

**BOARD OF EDUCATION
OF THE
TOWNSHIP OF WATERFORD
SCHOOL DISTRICT
WATERFORD, NEW JERSEY**



Waterford Township School District

Excellence in Education

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

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FINANCIAL SECTION



Waterford Township School District

Distinction with Pride

Jason M. Eitner
Superintendent of Schools

Daniel J. Fox, CPA
Business Administrator

November 30, 2016

Honorable President and
Members of the Waterford Township Board of Education
1106 Old White Horse Pike
Waterford, New Jersey 08089

Dear Ms. Chiddenton and Board Members:

The comprehensive annual financial report of the Waterford Township School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State of New Jersey Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Waterford Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Waterford 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 12. These include regular, as well as special education for handicapped children. The District completed the 2015-2016 school year with an average enrollment of 869.4 elementary students. The following details the changes in the elementary student enrollment of the district over the last 10 years.

Average Daily Enrollment – Elementary Students

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	831.57	(5.29%)
2014-2015	878.02	(3.06%)
2013-2014	905.76	(.56%)
2012-2013	910.9	4.77
2011-2012	869.4	(5.67)%
2010-2011	921.7	----
2009-2010	920.9	(1.80)
2008-2009	937.8	.33
2007-2008	934.7	1.23
2006-2007	923.3	(1.84)
		(9.93%)

2) ECONOMIC CONDITION AND OUTLOOK: The Waterford Township area is experiencing a period of stability due in part to present economic conditions and a previous moratorium on sewer connections. That moratorium has been lifted as a result of the Township's MUA becoming part of the Camden County Municipal Utility Authority Sewer Network.

- 3) MAJOR INITIATIVES: The next wave of curriculum focus will be the adoption of a new Mathematics curriculum.

PARCC score analysis is a logical resource to allow the anticipatory thinking to be less subjective and much more objective. With practice, careful thought in budget planning, and proper test score analysis, we will succeed in 2016-17 and future years as we plan individualized curriculum response and related budgeting.

- 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 no 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) that valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to the 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. 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

- 6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	Percent of <u>Total</u>	Increase (Decrease) <u>From 2010</u>
Local Sources	\$13,961,683	42.5	\$444,538
State Sources	17,087,191	55.2	2,721,556
Federal Sources	595,719	2.3	(27,358)
	<u>\$31,644,593</u>	<u>100.0</u>	<u>\$3,138,735</u>

The overall increase in State sources is attributed to recording a Capital Projects grant as revenue.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2015</u>
Current Expense:			
Instructional	\$16,718,173	49.3%	\$767,763
Undistributed Expenditures	11,351,141	33.4	1,309,177
Capital Outlay	282,705	.8	252,449
Special Schools	36,540	.1	(16,915)
Charter Schools	31,254	.1	14,439
Special Revenue Fund	570,201	1.7	31,455
Capital Projects Fund	4,850,776	14.3	887,796
Debt Service Fund	88,064	.3	1,528
	<u>\$33,928,854</u>	<u>100.0</u>	<u>3,247,692</u>

- 8) DEBT ADMINISTRATION: Bonds to refinance the Early Retirement Incentive Program debt from the Lower Camden County Regional High School District, which dissolved, were issued in July 2003 in the amount of \$790,000.00 at 4.48% interest. This represented a significant savings over the interest charged by the State of New Jersey. As of June 30, 2016 the outstanding balance is \$140,000.00.
- 9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 10) 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.

11) OTHER INFORMATION:

A) Independent Audit – State statutes required an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP, CPA's, 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 of 1996 and the related OMB Circular A-133 and state Circular Letter 04-04-OMB. 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.

