>ASSETS</b>			
Cash and cash equivalents	\$ 682,372	\$ 64,728	\$ 747,100
Interfunds receivable	8,680	33	8,713
Receivables	21,286	2,112	23,398
Inventory		5,093	5,093
Restricted assets:			
Restricted cash and cash equivalents	213,556		213,556
Capital assets:			
Non-depreciable	190,897		190,897
Assets net of depreciation	4,894,810	1,685	4,896,495
	<u>6,011,601</u>	<u>73,651</u>	<u>6,085,252</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding bond issue	18,005		18,005
Deferred outflows related to pension	294,234		294,234
	<u>312,239</u>		<u>312,239</u>
<b>LIABILITIES</b>			
Interfunds payable	38		38
Accounts payable	32,082	129	32,211
Unearned revenue	2,573	4,681	7,254
Accrued interest	12,094		12,094
Noncurrent liabilities:			
Due within one year	187,719		187,719
Due beyond one year	623,925	1,954	625,879
Net pension liability	1,361,165		1,361,165
	<u>2,219,596</u>	<u>6,764</u>	<u>2,226,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	6,538		6,538
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	4,376,618	1,685	4,378,303
Restricted for:			
Other purposes	826,415		826,415
Unrestricted	(1,105,327)	65,202	(1,040,125)
	<u>\$ 4,097,706</u>	<u>\$ 66,887</u>	<u>\$ 4,164,593</u>

See accompanying notes to the basic financial statements.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Statement of Activities  
June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,555,267			\$ (1,555,267)		\$ (1,555,267)
Special education	281,458		\$ 60,049	(221,409)		(221,409)
Other special education	15,043			(15,043)		(15,043)
Other instruction	19,626			(19,626)		(19,626)
Support services:						
Student & instructional related services	1,126,760		94,691	(1,032,069)		(1,032,069)
General administrative services	165,980			(165,980)		(165,980)
School administrative services	36,579			(36,579)		(36,579)
Central services	184,248	\$ 73,000		(111,248)		(111,248)
Plant operations & maintenance	354,303			(354,303)		(354,303)
Pupil transportation	190,855			(190,855)		(190,855)
Employee benefits	1,156,265		13,038	(1,143,227)		(1,143,227)
Interest on long-term debt	41,467			(41,467)		(41,467)
Capital outlay	16,485			(16,485)		(16,485)
Unallocated depreciation	174,472			(174,472)		(174,472)
Total governmental activities	5,318,808	73,000	167,778	(5,078,030)		(5,078,030)
Business-type activities:						
Food service	95,399	40,393	61,589		\$ 6,583	6,583
Other activities	27,828	29,988			2,160	2,160
Total business-type activities	123,227	70,381	61,589		8,743	8,743
Total primary government	\$ 5,442,035	\$ 143,381	\$ 229,367	\$ (5,078,030)	\$ 8,743	\$ (5,069,287)
General revenues:						
Property taxes, levied for general purpose, net				\$ 2,663,290		\$ 2,663,290
Taxes levied for debt service				154,109		154,109
Federal and state aid not restricted				2,500,705		2,500,705
Transportation fees				15,050		15,050
Investment earnings				4,990	\$ 60	5,050
Miscellaneous income				19,969		19,969
Total general revenues, special items, extraordinary items, and transfers				5,358,113	60	5,358,173
Change in net position				280,083	8,803	288,886
Net position - beginning				3,817,623	58,084	3,875,707
Net position - end				\$ 4,097,706	\$ 66,887	\$ 4,164,593

See accompanying notes to the basic financial statements.



## **FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Totals FY 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 684,490			\$ 684,490
Interfunds receivable	8,680			8,680
Receivables from other governments	3,484	\$ 17,802		21,286
Restricted cash and cash equivalents	213,556			213,556
	<u>910,210</u>	<u>17,802</u>		<u>928,012</u>
Total assets	<u>\$ 910,210</u>	<u>\$ 17,802</u>		<u>\$ 928,012</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Cash overdraft		\$ 9,912		\$ 9,912
Interfunds payable	\$ 38			38
Accounts payable	26,435	5,317		31,752
Deferred revenue		2,573		2,573
	<u>26,473</u>	<u>17,802</u>		<u>44,275</u>
Total liabilities	<u>26,473</u>	<u>17,802</u>		<u>44,275</u>
Fund balances:				
Restricted for:				
Maintenance reserve	213,556			213,556
Excess surplus - designated for subsequent year's expenditures	68,250			68,250
Excess surplus - current year	276,114			276,114
Assigned to:				
Designated by the BOE for subsequent year's expenditures	4,312			4,312
Other purposes	264,183			264,183
Unassigned:				
General fund	57,322			57,322
	<u>883,737</u>			<u>883,737</u>
Total fund balances	<u>883,737</u>			<u>883,737</u>
Total liabilities and fund balances	<u>\$ 910,210</u>	<u>\$ 17,802</u>		

See accompanying notes to the basic financial statements.

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

Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore not reported in the funds. The costs of assets is \$8,003,865 and the accumulated depreciation is \$2,918,158 (See note 6).	\$ 5,085,707
Internal Service Funds are used by Management to charge the costs of certain activities, such as business and custodial services to other districts. Assets and liabilities of the Internal Service Fund of \$7,464 are included in the Governmental Activities in the Statement of Net Position.	7,464
Net pension liability adjustment for GASB Statement No. 68 and 71.	(1,073,469)
Deferred bond issuance costs are expenses in the Governmental Funds in the year the bonds are issued, but are capitalized in the Statement of Net Position.	18,005
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(12,094)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds (See note 7).	(811,644)
	<u>\$ 4,097,706</u>

See accompanying notes to the basic financial statements.

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

	General Fund	Special Revenue Fund	Debt Service Fund	FY 2016
<b>REVENUES:</b>				
Local tax levy	\$ 2,663,290		\$ 154,109	\$ 2,817,399
Transportation fees	15,050			15,050
Interest earned on investments	4,990			4,990
Miscellaneous	19,969			19,969
	<u>2,703,299</u>		<u>154,109</u>	<u>2,857,408</u>
State sources	2,445,764		54,941	2,500,705
Federal sources		\$ 167,778		167,778
Total revenues	<u>5,149,063</u>	<u>167,778</u>	<u>209,050</u>	<u>5,525,891</u>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	1,545,358			1,545,358
Special education instruction	219,935	60,049		279,984
Other special instruction	16,638			16,638
Other instruction	19,626			19,626
Support services & undistributed costs:				
Student & instruction related services	1,035,510	94,691		1,130,201
General administrative services	165,199			165,199
School administrative services	36,150			36,150
Central services	125,561			125,561
Plant operations and maintenance	352,629			352,629
Pupil transportation	161,803			161,803
Employee benefits	1,114,855	13,038		1,127,893
Debt service:				
Principal			170,000	170,000
Interest and other charges			39,050	39,050
Capital outlay	202,033			202,033
Total expenditures	<u>4,995,297</u>	<u>167,778</u>	<u>209,050</u>	<u>5,372,125</u>
Excess (deficiency) of revenues over expenditures	<u>153,766</u>			<u>153,766</u>
Net change in fund balances	153,766			153,766
Fund balance - July 1	729,971			729,971
Fund balance - June 30	<u>\$ 883,737</u>			<u>\$ 883,737</u>

See accompanying notes to the basic financial statements.

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

Total net change in fund balances - Governmental Funds (from B-2)		\$ 153,766
Amounts reported for Governmental Activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital Outlay	\$ 185,548	
Depreciation expense	<u>(206,591)</u>	
		(21,043)
Repayment of debt 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.		
Bond principal payments		170,000
Governmental Funds report the effect of issuance costs 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 the difference in the treatment of the long-term debt related items.		(4,967)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		2,550
Internal Service Funds are used by Management to charge costs of certain activities, such as shared business and custodial services. The operating income/(loss) of \$870 is included in the Governmental Activities and Statement of Net Position (see Exhibit B-5).		870
Pension contributions are reported in Governmental Funds as expenditures. However in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.		(28,372)
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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		7,279
Change in net position of Governmental Activities		<u>\$ 280,083</u>

See accompanying notes to the basic financial statements.

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

	Business-type Activities - Enterprise Funds - Major Funds			Governmental Activities Internal Service Fund
	Food Service	Latchkey Program	Totals FY 2016	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 43,263	\$ 21,465	\$ 64,728	\$ 7,794
Interfunds receivable	33		33	
Accounts receivable	2,112		2,112	
Inventories	5,093		5,093	
Total current assets	<u>50,501</u>	<u>21,465</u>	<u>71,966</u>	<u>7,794</u>
Noncurrent assets:				
Furniture, machinery & equipment	132,400	6,600	139,000	
Less: accumulated depreciation	(132,200)	(5,115)	(137,315)	
Total noncurrent assets	<u>200</u>	<u>1,485</u>	<u>1,685</u>	
	<u>50,701</u>	<u>22,950</u>	<u>73,651</u>	
<b>LIABILITIES</b>				
Accounts payable	38	91	129	330
Unearned revenue:				
USDA commodities	4,681		4,681	
Noncurrent liabilities:				
Compensated absences	1,954		1,954	
Total liabilities	<u>6,673</u>	<u>91</u>	<u>6,764</u>	<u>330</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	200	1,485	1,685	
Unrestricted	43,828	21,374	65,202	7,464
Total net position	<u>\$ 44,028</u>	<u>\$ 22,859</u>	<u>\$ 66,887</u>	<u>\$ 7,464</u>

See accompanying notes to the basic financial statements.

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

	Business-type Activities Enterprise Funds - Major Funds		FY 2016	Governmental Activities Internal Service Fund
	Food Service	Latchkey Program		
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs:	\$ 36,449		\$ 36,449	
Daily sales - non-reimbursable programs	3,944		3,944	
Tuition		\$ 29,988	29,988	
Other charges and fees				\$ 73,000
<b>Total operating revenue</b>	<b>40,393</b>	<b>29,988</b>	<b>70,381</b>	<b>73,000</b>
<b>OPERATING EXPENSES:</b>				
Salaries	37,357	21,659	59,016	60,460
Employee benefits	2,850	1,850	4,700	10,739
Supplies and materials	2,609	3,989	6,598	326
Purchased professional services	8,500		8,500	
Other purchased services				605
Depreciation	133	330	463	
Cost of sales	43,950		43,950	
<b>Total operating expenses</b>	<b>95,399</b>	<b>27,828</b>	<b>123,227</b>	<b>72,130</b>
<b>Operating income (loss)</b>	<b>(55,006)</b>	<b>2,160</b>	<b>(52,846)</b>	<b>870</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	1,071		1,071	
Federal sources:				
National school lunch program	36,573		36,573	
School breakfast program	9,766		9,766	
National snack program	371		371	
Food distribution program	13,808		13,808	
Interest revenue	60		60	
<b>Total non-operating revenues (expenses)</b>	<b>61,649</b>		<b>61,649</b>	
<b>Net income (loss)</b>	<b>6,643</b>	<b>2,160</b>	<b>8,803</b>	<b>870</b>
<b>Total net position - beginning</b>	<b>37,385</b>	<b>20,699</b>	<b>58,084</b>	<b>6,594</b>
<b>Total net position - ending</b>	<b>\$ 44,028</b>	<b>\$ 22,859</b>	<b>\$ 66,887</b>	<b>\$ 7,464</b>

See accompanying notes to the basic financial statements.