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

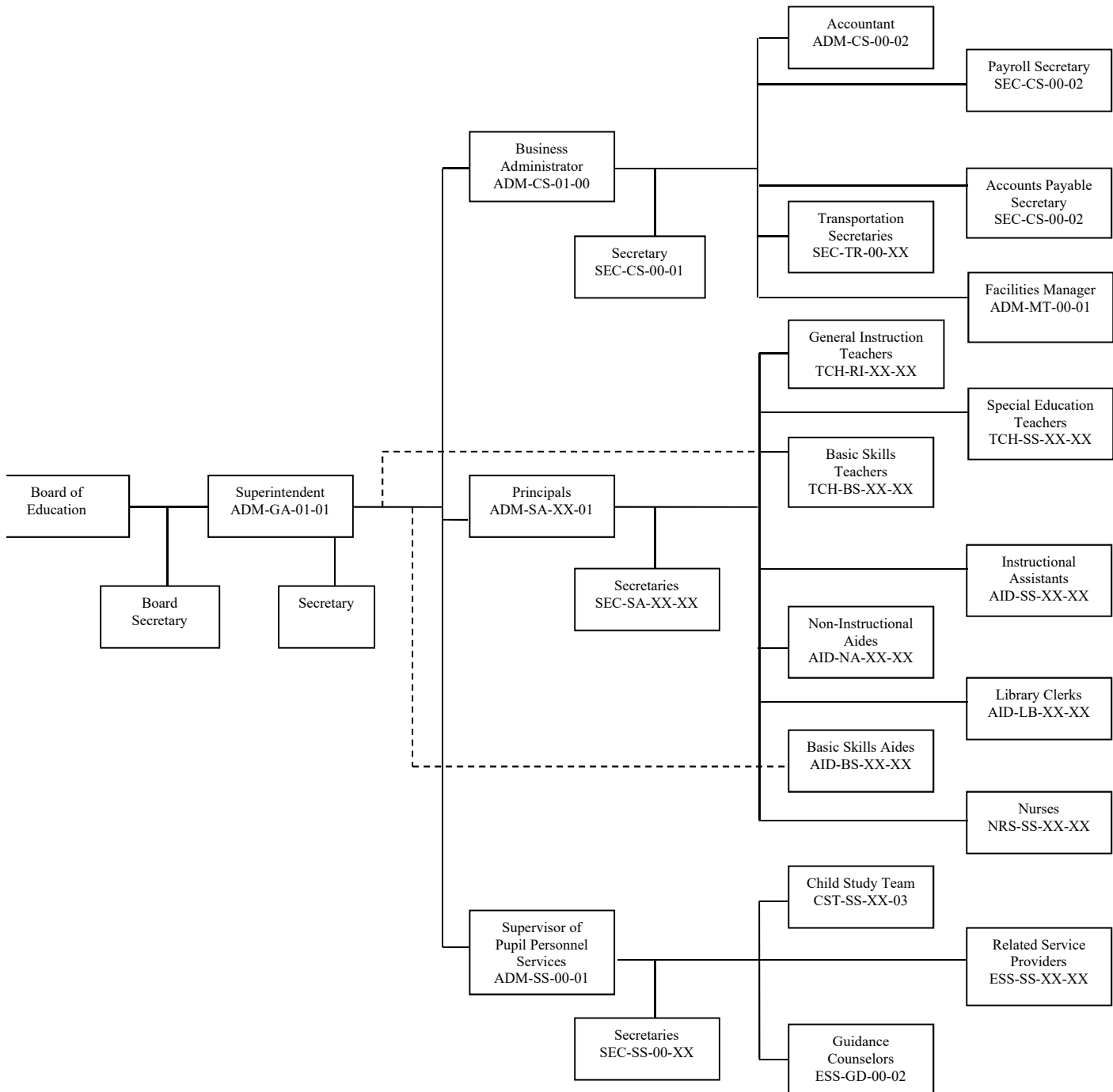
Respectfully submitted,



Daniel J. Fox, CPA
Board Secretary/Business
Administrator/Acting Superintendent

DJF:tt
Transmittal.1516

ORGANIZATIONAL CHART



**ROSTER OF OFFICIALS
JUNE 30, 2016**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Terry Chiddenton, Vice President	2017
Francis DiRocco, Vice President	2016
Carol Friant	2016
Daniel Hoover	2018
Kim Hurley	2018
Roseanna Iles	2018
Eva Suriani	2016
Robert Walsh	2017
Maria Yeatman	2017