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

	Business-type Activities Enterprise Funds - Major Funds			Governmental Activities Internal Service Fund
	Food Service	Latchkey Program	FY 2016	
Cash flows from operating activities:				
Receipts from customers	\$ 40,589	\$ 29,988	\$ 70,577	\$ 73,000
Payments to suppliers	(44,018)	(4,348)	(48,366)	(931)
Payments to employees	(37,258)	(21,659)	(58,917)	(60,130)
Payments for employee benefits	(2,850)	(1,850)	(4,700)	(10,739)
Net cash provided (used) by operating activities	<u>(43,537)</u>	<u>2,131</u>	<u>(41,406)</u>	<u>1,200</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	<u>49,798</u>		<u>49,798</u>	
Net cash provided by non-capital financing activities	<u>49,798</u>		<u>49,798</u>	
Cash flows from investing activities:				
Interest on investments	60		60	
Payment to general fund	<u>37</u>		<u>37</u>	
Net cash provided by investing activities	<u>97</u>		<u>97</u>	
Net increase in cash and cash equivalents	6,358	2,131	8,489	1,200
Cash and cash equivalents - July 1	<u>36,905</u>	<u>19,334</u>	<u>56,239</u>	<u>6,594</u>
Cash and cash equivalents - June 30	<u><u>\$ 43,263</u></u>	<u><u>\$ 21,465</u></u>	<u><u>\$ 64,728</u></u>	<u><u>\$ 7,794</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (55,006)	\$ 2,160	\$ (52,846)	\$ 870
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	133	330	463	
Food distribution program	13,808		13,808	
Change in assets and liabilities:				
(Increase) decrease in accts. receivable	8		8	
(Increase) decrease in inventory	1,070		1,070	
Increase (decrease) in accounts payable	(2,643)	(359)	(3,002)	330
Increase (decrease) in deferred revenue	(968)		(968)	
Increase in compensated absences	61		61	
	<u><u>\$ (43,537)</u></u>	<u><u>\$ 2,131</u></u>	<u><u>\$ (41,406)</u></u>	<u><u>\$ 1,200</u></u>

See accompanying notes to the basic financial statements.



OLDMANS TOWNSHIP SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2016

	Scholarship Trust Fund	Unemployment Trust Fund	Agency Funds	Totals FY 2016
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,676	\$ 40,195	\$ 137,091	\$ 178,962
Interfund receivable:				
Payroll agency		63,088		63,088
Payroll			5	5
Total assets	<u>\$ 1,676</u>	<u>\$ 103,283</u>	<u>\$ 137,096</u>	<u>242,055</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payroll deductions and withholdings			\$ 33,585	33,585
Due to student groups			31,743	31,743
Interfund payable:				
Unemployment trust			63,088	63,088
Interfund payable:				
General fund			8,680	8,680
Total current liabilities			<u>\$ 137,096</u>	<u>137,096</u>
<b>NET POSITION</b>				
Held in trust for:				
Scholarship awards	\$ 1,676			1,676
Unemployment claims		\$ 103,283		103,283
Total net position	<u>\$ 1,676</u>	<u>\$ 103,283</u>		<u>\$ 104,959</u>

See accompanying notes to the basic financial statements.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
June 30, 2016

	Scholarship Trust Fund	Unemployment Trust Fund	FY 2016
ADDITIONS:			
Contributions:			
Employee payroll deductions		\$ 4,744	\$ 4,744
Other	\$ 50		50
Total contributions	50	4,744	4,794
Investment earnings:			
Interest	2	60	62
Total investment earnings	2	60	62
Total additions	52	4,804	4,856
DEDUCTIONS:			
Unemployment claims		5,149	5,149
Change in net position	52	(345)	(293)
Net position - beginning of year	1,624	103,628	103,628
Net position - end of year	\$ 1,676	\$ 103,283	\$ 103,335

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Introduction**

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

The financial statements of the Board of Education of Oldmans Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

**A. Reporting Entity**

The Oldmans Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms each. The purpose of the District is to educate students in grades K-8.

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

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

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

**B. Government-wide Statements**

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the Government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects and debt service are classified as Governmental Activities. The District's food service and childcare programs are classified as Business-type Activities.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**B. Government-wide Statements (Continued)**

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

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

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as employee benefits, on-behalf Teacher's Pension and Annuity Fund (TPAF) Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The Government-wide statements do not include fiduciary activity.

**C. Fund Financial Statements**

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

The District reports the following Governmental Funds:

**GOVERNMENTAL FUNDS**

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

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

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

**PROPRIETARY FUNDS**

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

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

The District's Enterprise Fund is comprised of the Food Service Fund and Childcare Fund.

**Internal Service Fund** - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net position. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide Statements.

The Fiduciary Funds include Student Activity Fund, Scholarship Fund, Unemployment Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

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

Both governmental and Business-type Activities in the Government-wide Financial Statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**D. Basis of Accounting (Continued)**

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

**E. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury 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.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. (NJSA 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

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

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks), and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**F. Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food - commodities	\$ 4,682
Food	411
	<u>\$ 5,093</u>



**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**F. Inventories (Continued)**

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**G. Capital Assets**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

**H. Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**I. Expenditures**

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

**J. Compensated Absences**

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

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**J. Compensated Absences (Continued)**

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**K. Interfund Receivables/Payables**

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

**L. Accrued Salaries and Wages**

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**M. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's the voters have an opportunity to approve or reject the budget at the regular election in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**M. Budgets/Budgetary Control (Continued)**

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

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

**N. Encumbrances**

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**O. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**P. Accrued Liabilities and Long-Term Obligations**

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

**Q. Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**Q. Allocation of Indirect Expenses (Continued)**

dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**R. Extraordinary and Special Items**

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

**S. Use of Estimates**

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

**T. Net Position**

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

**U. Fund Balance Reserves**

**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:

**Non-spendable** - The non-spendable 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.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**U. Fund Balance Reserves (Continued)**

**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.

**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 funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the School District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

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

In June 2015, the Governmental Accounting Standards Board (GASB) issued 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." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, the impact of this statement on the net position of the entity is anticipated to be significant.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**V. Recent Accounting Pronouncements Not Yet Effective (Continued)**

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on the net position of the district is anticipated to not be significant.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$1,139,618 and \$1,016,567. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$1,464,471 and \$1,029,343, respectively, was exposed to Custodial Credit Risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2016 and 2015, the District did not have any investments.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3: INVESTMENTS (CONTINUED)**

**Interest Rate Risk** - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk** - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of Federal agencies not exceeding 397 days; Government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4: RECEIVABLES**

Receivables at June 30, 2016, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 3,484	\$ 46
Federal aid	17,802	2,066
	\$ 21,286	\$ 2,112

**NOTE 5: INTERFUND RECEIVABLE AND PAYABLE**

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

	Receivable	Payable
General Fund	\$ 8,680	\$ 38
Food Service Fund	33	
Unemployment Trust	63,088	
Payroll Fund	5	
Agency Fund		71,768
	\$ 71,806	\$ 71,806

The General Fund interfund is a result of interest earned during the year and section 125 forfeitures. The Unemployment Trust interfund is a result of claims and District's budget being run through the payroll agency account. The Food Service Fund interfund is the result of prior year funds not transferred.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2016.

	Balance July 1, 2015	Additions	Disposals/ Adjustments	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress		\$ 152,897		\$ 152,897
Sites (land)	\$ 38,000			38,000
Total capital assets not being depreciated	38,000	152,897		190,897
Land improvements	429,912			429,912
Building & building improvements	6,574,189			6,574,189
Machinery & equipment	776,216	32,651		808,867
Totals at historical cost	7,780,317	32,651		7,812,968
Less: accumulated depreciation				
Land improvements	(39,510)	(22,079)		(61,589)
Building & building improvements	(2,361,255)	(139,215)		(2,500,470)
Machinery & equipment	(310,802)	(45,297)		(356,099)
Total accumulated depreciation	(2,711,567)	(206,591)		(2,918,158)
Governmental activities capital assets, net	\$ 5,106,750	\$ (173,940)	None	\$ 5,085,707
Food service				
Machinery & equipment	\$ 132,400			\$ 132,400
Less: accumulated depreciation	(132,067)	\$ (133)		(132,200)
Business-type capital assets, net	\$ 333	\$ (133)	None	\$ 200
Childcare				
Machinery & equipment	\$ 6,600			\$ 6,600
Less: accumulated depreciation	(4,785)	\$ (330)		(5,115)
	\$ 1,815	\$ (330)		\$ 1,485

Depreciation was charged to the following governmental programs:

Instruction	\$ 3,220
Support administration	1,957
Operation and maintenance	1,286
Transportation	25,656
Unallocated	174,472
Total	<u>\$ 206,591</u>

**NOTE 7: GENERAL LONG-TERM DEBT**

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



**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

Permanently funded debt as of June 30, 2016 consisted of the following:

On December 15, 2009, the District issued Refunding School Bonds in the amount of \$1,725,000, with interest rates varying from 3% to 5% to advance refund bonds in the amount of \$1,736,000, with interest rates varying from 5.5% to 5.75%. After paying issuance costs the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide for debt service payments until the bonds are called. The bonds were called on February 15, 2010. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the financial statements. As a result of the advance refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$179,188.33. Interest is paid semi-annually and final maturity is through February 15, 2020. The balance remaining as of June 30, 2016, was \$715,000.

**Long-Term Obligation Activity**

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

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Compensated absences	\$ 103,923	\$ 13,156	\$ 20,435	\$ 96,644	\$ 12,719
Bonds payable	885,000		170,000	715,000	175,000
	<u>\$ 988,923</u>	<u>\$ 13,156</u>	<u>\$ 190,435</u>	<u>\$ 811,644</u>	<u>\$ 187,719</u>

**Bonds Payable**

Principal and interest due on serial bonds outstanding is as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 175,000	\$ 32,250	\$ 207,250
2018	175,000	25,250	200,250
2019	180,000	18,250	198,250
2020	185,000	9,250	194,250
	<u>\$ 715,000</u>	<u>\$ 85,000</u>	<u>\$ 800,000</u>

**Bonds Authorized but Not Issued**

As of June 30, 2016, the Board has \$0 of bonds authorized but not issued.

**Other**

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

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

**Other (Continued)**

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

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

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

Compensated absences are recorded as long-term liabilities due in more than one year.

**NOTE 8: PENSION FUNDS**

**Description of Plans** - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

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

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8: PENSION FUNDS (CONTINUED)**

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$52,131, \$45,356, and \$42,919, respectively, equal to the required contributions for each year. The School District's share of TPAF for the years ending June 30, 2016, 2015, and 2014, were \$298,188, \$222,132, and \$168,925, respectively, paid by the State of New Jersey on behalf of the Board, which equaled the required contributions for each year.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District for the years ending June 30, 2016, 2015, and 2014, \$127,862, \$120,307, and \$124,177, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2016, 2015, and 2014, were \$2,591,993, \$2,488,229, and \$2,417,885, covered payroll was \$1,791,474, \$1,719,816 and \$1,693,862 for TPAF and \$432,732, \$423,865, and \$372,589 PERS.

For the year ended June 30, 2016, the District recognized pension expense of \$80,503. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 140,224	
Net difference between expected and actual experience	32,473	
Net difference between projected and actual earnings on pension plan investments		\$ 6,538
Changes in proportion and differences between District contributions and proportionate share of contributions	69,406	
District contributions subsequent to the measurement date	52,131	
	\$ 294,234	\$ 6,538

\$52,131, reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8: PENSION FUNDS (CONTINUED)**

June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
June 30,	
2017	\$ 45,832
2018	45,832
2019	45,832
2020	61,178
2021	35,891
Thereafter	None
	<u>\$ 234,565</u>

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

	June 30, 2015	June 30, 2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	<u>22,447,996,119</u>	<u>18,722,735,003</u>
District's proportion	0.0060636352%	0.0055017945%

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts 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. The School District's contribution for the years ending June 30, 2016, 2015, and 2014, were \$1,852, \$2,141, and \$930, for covered employees.

**NOTE 9: POST-EMPLOYMENT BENEFITS**

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9: POST-EMPLOYMENT BENEFITS (CONTINUED)**

on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

**NOTE 10: COMPENSATED ABSENCES**

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits Association employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave if the employee has a minimum of 100 days in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position* the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2016, is \$96,644. The liability for compensated absences in the Food Service Fund at June 30, 2016, is \$1,954.