OTHER OFFICIALS

Jason Eitner, Superintendent

Daniel J. Fox, CPA, School Business Administrator/Board Secretary

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043-2493

Attorney

Audra Pondish, Esq.
1250 Chews Landing Road
Laurel Springs, NJ 08021

Official Depository

Republic Bank
200 Rt. 73
Berlin, New Jersey 08091

INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Waterford School District
County of Camden
Waterford, New Jersey 08089

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

25000

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 30, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Waterford School District
County of Camden
Waterford, New Jersey 08089

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

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

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

Overview of the Financial Statements

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II, that contains required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business - type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

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

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 of objectives. The Township of Waterford 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 District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to an external user for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses enterprise funds to account for its food service program, school age childcare program, and adult piano 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 Districts' own programs. The accounting used for the fiduciary funds is much like that used for the 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.

The School District as a Whole

The Statement of Net Position provides a snapshot of the School district as a whole.

The table on the following page provides a summary of the School District's net position for the year ending June 30, 2016.

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

**Table 1
Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Cash and Cash Equivalents	\$ 1,125,502	\$ 1,603,919
Receivables, net	3,534,411	778,832
Inventory (Note 6)	10,640	8,842
Restricted Assets:		
Restricted Cash and Cash Equivalents	1,680	4,218,147
Capital Reserve Account - Cash		64,548
Capital Assets, net (Note 7)	<u>12,934,521</u>	<u>8,171,249</u>
 Total Assets	 <u>17,606,753</u>	 <u>14,845,538</u>
Deferred Outflow of Resources - Related to Pensions	<u>929,311</u>	<u>242,033</u>
Liabilities		
Accounts Payable	646,471	1,583,784
Accrued Interest Payable	31,731	39,943
Grant Anticipation Note	2,750,000	1,500,000
Payable to Other Groups	1,186	836
Deferred Revenue	2,874	2,304
Noncurrent Liabilities (Note 8):		
Due within One Year	676,201	654,076
Due beyond One Year	<u>5,954,095</u>	<u>5,584,334</u>
 Total Liabilities	 <u>10,062,557</u>	 <u>9,365,277</u>
Deferred Inflow of Resources - Related to Pensions	<u>85,088</u>	<u>202,809</u>
Net Position		
Net Investments in Capital Assets	10,734,213	5,438,650
Restricted for:		
Debt Service	1,680	1,727
Capital Projects		2,208,962
Other Purposes	439,884	455,589
Unrestricted (Deficit)	<u>(2,787,357)</u>	<u>(2,585,444)</u>
 Total Net Position	 <u>\$ 8,388,420</u>	 <u>\$ 5,519,484</u>

The largest portion of the Township of Waterford School Districts' net position (99%) reflects Net Investment in Capital Assets. The Waterford Township School District will use these assets to replace building systems that have passed their useful life.

The net position of the business-type activities increased by \$722.86.

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

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68. For more information refer to Note 10 in the report for details.

Table 2

Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Deferred Outflows Related to Pensions	\$ 929,311	\$ 242,033
Less: Net Pension Liability	(3,902,574)	(2,943,795)
Less: Deferred Inflows Related to Pensions	(85,088)	(202,809)
	<u>\$ (3,058,351)</u>	<u>\$ (2,904,571)</u>