**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 14: RISK MANAGEMENT (CONTINUED)**

**Property and Liability Insurance (Continued):**

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**New Jersey Unemployment Compensation Insurance:**

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

Fiscal Year	Interest Contributions	Employee Contributions	Employer Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ 60	\$ 4,744		\$ 5,149	\$ 103,283
2014-2015	60	4,451		2,257	103,628
2013-2014	60	4,488	\$ 9,000	57,861	101,374

**NOTE 15: OPERATING LEASES**

The District had a commitment to lease copy machines under non-cancelable operating leases for 60 months, which expires in December 2020. The monthly payment is \$463 a month. Total lease payments made during the year ended June 30, 2016, amounted to \$3,238.

Year Ended June 30,	Amount
2017	\$ 5,550
2018	5,550
2019	5,550
2020	5,550
2021	2,313
	<u>\$ 24,513</u>

**NOTE 16: MAINTENANCE RESERVE FUND**

New Jersey Administrative Code 6A:23A-14.2 permits school districts to establish a maintenance reserve account for the required maintenance of the District's facilities, in accordance with the Commissioner approved plan. The District can increase the balance in this reserve account by appropriating funds in the annual general fund budget certified for taxes or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year-end.

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16: MAINTENANCE RESERVE FUND (CONTINUED)**

The maintenance reserve balance for July 1, 2015 and June 30, 2016, was \$ 213,556. There were no additions or withdrawals during FY 2016.

**NOTE 17: FUND BALANCE APPROPRIATED**

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

**Non-Spendable Fund Balance** - The District had no non-spendable fund balance at June 30, 2016.

**Restricted Fund Balance:**

**Capital Reserve Account** - The District did not have a capital reserve account at June 30, 2016.

**Maintenance Reserve Account** - The balance in the maintenance reserve account at June 30, 2016, was \$213,556. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA), (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

**Excess Surplus** - At June 30, 2016, excess surplus created in FY 2015 of \$68,250 will be utilized for expenditures in the 2016-2017 budget, while excess surplus created in FY 2016 of \$276,114 is restricted and will be utilized for budget expenditures in 2017-2018.

**Debt Service Fund** - At June 30, 2016, there was \$0 fund balance.

**Committed Fund Balance** - The District had no fund balance at June 30, 2016.

**Assigned Fund Balance** - At June 30, 2016, the Board has assigned \$4,312 of General Fund balance to expenditures in the 2016-2017 budget. \$264,183 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.



**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 17: FUND BALANCE APPROPRIATED (CONTINUED)**

**Unassigned Fund Balance** - At June 30, 2016, the District has \$57,322 of unassigned fund balance in the General Fund.

**NOTE 18: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016, is \$344,364.

**NOTE 19: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levy to fund the District operations. State and federal sources funded approximately 48.3% and taxes funded 51% of the District's 2015-2016 governmental operations excluding capital projects.

**NOTE 20: COMMITMENTS AND CONTINGENCIES**

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

It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Oldmans Township School District that would have a material or adverse effect on the Board or the financial position of the District.

**NOTE 22: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and September 19, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule -  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,663,290		\$ 2,663,290	\$ 2,663,290	
Transportation fees	20,000		20,000	15,050	\$ (4,950)
Interest on investments	5,000		5,000	4,990	(10)
Miscellaneous				19,969	19,969
<b>Total - local sources</b>	<u>2,688,290</u>		<u>2,688,290</u>	<u>2,703,299</u>	<u>15,009</u>
State sources:					
Transportation aid	137,100		137,100	137,100	
Equalization aid	944,733		944,733	944,733	
Special education categorical aid	142,782		142,782	142,782	
Security aid	27,487		27,487	27,487	
Adjustment aid	255,921		255,921	255,921	
School choice aid	498,677		498,677	498,677	
PARCC readiness aid	3,150		3,150	3,150	
Per pupil enrollment growth aid	3,150		3,150	3,150	
Nonpublic transportation aid				3,484	3,484
Teachers' pension and annuity fund (on-behalf non-budgeted)				136,114	136,114
TPAF post-retirement (on-behalf non-budgeted)				162,074	162,074
Reimbursed TPAF social security contributions (non-budgeted)				127,962	127,962
<b>Total - state sources</b>	<u>2,013,000</u>		<u>2,013,000</u>	<u>2,442,634</u>	<u>429,634</u>
<b>Total revenues</b>	<u>\$ 4,701,290</u>		<u>\$ 4,701,290</u>	<u>\$ 5,145,933</u>	<u>\$ 444,643</u>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 79,550	\$ (42,500)	\$ 37,050	\$ 33,337	\$ 3,713
Kindergarten	166,777	(54,000)	112,777	107,507	5,270
Grades 1-5	646,417	146,500	792,917	792,301	616
Grades 6-8	455,285	(68,000)	387,285	386,591	694
Regular programs - home instruction:					
Salaries of teachers	1,000		1,000	763	237
Regular programs - undistributed instruction:					
Other salaries for instruction	44,348	13,000	57,348	57,096	252
Other purchased services (400-500 series)	80,539	(21,602)	58,937	50,763	8,174
General supplies	105,547	13,040	118,587	115,910	2,677
Textbooks	10,000	5,460	15,460	1,090	14,370
Total regular programs	1,589,463	(8,102)	1,581,361	1,545,358	36,003
Resource room:					
Salaries of teachers	142,645	(2,160)	140,485	140,482	3
Other salaries for instruction	46,893	41,500	88,393	78,572	9,821
General supplies	7,000	(3,540)	3,460	881	2,579
Textbooks	1,000		1,000		1,000
Total resource room	197,538	35,800	233,338	219,935	13,403
Total special education	197,538	35,800	233,338	219,935	13,403
Basic skills/remedial:					
Salaries of teachers	16,013	(9,500)	6,513	3,439	3,074
Other salaries for instruction	16,350	(500)	15,850	13,199	2,651
Total basic skills/remedial	32,363	(10,000)	22,363	16,638	5,725
School sponsored co-curricular activities:					
Salaries	10,649	765	11,414	11,412	2
Total school sponsored co-curricular activities	10,649	765	11,414	11,412	2
School sponsored athletics - instruction:					
Salaries	3,400	1,760	5,160	5,160	
Purchased services (300-500 series)	2,800	475	3,275	3,054	221
General supplies	500	(500)			
Total school sponsored athletics - instruction	6,700	1,735	8,435	8,214	221
Total other instructional programs	49,712	(7,500)	42,212	36,264	5,948
Total - instruction	1,836,713	20,198	1,856,911	1,801,557	55,354

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to Other LEA's within state - regular	399,136		399,136	399,136	
Tuition to Other LEA's within state - special	138,767	(36,100)	102,667	100,776	1,891
Tuition to county voc. school district - regular	135,611	(8,750)	126,861	126,287	574
Tuition to county special services district/ regional day schools		26,352	26,352	26,352	
Total undistributed expenditures - instruction	673,514	(18,498)	655,016	652,551	2,465
Attendance & social work					
Salaries	20,151	655	20,806	20,443	363
Total attendance & social work	20,151	655	20,806	20,443	363
Health services:					
Salaries	61,741		61,741	60,684	1,057
Purchased professional/technical services	2,400	(1,500)	900	757	143
Other purchased services (400-500 series)		310	310	233	77
Supplies and materials	1,450	1,190	2,640	2,290	350
Total health services	65,591		65,591	63,964	1,627
Related services:					
Salaries of other professional staff	23,460		23,460	23,460	
General supplies	550	300	850	616	234
Total related services	24,010	300	24,310	24,076	234
Extraordinary services:					
Purchased professional-education services	10,000	3,507	13,507	13,507	
Total extraordinary services	10,000	3,507	13,507	13,507	
Guidance services:					
Salaries of other professional staff	59,150	1,425	60,575	60,571	4
Total guidance services	59,150	1,425	60,575	60,571	4
Child study team:					
Purchased professional-educational services	9,000	(977)	8,023	5,867	2,156
Total child study team	9,000	(977)	8,023	5,867	2,156

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library:					
Salaries	72,217	(11,564)	60,653	58,965	1,688
Purchased professional - technical services	16,400	14,775	31,175	30,672	503
Purchased services (400-500 series)	700		700		700
Supplies and materials	4,415	(1,575)	2,840	2,719	121
<b>Total educational media services/school library</b>	<b>93,732</b>	<b>1,636</b>	<b>95,368</b>	<b>92,356</b>	<b>3,012</b>
Instructional staff training:					
Salaries of supervisor of instruction	88,831	(136)	88,695	87,582	1,113
Salaries of other professional staff	6,000	(4,455)	1,545		1,545
Salaries of secretarial and clerical assistants	13,710		13,710	12,653	1,057
Purchased professional - technical services	7,000		7,000		7,000
Purchased services (400-500 series)	1,500		1,500	873	627
Supplies and materials	3,559		3,559	1,067	2,492
<b>Total instructional staff training</b>	<b>120,600</b>	<b>(4,591)</b>	<b>116,009</b>	<b>102,175</b>	<b>13,834</b>
Support services general administration:					
Salaries	119,885	(9,400)	110,485	108,837	1,648
Legal services	5,000	7,000	12,000	10,303	1,697
Audit Fees	13,925	(1,600)	12,325	11,825	500
Other purchased professional services	1,500	13,125	14,625	14,625	
Communications/telephone	5,300	(3,600)	1,700	1,414	286
BOE other purchased services	300	(300)			
Other purchased services (400-500 series)	14,500	(2,425)	12,075	11,159	916
Supplies and materials	1,700	600	2,300	2,276	24
BOE Member dues/fees	5,000	(200)	4,800	4,760	40
<b>Total support services general administration</b>	<b>167,110</b>	<b>3,200</b>	<b>170,310</b>	<b>165,199</b>	<b>5,111</b>
Support services school administration:					
Salaries of secretarial and clerical assistants	32,393	55	32,448	32,445	3
Other purchased services (400-500 series)	2,000	(1,060)	940	807	133
Supplies and materials	2,900		2,900	2,898	2
<b>Total support services school administration</b>	<b>37,293</b>	<b>(1,005)</b>	<b>36,288</b>	<b>36,150</b>	<b>138</b>
Central services:					
Salaries	117,927	(1,500)	116,427	113,561	2,866
Other purchased services (400-500 series)	9,000	(2,000)	7,000	6,750	250
Supplies and materials	2,500	1,700	4,200	3,910	290
Other objects	1,800	(400)	1,400	1,340	60
<b>Total central services</b>	<b>131,227</b>	<b>(2,200)</b>	<b>129,027</b>	<b>125,561</b>	<b>3,466</b>
Required maintenance:					
Cleaning, repair, and maintenance services	88,350	(12,000)	76,350	59,998	16,352
<b>Total required maintenance</b>	<b>88,350</b>	<b>(12,000)</b>	<b>76,350</b>	<b>59,998</b>	<b>16,352</b>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other operation & maintenance of plant services:					
Other salaries	103,779		103,779	103,188	591
Purchased professional - technical services	22,000	(6,350)	15,650	9,235	6,415
Cleaning, repair and maintenance services	18,000	13,300	31,300	28,541	2,759
Other purchased property services	3,300	150	3,450	3,399	51
Insurance	13,000		13,000	12,216	784
Other purchased services (400-500 series)	950	760	1,710	1,709	1
General supplies	18,000	4,140	22,140	21,732	408
Energy (heat and electricity)	128,000		128,000	112,611	15,389
Total other operation & maintenance of plant services	307,029	12,000	319,029	292,631	26,398
Total operation & maintenance of plant services	395,379		395,379	352,629	42,750
Student transportation services:					
Salaries for pupil transportation - between home and school - regular	61,808	900	62,708	62,705	3
Salaries for pupil transportation - between home and school - special	5,608	(900)	4,708	2,558	2,150
Salaries for pupil transportation - other than between home and school	6,487		6,487	4,510	1,977
Cleaning, repair and maintenance services	17,500	5,000	22,500	11,098	11,402
Contracted services (special education students) - vendors		900	900	900	
Contracted services (special education students) - joint agreements		7,105	7,105	5,661	1,444
Contracted services (regular students) ESC's and CTSA	35,000	11,960	46,960	46,957	3
Aid in lieu - nonpublic	10,608	(1,768)	8,840	7,956	884
Miscellaneous purchased service - transportation	6,000	(941)	5,059	4,934	125
Supplies and materials	38,750	(18,256)	20,494	14,524	5,970
Total student transportation services	181,761	4,000	185,761	161,803	23,958
Regular programs - instructional - employee benefits:					
Social security contributions	12,949	11,000	23,949	21,674	2,275
Workmen's compensation	16,965	(4,000)	12,965	12,443	522
Health benefits	348,143	(17,995)	330,148	273,694	56,454
Tuition reimbursement	8,000	2,287	10,287	10,287	
Other employee benefits	32,950	(292)	32,658	32,343	315
Total regular programs instructional - employee benefits	419,007	(9,000)	410,007	350,441	59,566
Special programs - instructional - employee benefits:					
Social security contributions	3,626		3,626	3,626	
Workmen's compensation	1,849		1,849	1,356	493
Health benefits	54,010		54,010	54,010	
Other employee benefits	3,150		3,150	3,150	
Total special programs instructional - employee benefits	62,635		62,635	62,142	493



OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance services - employee benefits:					
Social security contributions	1,219	345	1,564	1,564	
Workmen's compensation	143		143	105	38
Health benefits	3,411		3,411	3,411	
Other employee benefits	229		229	229	
Total attendance services - employee benefits	5,002	345	5,347	5,309	38
Health services - employee benefits:					
Workmen's compensation	555		555	407	148
Health benefits	11,370		11,370	11,370	
Other employee benefits	1,200		1,200	1,200	
Total health services - employee benefits	13,125		13,125	12,977	148
Related services - employee benefits:					
Workmen's compensation	211		211	155	56
Other employee benefits	960		960	960	
Total related services - employee benefits	1,171		1,171	1,115	56
Educational media services/school library - employee benefits:					
Social security contributions	3,730		3,730	3,601	129
Workmen's compensation	1,056		1,056	774	282
Health benefits	22,470		22,470	22,470	
Other employee benefits	1,280		1,280	1,280	
Total educational media services/school library - employee benefits	28,536		28,536	28,125	411
Instructional staff training - employee benefits:					
Social security contributions	1,218		1,218	968	250
Workmen's compensation	144		144	106	38
Health benefits	3,411		3,411	3,411	
Other employee benefits	229		229	229	
Total instructional staff training - employee benefits	5,002		5,002	4,714	288

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services general administration - employee benefits:					
Social security contributions	794		794	397	397
Workmen's compensation	1,034		1,034	758	276
Health benefits	5,000		5,000	5,000	
Other employee benefits	1,200		1,200	1,200	
Total support services general administration - employee benefits	8,028		8,028	7,355	673
Support services school administration - employee benefits:					
Social security contributions	2,478	5	2,483	2,482	1
Workmen's compensation	292		292	214	78
Health benefits	15,918		15,918	15,918	
Other employee benefits	493		493	493	
Total support services school administration - employee benefits	19,181	5	19,186	19,107	79
Central services - employee benefits:					
Social security contributions	2,693		2,693	2,588	105
Workmen's compensation	1,061		1,061	778	283
Health benefits	20,466		20,466	12,593	7,873
Other employee benefits	3,642		3,642	3,642	
Total central services - employee benefits	27,862		27,862	19,601	8,261
Operation and maintenance of plant services - employee benefits:					
Social security contributions	7,939		7,939	7,894	45
Workmen's compensation	2,854		2,854	2,093	761
Health benefits	65,380		65,380	65,380	
Other employee benefits	1,950		1,950	1,950	
Total operation and maintenance of plant services - employee benefits	78,123		78,123	77,317	806
Student transportation services - employee benefits:					
Social security contributions	5,532		5,532	5,302	230
Workmen's compensation	1,988		1,988	1,458	530
Health benefits	14,212		14,212	14,212	
Other employee benefits	1,288		1,288	1,288	
Total student transportation services - employee benefits	23,020		23,020	22,260	760
Total allocated benefits	690,692	(8,650)	682,042	610,463	71,579
Unallocated benefits:					
Other retirement - PERS	57,301	(2,000)	55,301	53,983	1,318
Other employee benefits	22,000	3,000	25,000	24,259	741
Total unallocated benefits	79,301	1,000	80,301	78,242	2,059

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				136,114	(136,114)
TPAF post-retirement (on-behalf non-budgeted)				162,074	(162,074)
Reimbursed TPAF social security contributions (non-budgeted)				127,962	(127,962)
Total non-budgeted				426,150	(426,150)
Total personal services - employee benefits	769,993	(7,650)	762,343	1,114,855	(352,512)
Total undistributed expenditures	2,758,511	(20,198)	2,738,313	2,991,707	(253,394)
Total expenditures - current expense	4,595,224		4,595,224	4,793,264	(198,040)
CAPITAL OUTLAY:					
Equipment: - undistributed expenditures:					
Instruction	3,339	4,000	7,339	7,281	58
Support services students - regular	3,000		3,000	2,225	775
Operation and maintenance	2,000	(650)	1,350	1,350	
Total equipment	8,339	3,350	11,689	10,856	833
Facilities acquisition and construction services:					
Legal services		5,000	5,000	2,778	2,222
Architect and engineering	56,000	(3,350)	52,650	43,450	9,200
Construction services	406,872	(5,000)	401,872	117,532	284,340
Infrastructure	28,000		28,000	27,417	583
Total facilities acquisition and construction services	490,872	(3,350)	487,522	191,177	296,345
Total capital outlay	499,211		499,211	202,033	297,178
Total expenditures	\$ 5,094,435		\$ 5,094,435	\$ 4,995,297	\$ 99,138
Excess (deficiency) of revenues over (under) expenditures	\$ (393,145)		\$ 393,145	\$ 150,636	\$ 543,781
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(393,145)		393,145	150,636	543,781
Fund balances - July 1	929,263		929,263	929,263	
Fund balances - June 30	\$ 536,117		\$ 1,322,408	\$ 1,079,899	\$ 543,781

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule -  
General Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Maintenance reserve				\$ 213,556	
Excess surplus - designated for subsequent year's expenditures				68,250	
Excess surplus - current year				276,114	
<b>Assigned Fund Balance:</b>					
Year-end encumbrances				264,183	
Designated for subsequent year's expenditures				4,312	
<b>Unassigned Fund Balance</b>				<u>253,484</u>	
				1,079,899	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				<u>(196,162)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 883,737</u>	

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule -  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 161,699	\$ 8,250	\$ 169,949	\$ 167,778	\$ 2,171
Total revenues	<u>\$ 161,699</u>	<u>\$ 8,250</u>	<u>\$ 169,949</u>	<u>\$ 167,778</u>	<u>\$ 2,171</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 18,541	\$ 1,648	\$ 20,189	\$ 20,189	
Other salaries for instruction	15,770	92	15,862	15,862	
Purchased professional - educational services	5,000	(3,724)	1,276	1,276	
General supplies	18,998	3,724	22,722	22,722	
Total Instruction	<u>58,309</u>	<u>1,740</u>	<u>60,049</u>	<u>60,049</u>	
Support services:					
Personal services - employee benefits	13,097	(59)	13,038	13,038	
Purchased professional - educational services	83,735		83,735	83,735	
Other purchased services (400-500 series)	6,558	6,569	13,127	10,956	\$ 2,171
Total support services	<u>103,390</u>	<u>6,510</u>	<u>109,900</u>	<u>107,729</u>	<u>2,171</u>
Total expenditures	<u>\$ 161,699</u>	<u>\$ 8,250</u>	<u>\$ 169,949</u>	<u>\$ 167,778</u>	<u>\$ 2,171</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2016

Note A: Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund		Special Revenue Fund
<b>Sources/inflows of resources:</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 5,145,933	[C-2]	\$ 167,778
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(196,162)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	199,292		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 5,149,063	[B-2]	\$ 167,778
<b>Uses/outflows of resources:</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 4,995,297	[C-2]	\$ 167,778
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 4,995,297	[B-2]	\$ 167,778

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**



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

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS  
 Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0060636352%	0.0055017945%	0.0056961066%
District's proportionate share of the net pension liability (asset)	\$ 1,361,165	\$ 1,030,086	\$ 1,088,639
District's covered-employee payroll	423,865	372,589	379,031
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	321.13%	276.47%	287.22%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%
Measurement date	June 30, 2015	June 30, 2014	June 30, 2013

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Schedule of District Contributions - PERS  
 Last Three Fiscal Year

	Fiscal Year Ended		
	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 52,131	\$ 45,356	\$ 42,919
Contributions in relation to the contractually required contribution	52,131	45,356	42,919
Contribution deficiency (excess)	None	None	None
District's covered-employee payroll	\$ 423,865	\$ 372,589	\$ 379,031
Contributions as a percentage of covered-employee payroll	12.30%	12.17%	11.32%
Measurement date	June 30, 2015	June 30, 2014	June 30, 2013

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
 Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0158790581%	0.0151275225%	0.0146688586%
District's proportionate share of the net pension liability (asset)	\$ 10,036,243	\$ 8,085,168	\$ 7,413,526
District's covered-employee payroll	1,719,816	1,693,862	1,581,910
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	583.56%	477.32%	468.64%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%
Measurement date	June 30, 2015	June 30, 2014	June 30, 2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: ACTUARIAL ASSUMPTIONS**

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**



OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2016

	Total Brought Forward Ex. E-1a	Rural Education Achievement Program	Title I Part A	Totals	
				FY 2016	FY 2015
<b>REVENUES:</b>					
Federal sources	\$ 94,691	\$ 23,998	\$ 49,089	\$ 167,778	\$ 157,503
Total revenues	94,691	23,998	49,089	167,778	157,503
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers			20,189	20,189	18,599
Other salaries for instruction			15,862	15,862	14,513
Purchased professional - educational services		1,276		1,276	
General supplies		22,722		22,722	26,822
Total instruction		23,998	36,051	60,049	59,934
Support services:					
Personal services - employee benefits			13,038	13,038	13,940
Purchased professional - educational services	83,735			83,735	79,401
Other purchased services (400-500 series)	10,956			10,956	4,228
Total support services	94,691		13,038	107,729	97,569
Total expenditures	\$ 94,691	\$ 23,998	\$ 49,089	\$ 167,778	\$ 157,503

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2016

	IDEA - Part B - Basic	IDEA Preschool	Title II, Part A Teacher & Principal Training & Recruiting Carryover	Title II, Part A Teacher & Principal Training & Recruiting	Total Carried Forward
REVENUES:					
Federal sources	\$ 82,399	\$ 1,336	\$ 6,569	\$ 4,387	\$ 94,691
Total revenues	82,399	1,336	6,569	4,387	94,691
EXPENDITURES:					
Support services:					
Purchased professional - educational services	82,399	1,336			83,735
Other purchased services (400-500 series)			6,569	4,387	10,956
Total support services	82,399	1,336	6,569	4,387	94,691
Total expenditures	\$ 82,399	\$ 1,336	\$ 6,569	\$ 4,387	\$ 94,691

## **PROPRIETARY FUNDS**

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2016

	<u>Business-type Activities</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Latchkey Program</u>	<u>FY 2016</u>	<u>FY 2015</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 43,263	\$ 21,465	\$ 64,728	\$ 56,239
Accounts receivable:				
State	46		46	127
Federal	2,066		2,066	4,005
Intergovernmental	33		33	67
Other				8
Inventory	5,093		5,093	6,163
Total current assets	<u>50,501</u>	<u>21,465</u>	<u>71,966</u>	<u>66,609</u>
Noncurrent assets:				
Machinery and equipment	132,400	6,600	139,000	139,000
Less: accumulated depreciation	(132,200)	(5,115)	(137,315)	(136,852)
Total noncurrent assets	<u>200</u>	<u>1,485</u>	<u>1,685</u>	<u>2,148</u>
Total assets	<u>50,701</u>	<u>22,950</u>	<u>73,651</u>	<u>68,757</u>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	38	91	129	3,131
Unearned revenue:				
Lunches				188
USDA commodities	4,681		4,681	5,461
Compensated absences	1,954		1,954	1,893
Total current liabilities	<u>6,673</u>	<u>91</u>	<u>6,764</u>	<u>10,673</u>
Fund equity:				
Invested in capital assets, net of related debt	200	1,485	1,685	2,148
Unrestricted	43,828	21,374	65,202	55,936
Total net position	<u>\$ 44,028</u>	<u>\$ 22,859</u>	<u>\$ 66,887</u>	<u>\$ 58,084</u>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2016

	Business-type Activities		Totals	
	Food Service	Latchkey Program	FY 2016	FY 2015
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales - reimbursable programs	\$ 36,449		\$ 36,449	\$ 41,974
Daily sales - non-reimbursable programs	3,944		3,944	1,823
Tuition		\$ 29,988	29,988	24,601
<b>Total operating revenue</b>	<b>40,393</b>	<b>29,988</b>	<b>70,381</b>	<b>68,398</b>
<b>OPERATING EXPENSES:</b>				
Salaries	37,357	21,659	59,016	55,580
Employee benefits	2,850	1,850	4,700	4,290
Supplies and materials	2,609	3,989	6,598	4,706
Purchased - professional services	8,500		8,500	8,250
Depreciation	133	330	463	4,927
Cost of sales	43,950		43,950	47,412
<b>Total operating expenses</b>	<b>95,399</b>	<b>27,828</b>	<b>123,227</b>	<b>125,165</b>
<b>Operating income (loss)</b>	<b>(55,006)</b>	<b>2,160</b>	<b>(52,846)</b>	<b>(56,767)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - state	1,071		1,071	1,195
Federal sources:				
National school lunch program	36,573		36,573	38,435
School breakfast program	9,766		9,766	6,557
National snack program	371		371	350
Food distribution program	13,808		13,808	11,562
Interest revenue	60		60	54
<b>Total non-operating revenues (expenses)</b>	<b>61,649</b>		<b>61,649</b>	<b>58,153</b>
<b>Net income (loss)</b>	<b>6,643</b>	<b>2,160</b>	<b>8,803</b>	<b>1,386</b>
<b>Total net position - July 1</b>	<b>37,385</b>	<b>20,699</b>	<b>58,084</b>	<b>56,698</b>
<b>Total net position - June 30</b>	<b>\$ 44,028</b>	<b>\$ 22,859</b>	<b>\$ 66,887</b>	<b>\$ 58,084</b>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2016

	Business-type Activities		Totals	
	Food Service Fund	Latchkey Program	FY 2016	FY 2015
Cash flows from operating activities:				
Receipts from customers	\$ 40,589	\$ 29,988	\$ 70,577	\$ 67,185
Payments to suppliers	(44,018)	(4,348)	(48,366)	(46,475)
Payments to employees	(37,258)	(21,659)	(58,917)	(56,007)
Payments for employee benefits	(2,850)	(1,850)	(4,700)	(4,290)
Net cash provided (used) by operating activities	(43,537)	2,131	(41,406)	(39,587)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	49,798		49,798	46,330
Net cash provided by non-capital financing activities	49,798		49,798	46,330
Cash flows from investing activities:				
Interest income	60		60	54
Payments to/from general fund	37		37	6,595
Net cash provided by investing activities	97		97	6,649
Net increase in cash and cash equivalents	6,358	2,131	8,489	13,392
Cash and cash equivalents - July 1	36,905	19,334	56,239	42,847
Cash and cash equivalents - June 30	\$ 43,263	\$ 21,465	\$ 64,728	\$ 56,239
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (55,006)	\$ 2,160	\$ (52,846)	\$ (56,767)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	133	330	463	4,927
Food distribution program	13,808		13,808	11,562
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	8		8	83
(Increase) decrease in inventory	1,070		1,070	1,771
Increase (decrease) in accounts payable	(2,643)	(359)	(3,002)	1,262
Increase (decrease) in deferred revenue	(968)		(968)	(1,998)
Increase (decrease) in compensated absences	61		61	(427)
	\$ (43,537)	\$ 2,131	\$ (41,406)	\$ (39,587)

**OLDMANS TOWNSHIP SCHOOL DISTRICT**  
 Internal Service Fund  
 Combining Schedule of Net Position  
 For the Fiscal Year Ended June 30, 2016

		Totals	
		FY 2016	FY 2015
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents		\$ 7,794	\$ 6,594
Total assets		\$ 7,794	\$ 6,594
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Accounts payable		\$ 330	
Total current liabilities		330	
<b>NET POSITON</b>			
Unrestricted		7,464	\$ 6,594
Total net position		\$ 7,464	\$ 6,594

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Internal Service Fund  
 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2016

	Totals	
	FY 2016	FY 2015
OPERATING REVENUES:		
Local sources:		
Other charges and fees	\$ 73,000	\$ 126,000
Total operating revenue	73,000	126,000
OPERATING EXPENSES:		
Salaries	60,460	86,455
Employee benefits	10,739	38,795
Other purchased services	605	50
Supplies and materials	326	
Total operating expenses	72,130	125,300
Operating income (loss)	870	700
Total net position - July 1	6,594	5,894
Total net position - June 30	\$ 7,464	\$ 6,594



OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Internal Service Fund  
 Combining Schedule of Cash Flows  
 For the Fiscal Year Ended June 30, 2016

	Totals	
	FY 2016	FY 2015
Cash flows from operating activities:		
Receipts from customers	\$ 73,000	\$ 126,000
Payments to suppliers	(931)	(50)
Payments to employees	(60,130)	(86,455)
Payments for employee benefits	(10,739)	(38,795)
Net cash provided (used) by operating activities	<u>1,200</u>	<u>700</u>
Net increase in cash and cash equivalents	1,200	700
Cash and cash equivalents - July 1	6,594	5,894
Cash and cash equivalents - June 30	<u>\$ 7,794</u>	<u>\$ 6,594</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 870	\$ 700
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in accounts payable	330	
	<u>\$ 1,200</u>	<u>\$ 700</u>

## **FIDUCIARY FUNDS**

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2016

	Trust Funds			Totals	
	Scholarship Trust Fund	Unemployment Trust Fund	Agency Funds	FY 2016	FY 2015
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,676	\$ 40,195	\$ 137,091	\$ 178,962	\$ 187,801
Interfund receivable:					
Agency		63,088		63,088	63,493
Payroll			5	5	
Total assets	<u>\$ 1,676</u>	<u>\$ 103,283</u>	<u>\$ 137,096</u>	<u>242,055</u>	<u>251,294</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings			\$ 33,585	33,585	31,547
Due to student groups			31,743	31,743	28,959
Interfund payable:					
Unemployment trust			63,088	63,088	63,493
Interfund payables:					
General fund			8,680	8,680	22,043
Total liabilities			<u>\$ 137,096</u>	<u>137,096</u>	<u>146,042</u>
<b>NET POSITION</b>					
Held in Trust for:					
Scholarship awards	\$ 1,676			1,676	1,624
Unemployment claims		\$ 103,283		103,283	103,628
Total net position	<u>\$ 1,676</u>	<u>\$ 103,283</u>		<u>\$ 104,959</u>	<u>\$ 105,252</u>

## EXHIBIT H-2

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

	Scholarship Trust Fund	Unemployment Trust Fund	Totals	
			FY 2016	FY 2015
ADDITIONS:				
Contributions:				
Employee payroll deductions		\$ 4,744	\$ 4,744	\$ 4,451
Other	\$ 50		50	75
Total contributions	50	4,744	4,794	4,526
Investment earnings:				
Interest	2	60	62	62
Total investment earnings	2	60	62	62
Total additions	52	4,804	4,856	4,588
DEDUCTIONS:				
Scholarships awarded				
Unemployment claims		5,149	5,149	2,257
Total deductions		5,149	5,149	2,257
Change in net position	52	(345)	(293)	2,331
Net position - beginning of year	1,624	103,628	105,252	102,921
Net position - end of year	\$ 1,676	\$ 103,283	\$ 104,959	\$ 105,252

## EXHIBIT H-3

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

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
ACTIVITIES:				
Oldmans School	\$ 28,959	\$ 38,889	\$ 36,105	\$ 31,743

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 117,083	\$ 3,321,211	\$ 3,332,946	\$ 105,348
Interfund receivable		5		5
Total assets	<u>\$ 117,083</u>	<u>\$ 3,321,216</u>	<u>\$ 3,332,946</u>	<u>\$ 105,353</u>
<b>LIABILITIES</b>				
Employees' net pay		\$ 1,449,961	\$ 1,449,961	
Payroll deductions and withholdings	\$ 31,547	1,857,802	1,855,764	\$ 33,585
Interfund payable:				
Unemployment trust	63,493	4,744	5,149	63,088
Interfund payable General fund	22,043	8,709	22,072	8,680
Total liabilities	<u>\$ 117,083</u>	<u>\$ 3,321,216</u>	<u>\$ 3,332,946</u>	<u>\$ 105,353</u>

## **LONG-TERM DEBT**

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

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Refunded/ Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding School Bonds, Series 2009	12/15/2009	\$ 1,725,000	02/15/17	\$ 175,000	4.000%	\$ 885,000	None	\$ 170,000	\$ 715,000
			02/15/18	175,000	4.000%				
			02/15/19	180,000	5.000%				
			02/15/20	185,000	5.000%				

OLDMANS 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>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 154,109		\$ 154,109	\$ 154,109	
State sources:					
Debt service aid type II	54,941		54,941	54,941	
Total revenues	<u>\$ 209,050</u>		<u>\$ 209,050</u>	<u>\$ 209,050</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	\$ 39,050		\$ 39,050	\$ 39,050	
Redemption of principal	170,000		170,000	170,000	
Total regular debt service	<u>209,050</u>		<u>209,050</u>	<u>209,050</u>	
Total expenditures	<u>\$ 209,050</u>		<u>\$ 209,050</u>	<u>\$ 209,050</u>	



**STATISTICAL SECTION  
(UNAUDITED)**

**OLDMANS TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	100-107
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	
<b>Revenue Capacity</b>	108-111
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	112-115
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	116-117
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	118-122
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Net Position By Component  
 Last Ten Fiscal Years  
 For the Fiscal Year Ended June 30, 2016  
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 2,912,756	\$ 2,852,157	\$ 3,044,184	\$ 3,209,371	\$ 3,243,327	\$ 3,279,322	\$ 3,481,620	\$ 3,818,129	\$ 4,230,078	\$ 4,376,618
Restricted	190,289	99,669	268,479	362,717	563,236	942,979	838,240	728,816	674,951	826,415
Unrestricted	76,099	211,077	28,780	5,455	230,633	12,406	(2,562)	(26,638)	(1,087,406)	(1,105,327)
Total governmental activities net position	<u>\$ 3,179,145</u>	<u>\$ 3,162,903</u>	<u>\$ 3,341,443</u>	<u>\$ 3,577,543</u>	<u>\$ 4,037,196</u>	<u>\$ 4,234,707</u>	<u>\$ 4,317,298</u>	<u>\$ 4,520,307</u>	<u>\$ 3,817,623</u>	<u>\$ 4,097,706</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 76,578	\$ 66,628	\$ 56,678	\$ 46,728	\$ 41,758	\$ 32,068	\$ 16,050	\$ 7,075	\$ 2,148	\$ 3,035
Unrestricted	17,268	22,802	20,539	20,573	21,633	28,687	35,029	49,623	55,936	65,202
Total business-type activities net position	<u>\$ 93,846</u>	<u>\$ 89,430</u>	<u>\$ 77,217</u>	<u>\$ 67,301</u>	<u>\$ 63,391</u>	<u>\$ 60,755</u>	<u>\$ 51,079</u>	<u>\$ 56,698</u>	<u>\$ 58,084</u>	<u>\$ 68,237</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 2,989,334	\$ 2,918,786	\$ 3,100,862	\$ 3,256,099	\$ 3,285,085	\$ 3,311,390	\$ 3,497,670	\$ 3,825,204	\$ 4,232,226	\$ 4,379,653
Restricted	190,289	99,669	268,479	362,717	563,236	942,979	838,240	728,816	674,951	826,415
Unrestricted	93,367	233,879	49,319	26,028	252,266	41,093	32,467	22,985	(1,031,470)	(1,040,125)
	<u>\$ 3,272,991</u>	<u>\$ 3,252,333</u>	<u>\$ 3,418,660</u>	<u>\$ 3,644,844</u>	<u>\$ 4,100,587</u>	<u>\$ 4,295,462</u>	<u>\$ 4,368,377</u>	<u>\$ 4,577,005</u>	<u>\$ 3,875,707</u>	<u>\$ 4,165,943</u>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Years  
For the Fiscal Year Ended June 30, 2016  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 1,272,280	\$ 1,285,847	\$ 1,211,994	\$ 1,042,066	\$ 948,214	\$ 1,144,606	\$ 1,264,628	\$ 1,393,883	\$ 1,480,751	\$ 1,555,267
Special education	234,869	256,001	283,455	348,201	227,493	222,596	261,094	250,304	254,633	281,458
Other special education	32,854	29,018	32,026	59,733	69,045	69,358	1,320	17,218	29,515	15,043
Other instruction	10,660	9,926	12,433	15,851	13,670	16,447	14,550	18,584	19,011	19,626
Support services:										
Tuition	1,213,870	1,285,030	1,066,765	1,054,891	919,467	918,100	963,789	890,593	501,271	652,551
Student & instruction and related services	276,235	278,249	304,057	364,138	346,161	360,233	367,075	417,184	421,671	474,209
General administration	120,150	104,775	116,552	108,446	102,771	96,075	86,535	150,485	150,538	165,980
School administrative services	42,953	58,461	41,116	39,423	33,588	40,864	85,018	33,154	35,925	36,579
Central services	184,900	188,333	159,339	159,199	176,146	165,199	179,755	195,157	183,050	184,248
Administrative information technology			4,000	3,106						
Plant operations and maintenance	294,448	304,163	364,242	353,448	419,274	554,972	452,740	521,471	494,033	354,303
Pupil transportation	197,100	196,908	260,379	296,860	235,537	219,504	161,476	150,701	198,103	190,855
Employee benefits	841,614	900,862	818,873	876,098	777,928	731,242	883,170	893,119	969,171	1,156,265
Interest on long-term debt	126,814	119,416	113,049	122,117	71,817	67,018	61,542	54,942	48,267	41,467
Capital outlay			2,154	27,361	6,455	1,998	103,059	4,777	13,793	16,485
Unallocated depreciation	158,088	192,782	134,808	127,377	129,200	126,983	199,277	160,932	173,886	174,472
Disposal of capital assets	3,300	1,484								
Amortization of debt issuance costs	1,332	1,332								
Total governmental activities expenses	5,011,467	5,212,585	4,925,242	4,998,315	4,476,766	4,735,195	5,085,028	5,152,504	4,973,618	5,318,808

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Years  
For the Fiscal Year Ended June 30, 2016  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Food service	116,511	119,301	118,909	105,420	91,193	100,238	112,847	103,682	103,676	95,399
Childcare	24,221	27,959	28,437	14,750	14,508	18,792	18,025	22,823	21,489	27,828
Total business-type activities expense	140,732	147,260	147,346	120,170	105,701	119,030	130,872	126,505	125,165	123,227
Total district expenses	\$ 5,152,199	\$ 5,359,845	\$ 5,072,588	\$ 5,118,485	\$ 4,582,467	\$ 4,854,225	\$ 5,215,900	\$ 5,279,009	\$ 5,098,783	\$ 5,442,035
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Pupil transportation, shared services	\$ 117,457	\$ 107,984	\$ 95,152	\$ 101,900	\$ 107,000	\$ 108,000	\$ 115,000	\$ 129,364	\$ 126,000	\$ 73,000
Operating grants and contributions	172,091	136,504	140,888	154,694	134,333	124,661	166,728	150,263	157,503	167,778
Total governmental activities program revenues	289,548	244,488	236,040	256,594	241,333	232,661	281,728	279,627	283,503	240,778
Business-type activities:										
Charges for services:										
Food service	47,976	46,988	42,925	41,355	46,376	50,257	47,009	41,739	43,797	40,393
Childcare	24,893	30,657	25,143	16,274	9,537	19,367	19,068	34,926	24,601	29,988
Operating grants and contributions	39,059	39,068	38,644	36,754	37,330	43,205	52,878	55,421	58,099	61,589
Total business-type activities program revenues	111,928	116,712	106,712	94,383	93,243	112,829	118,955	132,086	126,497	131,970
Total district program revenue	\$ 401,476	\$ 361,200	\$ 342,752	\$ 350,977	\$ 334,576	\$ 345,490	\$ 400,683	\$ 411,713	\$ 410,000	\$ 372,748
Net (expense) revenue:										
Governmental activities	\$ (4,721,920)	\$ (4,968,097)	\$ (4,689,202)	\$ (4,741,721)	\$ (4,235,433)	\$ (4,502,534)	\$ (4,803,300)	\$ (4,872,877)	\$ (4,690,115)	\$ (5,078,030)
Business-type activities	(28,804)	(30,548)	(40,634)	(25,787)	(12,458)	(6,201)	(11,917)	5,581	1,332	8,743
Total district-wide net expense	\$ (4,750,724)	\$ (4,998,645)	\$ (4,729,836)	\$ (4,767,508)	\$ (4,247,891)	\$ (4,508,735)	\$ (4,815,217)	\$ (4,867,296)	\$ (4,688,783)	\$ (5,069,287)

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Changes In Net Position  
Last Ten Years  
For the Fiscal Year Ended June 30, 2016  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net position:										
Governmental activities:										
Property taxes levied for government purposes	\$ 2,569,891	\$ 2,602,464	\$ 2,634,769	\$ 2,532,249	\$ 2,493,989	\$ 2,357,014	\$ 2,398,882	\$ 2,437,372	\$ 2,456,466	\$ 2,663,290
Taxes levied for debt service	174,541	175,918	171,351	168,992	157,935	151,826	165,167	160,301	159,122	154,109
Unrestricted grants and contributions	2,020,170	2,140,962	2,046,255	2,067,184	1,905,490	2,040,483	2,131,480	2,293,664	2,387,484	2,500,705
Tuition charges				2,000	87,602					
Transportation charges			20,204	30,218	29,485	27,280	32,249	22,560	25,395	15,050
Investment earnings			9,992	3,787	3,508	3,293	2,605	1,877	1,581	4,990
Miscellaneous income	51,821	58,004	15,216	94,047	20,373	123,653	158,898	29,438	28,886	19,969
Loss on disposal of assets			(1,862)	(15,505)			(1,188)		(24,685)	
Premium on issuance of refunding bonds				110,667						
Other									(1,098)	
Transfers	(23,042)	(25,492)	(28,183)	(15,818)	(3,296)	(3,504)	(2,202)			
Total governmental activities	<u>4,793,380</u>	<u>4,951,856</u>	<u>4,867,742</u>	<u>4,977,821</u>	<u>4,695,086</u>	<u>4,700,045</u>	<u>4,885,891</u>	<u>4,945,212</u>	<u>5,033,151</u>	<u>5,358,113</u>
Business-type activities:										
Miscellaneous income	511	639	238	53	57	61	39	38	54	60
Transfers	23,042	25,492	28,183	15,818	3,296	3,504	2,202			
Investment in fixed assets					6,455					1,350
Loss on disposal of assets					(1,260)					
Total business-type activities	<u>23,553</u>	<u>26,132</u>	<u>28,421</u>	<u>15,871</u>	<u>8,548</u>	<u>3,565</u>	<u>2,241</u>	<u>38</u>	<u>54</u>	<u>1,410</u>
Total district-wide	<u>\$ 4,816,933</u>	<u>\$ 4,977,987</u>	<u>\$ 4,896,163</u>	<u>\$ 4,993,692</u>	<u>\$ 4,703,634</u>	<u>\$ 4,703,610</u>	<u>\$ 4,888,132</u>	<u>\$ 4,945,250</u>	<u>\$ 5,033,205</u>	<u>\$ 5,359,523</u>
Change in net position										
Governmental activities	\$ 71,461	\$ (16,241)	\$ 178,540	\$ 236,100	\$ 459,653	\$ 197,511	\$ 82,591	\$ 72,335	\$ 343,036	\$ 280,083
Business-type activities	(5,251)	(4,416)	(12,213)	(9,916)	(3,910)	(2,636)	(9,676)	5,619	1,386	10,153
Total district	<u>\$ 66,210</u>	<u>\$ (20,658)</u>	<u>\$ 166,327</u>	<u>\$ 226,184</u>	<u>\$ 455,743</u>	<u>\$ 194,875</u>	<u>\$ 72,915</u>	<u>\$ 77,954</u>	<u>\$ 344,422</u>	<u>\$ 290,236</u>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
For the Fiscal Year Ended June 30, 2016  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 127,531	\$ 121,141	\$ 300,817	\$ 356,886						
Unreserved	183,386	316,849	111,541	109,370						
Restricted					\$ 461,900	\$ 462,893	\$ 439,124	\$ 344,807	\$ 335,315	\$ 557,920
Assigned					282,395	480,086	399,116	384,009	339,636	268,495
Unrestricted					113,197	101,213	85,074	64,458	55,020	57,322
Total general fund	<u>\$ 310,918</u>	<u>\$ 437,990</u>	<u>\$ 412,358</u>	<u>\$ 466,256</u>	<u>\$ 857,492</u>	<u>\$1,044,192</u>	<u>\$ 923,314</u>	<u>\$ 793,274</u>	<u>\$ 729,971</u>	<u>\$ 883,737</u>
All other governmental funds:										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 88,127									
Debt service fund	6,379	\$ 9,527	\$ 5,370	\$ 28,489	\$ 23,119					
Total all other governmental funds	<u>\$ 94,506</u>	<u>\$ 9,527</u>	<u>\$ 5,370</u>	<u>\$ 28,489</u>	<u>\$ 23,119</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES:</b>										
Tax levy	\$ 2,744,432	\$ 2,778,382	\$ 2,806,120	\$ 2,701,241	\$ 2,651,924	\$ 2,508,840	\$ 2,564,049	\$ 2,597,673	\$ 2,615,588	\$ 2,817,399
Tuition charges	19,157	19,892		2,000	87,602					
Transportation charges			20,204	30,218	29,485	27,280	32,249	22,560	25,395	15,050
Interest earnings	29,671	31,317	9,992	3,787	3,508	3,293	2,605	1,877	1,581	4,990
Miscellaneous	22,150	24,779	15,716	94,447	20,373	123,653	159,898	29,938	28,886	19,969
State sources	2,024,895	2,145,747	2,046,255	1,864,331	1,905,490	1,980,303	2,131,480	2,293,664	2,387,484	2,500,705
Federal sources	167,366	131,719	140,388	357,147	134,333	184,841	165,728	149,763	157,503	167,778
<b>Total revenue</b>	<b>5,007,670</b>	<b>5,131,836</b>	<b>5,038,675</b>	<b>5,053,171</b>	<b>4,832,715</b>	<b>4,828,210</b>	<b>5,056,009</b>	<b>5,095,475</b>	<b>5,216,437</b>	<b>5,525,891</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Regular	1,272,280	1,285,847	1,198,004	1,035,449	975,562	1,132,426	1,258,053	1,397,932	1,473,371	1,545,358
Special	234,869	256,001	281,312	349,051	228,270	232,265	258,209	249,514	257,525	279,984
Other	32,854	29,018	32,026	59,733	69,045	69,358	1,320	17,218	27,555	16,638
School sponsored/other instructional	10,660	9,926	12,433	15,851	13,670	16,447	14,550	18,584	19,011	19,626
<b>Undistributed:</b>										
Student & instruction related services	1,490,105	1,563,279	1,367,291	1,417,888	1,264,825	1,267,927	1,338,967	1,303,087	921,887	1,130,201
General administration	120,150	104,775	114,138	106,666	102,801	97,105	85,859	148,625	150,795	165,199
School administration	42,953	58,461	40,412	38,873	33,091	41,981	86,535	32,666	33,691	36,150
Central services	96,603	92,232	95,433	97,718	100,584	109,080	111,664	115,916	116,521	125,561
Administration information technology	4,098	4,000	4,000	3,106						
Operations and maintenance of plant services	294,448	304,163	331,865	329,598	394,434	504,307	402,177	465,738	462,049	352,629
Student transportation	197,100	196,908	239,954	280,036	213,238	192,741	158,597	147,514	164,865	161,803
On-behalf TPAF pension contributions	234,791	249,128	110,750	112,675	107,820	142,780	201,960	168,925	222,132	298,188
Reimbursed TPAF social security contributions	119,588	125,611	117,856	117,609	108,072	111,116	119,034	124,177	120,307	127,962
Employee benefits	480,986	527,639	590,267	645,814	562,036	477,346	562,176	600,017	627,355	701,743
Capital outlay	41,807		249,870	116,252	124,604	42,396	351,534	218,152	465,728	202,033
<b>Debt service expenditures</b>										
Principal	130,000	135,000	140,000	165,000	160,000	160,000	165,000	165,000	170,000	170,000
Interest	129,544	122,264	114,670	69,017	68,650	63,850	59,050	52,450	45,850	39,050
<b>Total expenditures</b>	<b>4,932,836</b>	<b>5,064,250</b>	<b>5,040,281</b>	<b>4,960,336</b>	<b>4,526,702</b>	<b>4,661,125</b>	<b>5,174,685</b>	<b>5,225,515</b>	<b>5,278,642</b>	<b>5,372,125</b>



OLDMANS TOWNSHIP SCHOOL DISTRICT  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess deficiency of revenues over (under) expenditures	74,834	67,586	(44,366)	92,835	306,013	167,085	(118,676)	(130,040)	(62,205)	153,766
Other financing sources (uses)										
Prior year receivable canceled									(1,098)	
Capital leases					83,149					
Transfers out	(23,042)	(145,617)	(28,183)	(15,818)	(3,296)	(3,504)	(2,202)	(2,202)		
Transfers in		120,125								
Total other financing sources (uses)	(23,042)	(25,492)	(28,183)	(15,818)	79,853	(3,504)	(2,202)	(2,202)	(1,098)	
Net change in fund balance	<u>\$ 51,792</u>	<u>\$ 42,094</u>	<u>\$ (72,549)</u>	<u>\$ 77,017</u>	<u>\$ 385,866</u>	<u>\$ 163,581</u>	<u>\$ (120,878)</u>	<u>\$ (132,242)</u>	<u>\$ (63,303)</u>	<u>\$ 153,766</u>
Debt service as a percentage of noncapital expenditures	5.31%	5.08%	5.32%	4.83%	5.19%	4.85%	4.65%	4.34%	4.48%	4.04%

Source: District Records

OLDMANS TOWNSHIP SCHOOL DISTRICT  
General Fund Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Prior Year Refunds	Miscellaneous	Sale of Equipment	Forfeiture of 125 Plan Exp.	Annual Totals
2007	\$ 7,172	\$ 10,401			\$ 17,573
2008	18,137	1,691			19,828
2009	1,749	149	\$ 13,318		15,216
2010	73,355	1,125		\$ 9,276	83,756
2011	12,725	3		7,645	20,373
2012	112,438	1,000		10,215	123,653
2013	150,423	209		8,266	158,898
2014	15,208	1,000	13,230		29,438
2015	3,281	1,000	2,950	21,655	28,886
2016	10,466	1,000		8,503	19,969
	<u>\$ 404,954</u>	<u>\$ 17,578</u>	<u>\$ 29,498</u>	<u>\$ 65,560</u>	<u>\$ 517,590</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2007	2,930,200	53,538,700	11,237,200	3,174,170	5,334,600	35,155,870	0	111,370,740	22,778,300	357,955	111,728,695	165,991,547	2.3700
2008	3,506,700	53,707,900	10,864,800	3,164,670	5,218,400	35,137,370	0	111,599,840	22,778,300	363,147	111,962,987	166,934,527	2.4660
2009	4,577,310	54,299,400	10,813,600	3,032,070	6,695,000	35,137,370	0	114,554,750	27,958,100	339,607	114,894,357	195,809,144	2.4310
2010	10,909,200	106,258,000	22,848,700	3,337,600	12,187,000	63,519,400	0	219,059,900	63,927,700	637,641	219,697,541	200,598,845	1.2530
2011	13,201,000	106,720,400	22,707,200	3,298,000	12,155,400	52,830,100	0	210,912,100	74,210,700	718,240	211,630,340	216,473,060	1.2650
2012	12,813,000	108,360,400	22,586,200	3,308,600	12,155,400	50,230,100	0	209,453,700	72,254,400	575,607	210,029,307	183,317,715	1.2330
2013	12,437,500	113,503,700	21,986,700	3,310,000	12,155,400	43,730,100	0	207,123,400	72,838,000	611,783	207,735,183	223,406,889	1.2170
2014	10,491,900	118,596,300	21,900,200	3,297,800	12,155,400	53,046,900	0	219,488,500	66,159,200	577,861	220,066,361	262,702,584	1.1730
2015	8,665,800	121,725,500	22,016,900	3,290,400	11,160,000	54,628,100	0	221,486,700	48,785,000	508,079	221,994,779	243,840,964	1.1740
2016	8,453,300	121,370,000	21,630,500	3,224,100	10,130,800	67,783,200	0	232,591,900	62,177,900	524,568	233,116,468	243,417,867	1.1650

Source: Salem County Board of Taxation - Abstract of Ratables.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Property Tax Rates  
 Per \$100 of Assessed Valuation  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General	Total Direct School Tax Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
		Obligation Debt Service		Township of Oldmans	Salem County	
2007	2.219	0.151	2.370	0.120	1.210	3.700
2008	2.310	0.156	2.466	0.120	1.310	3.896
2009	2.283	0.148	2.431	0.140	1.450	4.021
2010	1.175	0.078	1.253	0.150	1.470	2.873
2011	1.190	0.075	1.265	0.200	1.410	2.875
2012	1.158	0.075	1.233	0.230	1.580	3.043
2013	1.139	0.078	1.217	0.140	0.811	2.168
2014	1.101	0.072	1.173	0.183	1.153	2.509
2015	1.103	0.071	1.174	0.192	1.048	2.414
2016	1.101	0.064	1.165	0.182	1.042	2.389

Source: Salem County Board of Taxation - Abstract of Ratables.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Principal Property Taxpayers  
Current and Nine Years Ago  
Unaudited

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Polyone	22,000,000	9.44%	16,106,900	14.42%
Garden State Freezers	11,113,600	4.77%		
Goya Foods Inc.	10,630,100	4.56%		
J.E. Berkowitz	8,643,000	3.71%		
Oxy Vinyls	4,500,000	1.93%	5,513,100	4.93%
Pedricktown Cogen	3,000,000	1.29%	5,890,000	5.27%
Lubrizol Advanced Materials	2,500,000	1.07%	3,000,000	2.69%
Ndev LLC	2,347,700	1.01%		
BOC Group Inc.	1,950,000	0.84%	980,600	0.88%
Paverstone LLC	1,940,700	0.83%		
Sun Refining & Marketing Company			2,665,470	2.39%
Exit 7 Realty Corp.				0.00%
Air Reduction Co., Inc.			590,200	0.53%
Delaware River Land Com.			572,600	0.51%
Route 295 NJ, LLC			543,100	0.49%
NJ Bell Atlantic Room 3137			363,147	0.33%
	<u>68,625,100</u>	<u>29.44%</u>	<u>36,225,117</u>	<u>32.42%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year</u>		Collections in Subsequent Year
		Amount	Percent of Levy	
2007	\$ 2,744,432	\$ 2,744,432	100.00%	-
2008	2,778,382	2,778,382	100.00%	-
2009	2,806,120	2,806,120	100.00%	-
2010	2,701,241	2,701,241	100.00%	-
2011	2,651,924	2,651,924	100.00%	-
2012	2,508,840	2,508,840	100.00%	-
2013	2,564,049	2,564,049	100.00%	-
2014	2,597,673	2,597,673	100.00%	-
2015	2,615,588	2,615,588	100.00%	-
2016	2,817,399	2,817,399	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	State of New Jersey Safe Loan	Capital Leases				
2007	\$ 2,156,000					\$ 2,156,000	3.42%
2008	2,021,000					2,021,000	3.06%
2009	1,881,000					1,881,000	2.68%
2010	1,705,000					1,705,000	2.43%
2011	1,545,000		\$ 48,149			1,593,149	2.28%
2012	1,385,000		24,571			1,409,571	1.92%
2013	1,220,000					1,220,000	1.63%
2014	1,055,000					1,055,000	1.38%
2015	885,000					885,000	1.12%
2016	715,000					715,000	N/A

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

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

N/A - information not available at the completion of the CAFR.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2007	\$ 2,156,000		\$ 2,156,000	1.94%	1,193
2008	2,021,000		2,021,000	1.81%	1,122
2009	1,881,000		1,881,000	1.64%	1,043
2010	1,705,000		1,705,000	0.78%	943
2011	1,545,000		1,545,000	0.73%	873
2012	1,385,000		1,385,000	0.66%	768
2013	1,220,000		1,220,000	0.59%	664
2014	1,055,000		1,055,000	0.48%	568
2015	885,000		885,000	0.40%	480
2016	715,000		715,000	N/A	N/A

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

N/A - information not available at the completion of the CAFR.

See J-6 for property tax data.

Population data can be found in J-14.



OLDMANS TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 as of December 31, 2015  
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Oldmans	\$ 1,379,000	100.00%	\$ 1,379,000
Salem County General Obligation Debt	40,394,432	4.62%	1,867,397
Subtotal, overlapping debt			3,246,397
Oldmans Township School District			715,000
Total direct and overlapping debt			<u>\$ 3,961,397</u>

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

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

	Year		Equalized Valuation Basis	
	2015		\$ 220,257,481	
	2014		229,543,683	
	2013		231,772,439	
			<u>\$ 681,573,603</u>	
Average equalized valuation of taxable property			\$ 227,191,201	
Debt limit (3% of average equalized value)			6,815,736	
Total net debt applicable to limit			715,000	
Legal debt margin			<u>\$ 6,100,736</u>	

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 4,848,582	\$ 5,178,661	\$ 5,515,389	\$ 6,019,070	\$ 6,325,875	\$ 6,440,672	\$ 6,607,372	\$ 6,729,011	\$ 6,944,057	\$ 6,815,736
Total net debt applicable to limit	2,156,000	2,021,000	1,881,000	1,705,000	1,545,000	1,385,000	1,220,000	1,055,000	885,000	715,000
Legal debt margin	<u>\$ 2,692,582</u>	<u>\$ 3,157,661</u>	<u>\$ 3,634,389</u>	<u>\$ 4,314,070</u>	<u>\$ 4,780,875</u>	<u>\$ 5,055,672</u>	<u>\$ 5,387,372</u>	<u>\$ 5,674,011</u>	<u>\$ 6,059,057</u>	<u>\$ 6,100,736</u>
Total net debt applicable to the limit as a percentage of debt limit	44.47%	39.03%	34.10%	28.33%	24.42%	21.50%	18.46%	15.68%	12.74%	10.49%

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	1,807	\$ 63,095,019	\$ 34,917	4.40%
2008	1,802	65,971,220	36,610	5.60%
2009	1,803	70,122,276	38,892	9.60%
2010	1,808	70,177,520	38,815	10.2%
2011	1,769	69,804,740	39,460	9.6%
2012	1,803	73,594,854	40,818	9.8%
2013	1,838	75,021,646	40,817	5.4%
2014	1,856	76,582,272	41,262	5.4%
2015	1,844	79,015,400	42,850	4.8%
2016	1,829	N/A	N/A	N/A

Source: Population information and unemployment information provided by the NJ Department of Labor and Workforce Development. Per capita income by municipality based upon information published by the U.S. Bureau of Economic Analysis.

N/A - information not available at the completion of the CAFR.

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Principal Employers  
Current and Nine Years Ago  
Unaudited

Employer	2016		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
JE Berkowitz Glass	225	21.97%		
Five Below	160	15.63%		
Walt's Bus Service	91	8.89%		
Goya Foods	97	9.47%		
Mullica Hill Cold Storage	57	5.57%		
Oldmans Township School	47	4.59%		
Lubrizol	44	4.30%		
Lacy's Express	49	4.79%		
Oxyvinyls	38	3.71%		
Unico	20	1.95%		
	<u>828</u>	<u>80.86%</u>	<u>N/A</u>	<u>0.00%</u>

Source: Salem County Economic Development Office and responses to School District survey.

N/A not available

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	20.0	19.0	18.0	17.0	14.0	15.0	17.0	18.0	19.0	20.5
Special	4.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Other special education	1.0	1.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	2.0
Other instruction	4.0	5.0	5.0	5.0	3.0	1.0	1.0	1.0	2.0	1.5
Support services:										
Student & instruction related services	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0	6.0	5.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plants operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	3.0
Food service	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	2.0
Childcare	6.0	6.0	6.0	6.0	3.0	3.0	3.0	4.0	4.0	2.0
<b>Total</b>	<u>57.0</u>	<u>56.0</u>	<u>55.0</u>	<u>54.0</u>	<u>44.0</u>	<u>44.0</u>	<u>47.0</u>	<u>50.0</u>	<u>52.0</u>	<u>47.0</u>

Source: District personnel records

OLDMANS TOWNSHIP SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2007	219	\$ 4,631,485	\$ 21,148	26.41%	26.0	17.7	222.3	211.5	-6.28%	95.14%
2008	209	4,806,986	23,000	8.76%	25.0	17.5	209.3	206.5	-5.85%	98.66%
2009	203	4,535,741	22,344	-2.85%	23.0	13.9	197.5	187.6	-5.64%	94.99%
2010	185	4,610,067	24,919	11.53%	22.0	16.5	177.2	168.9	-10.28%	95.32%
2011	193	4,173,448	21,624	-13.22%	21.0	16.1	196.8	190.6	11.06%	96.85%
2012	230	4,394,879	19,108	-11.63%	18.0	16.4	228.4	218.8	16.06%	95.80%
2013	231	4,599,101	19,910	4.19%	20.0	13.6	229.7	220.2	0.57%	95.86%
2014	253	4,789,913	18,932	-4.91%	21.0	13.9	250.7	240.0	9.14%	95.73%
2015	268	4,597,064	17,153	-9.40%	22.0	12.2	265.8	255.7	6.02%	96.20%
2016	287	4,961,042	17,286	0.77%	22.5	12.8	287.4	275.1	8.12%	95.73%

Source: District records

Note: Enrollment based on annual October District count.  
Teaching staff information from Report of Certificated Staff

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

<b>Elementary/Middle School</b>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Oldmans Township School										
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	219	219	203	177	197	228	229	251	268	287
Square feet	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000

Source: District records per Long Range Facilities Plan.

Number of schools at June 30, 2016:  
 Elementary/Middle (K-8) = 1

OLDMANS TOWNSHIP SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance Expenditures by School Facility  
 For the Fiscal Year Ended June 30, 2016

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

	Gross Square Footage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
* School Facilities												
Oldmans Middle School	56,000	\$ 20,306	\$ 38,700	\$ 66,182	\$ 48,236	\$ 68,803	\$172,107	\$ 106,803	\$ 171,300	\$ 146,302	\$ 59,998	\$ 898,737

\* School facilities as defined under EFCA  
(NJAC 6A:26-1.2 and NJAC 6:24-1.3)



OLDMANS TOWNSHIP SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2016  
Unaudited

Gloucester Cumberland Salem School Districts JIF

I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability:	\$150,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention	250,000 Per Occurrence
2. Member District Deductible	500 Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Actual Cash Value
II. Boiler and Machinery	
A. Limit of Liability:	125,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limits of Liability	500,000
1. GCSSDJIF Self-Insured Retention:	250,000
2. Member District Deductible:	500
IV. General and Automobile Liability	
A. Limit of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention (SIR):	250,000
2. Member District Deductible:	None
V. Workmen's Compensation	
A. Limits of Liability:	Statutory
1. GCSSDJIF Self Insured Retention:	250,000
2. Member District Deductible	None
VI. Educator's Legal Liability	
A. Limits of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention:	175,000
2. Member District Deductible:	None
VII. Pollution Legal Liability (Refer to attached Certificate of Coverage for Covered Districts)	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
VIII. Cyber Liability	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
IX. Violent Malicious Acts	
A. Limits of Liability:	
1. GCSSDJIF Self Insured Retention	1,000,000
2. Member District Deductible	None
Public Employees' Faithful Performance Bonds -	15,000
Selective Insurance	
Employee Theft	10,000
Position Bond - James R. Hackett, Treasurer	160,000
Position Bond - Valerie Carmody, Interim Business Administrator	15,000

Source: District records.

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

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

### Independent Auditor's Report

The Honorable President and  
Members of the Board of Education  
Oldmans Township School District  
10 Freed Road  
Pedricktown, New Jersey 08067

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oldmans Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Oldmans Township School District's basic financial statements, and have issued our report thereon dated September 19, 2016.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Oldmans Township School District's 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 Oldmans Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies 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 Oldmans Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the schedule of findings and questioned costs as items 2016-001 and 2016-002.

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

September 19, 2016

# PETRONI & ASSOCIATES LLC

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,  
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),  
AND NEW JERSEY OMB'S CIRCULAR 15-08***

## **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Oldmans Township School District  
10 Freed Road  
Pedricktown, New Jersey 08067

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

We have audited the Oldmans Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Oldmans Township School District's major state programs for the year ended June 30, 2016. The Oldmans Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

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

Our responsibility is to express an opinion on compliance for each of the Oldmans Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of

Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Oldmans Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

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

### ***Report on Internal Control Over Compliance***

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

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

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

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

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance  
Required by Uniform Guidance and NJ OMB's Circular 15-08**

We have audited the financial statements Oldmans Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated September 19, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542  
Glassboro, New Jersey

September 19, 2016

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

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2016			MEMO Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010	S010A150030	NCLB386016	\$ 47,408	07/01/15 - 06/30/16				\$ 49,089	\$ (49,089)						\$ 49,089
Title I - Part A	84.010	S010A150030	NCLB386015	48,186	07/01/14 - 06/30/15	\$ (3,826)		3,279					\$ (547)		47,052	
Title II A, Teacher & Principal Training	84.367	S367A150029	NCLB386016	13,127	07/01/15 - 06/30/16			13,127	(10,956)				\$ 2,171		10,956	
Title II A, Teacher & Principal Training	84.367	S367A150029	NCLB386015	13,393	07/01/14 - 06/30/15	(298)		298							4,288	
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA386016	82,399	07/01/15 - 06/30/16			82,399	(82,399)						82,399	
IDEA Part B, Preschool	84.173	H173A150114	IDEA386016	1,336	07/01/15 - 06/30/16			1,336	(1,336)						1,336	
Rural Education Achievement Program	84.358A	S358A153594	S358A153594	23,998	07/01/15 - 09/30/16			6,743	(23,998)				(17,255)		23,998	
Rural Education Achievement Program	84.358A	S358A143594	S358A143594	21,705	07/01/14 - 09/30/15	(7,904)		7,904							21,705	
Race to the Top	84.395	n/a	n/a	2,065	09/01/11 - 11/30/15	2					\$ (2) *				1,636	
Total Special Revenue Fund						(12,026)		164,175	(167,778)	(2)		(17,802)	2,171		242,459	
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	n/a	n/a	13,808	07/01/15 - 06/30/16			13,808	(9,127)				4,681		9,127	
Food Distribution Program	10.550	n/a	n/a	11,562	07/01/14 - 06/30/15	5,461			(5,461)						11,562	
National School Lunch Program	10.555	16161NJ304N1099	n/a	36,573	07/01/15 - 06/30/16			35,009	(36,573)				(1,564)		36,573	
National School Lunch Program	10.555	16161NJ304N1099	n/a	38,435	07/01/14 - 06/30/15	(3,015)		3,015							38,435	
School Breakfast Program	10.553	16161NJ304N1099	n/a	9,766	07/01/15 - 06/30/16			9,274	(9,766)				(492)		9,766	
School Breakfast Program	10.553	16161NJ304N1099	n/a	6,557	07/01/14 - 06/30/15	(585)		585							6,557	
School Breakfast Program	10.553	16161NJ304N1099	n/a	4,751	07/01/13 - 06/30/14	(392)		392							4,751	
After School Snack Program	10.558	16161NJ304N2020	n/a	371	07/01/15 - 06/30/16			361	(371)				(10)		371	
After School Snack Program	10.558	16161NJ304N2020	n/a	350	07/01/14 - 06/30/15	(13)		13							350	
Total Enterprise Fund						1,456		62,457	(61,298)			(2,066)	4,681		117,492	
Total Federal Financial Awards						\$ (10,570)		\$ 226,632	\$ (229,076)	\$ (2)		\$ (19,868)	\$ 6,852		\$ 359,951	

\* Prior year canceled

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.





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

**NOTE 1: GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Oldmans Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO 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 NJSA 18A:22-44-.2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,130 for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

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

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,445,764	\$ 2,445,764
Special Revenue Fund	\$ 167,778		167,778
Debt Service Fund		54,941	54,941
Food Service Fund	60,518	1,071	61,589
Total Financial Assistance	<u>\$ 228,296</u>	<u>\$ 2,501,776</u>	<u>\$ 2,730,072</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: FOOD DISTRIBUTION PROGRAM**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2016, Oldmans Township School District has food commodities totaling \$4,681 in inventory.

**NOTE 6: OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**NOTE 7: ADJUSTMENTS**

The amount reported as adjustments on Schedule A is the result of cancelation of prior year expenditure reclassifications.

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

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified?        Yes       X       No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?        Yes       X       None Reported

Noncompliance material to basic financial statements noted?        Yes       X       No

**Federal Awards** **N/A**

- 1. Material weakness(es) identified?        Yes        No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?        Yes        None reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee?        Yes        No

**State Awards**

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

Auditee qualified as low-risk auditee?       X       Yes        No

Internal control over major programs:  
 1. Material weakness(es) identified?        Yes       X       No

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

2. Significant deficiencies identified that are not considered to be material weaknesses?      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 NJ OMB's Circular 15-08?      Yes   X   No

Identification of major programs:

State Grant/Project Numbers	Name of State Program
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-068	School Choice Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid

**Section II – Financial Statement Findings**

**Finding 2016-001**

Criteria - The Payroll Agency Fund reports resources held and administered by the District in a purely custodial capacity for the various federal, state, and local reporting agencies.

Condition - The payroll agency trial balance was found to be inaccurate.

Questioned Cost - Unknown.

Effect - The payroll agency trial balance reflects balances due to and from various reporting agencies that have no supporting documentation.

Cause - The Business Office does not review the trial balance to ensure the accuracy of postings and reconcile to the cash balance.

Recommendation - The payroll agency trial balance be reviewed monthly and reconciled to the cash balance and the amounts due to the reporting agencies.

View of responsible Officials - The Business Office agrees with this finding and will develop a procedure to reconcile the information.

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

**Finding 2016-002**

Criteria - NJAC 6A:23A-16.2(c)(3) requires the use the modified accrual or accrual basis of accounting as appropriate in measuring financial position and operating results in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires encumbrance accounting.

Condition - An exception was noted based on our review of outstanding purchase orders as of June 30, as to the proper classification of reserve for encumbrances and accounts payable.

Questioned Cost – \$26,085.

Effect - Noncompliance with the prescribed accounting system.

Cause - The Business Administrator overlooked the procedure to assign the purchase order as an accounts payable as of the end of the year.

Recommendation - Purchase orders should be reviewed for proper classification at June 30 as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered.

View of responsible Officials - The Business Office agrees with this finding and will work to ensure all staff are aware of the proper distinction between accounts payable and reserve for encumbrances.

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

**FEDERAL AWARDS – N/A**

**STATE AWARDS**

**None**

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

No matters were reported.