Table 3

Changes in Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 401,890	\$ 356,231
Operating Grants and Contributions	4,626,267	3,783,188
General Revenues:		
Property Taxes	13,636,861	13,228,701
Federal and State Aid	15,534,505	9,993,191
Tuition	104,940	148,451
Unrestricted Miscellaneous Revenues	190,388	118,311
	<u>34,494,851</u>	<u>27,628,074</u>
Program Expenses:		
Governmental Activities:		
Instruction	6,655,440	6,406,076
Support Services	24,392,191	22,232,932
	<u>31,047,631</u>	<u>28,639,007</u>
Business-Type Activities:		
Food Service	336,029	339,439
School Age Childcare	241,664	213,643
Adult Piano	592	226
	<u>578,285</u>	<u>553,307</u>
Total Expenses, Business-Type Activities	<u>578,285</u>	<u>553,307</u>
Total Expenses	<u>31,625,916</u>	<u>29,192,315</u>
Change in Net Position	2,868,935	(1,564,241)
Net Position, July 1	<u>5,519,484</u>	<u>7,083,725</u>
Ending Net Position, Prior to Restatement	<u>\$ 8,388,419.53</u>	<u>\$ 5,519,484.38</u>

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

Governmental Activities

State and Federal Aid and the Local Tax Levy comprise 84% of the total revenues for government activities for the fiscal year 2016.

Instruction costs comprises 21.4% of the District's governmental expenses, while support service and other expenses, including tuition costs, comprise approximately 78.6% of the Government Expense.

The Statement of Activities shows the costs of the Governmental Activities' program services and the charges for services and grants offsetting those services. Table 4 shows the total cost of services and the net cost of services for fiscal year 2016. That is, it identifies the cost of these services supported by general revenues

Table 4

	Total Cost of services	Net Cost of services
Instruction	\$ 6,655,440	\$ 6,160,297
Support services:		
Tuition	10,768,838	10,768,838
Student and Instruction Related Service	1,715,944	1,683,920
School Administrative Services	1,314,065	1,314,065
Plant Operation and Maintenance	1,987,506	1,987,506
Pupil Transportation	2,242,025	2,242,025
Unallocated Benefits	2,413,867	2,370,834
Reimbursed TPAF and Social Security	3,878,971	
Special Schools	36,540	36,540
Transfer to Charter School	31,254	31,254
Interest on Long Term Debt	3,183	3,183
Total Government Activities	\$ 31,047,631	\$ 26,598,459

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

Tuition expenses include the cost to the School District to send pupils living within the District to private schools and schools and students in grades 7-12 to Hammonton Middle/High Schools.

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

School Administrative and Business and Other Support Services include expenses associated with establishing and administering policy for the School District and include board of education services and executive administrative services.

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

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

Governmental Activities (Cont'd)

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Unallocated benefits includes the cost of benefits for the School District staff for social security, retirement contributions, workers' compensation, health, dental, prescription and other employee benefits.

Reimbursed TPAF and Social Security costs are the amounts for the on-behalf payments made by the State of New Jersey for staff members included in the Teacher's Pension and Annuity Fund.

The dependence upon property taxes, federal and state aid is apparent. The local community, federal government and state, are the primary support for the Waterford Township School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$31,644,593.02 (Exhibit B-2), expenditures of \$33,928,854.31. The net change in fund balance was significant in the Capital Projects Fund which had an decrease of \$2,144,414.05.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey Law. Most of the funds are appropriated in the General Fund.

During the course of the 2016 fiscal year, the School District modified its General Fund budget as allowed by New Jersey School law. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances.

For the General Fund, the final budget basis revenue estimate was \$26,222,418, with actual revenues in the amount of \$28,292,711, resulting in a positive variance of \$2,070,293. The positive variance occurred mainly because of the TPAF On-behalf and Social Security payments by the State of New Jersey.

The General Fund final budget basis expenditure appropriation estimate was \$27,846,268 compared with the original estimate of the same. Actual General Fund basis expenditures were \$28,419,813.

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

Capital Assets

At the end of the fiscal year, the School District had \$12,882,598 invested in land, land improvements, buildings and improvements and equipment combined for governmental activities and business-type activities.

Table 4 shows a summary of the district's fiscal 2016 balances:

**Table 5
Capital Assets (Net of Depreciation)**

Land	\$	370,481
Land Improvements		134,520
Buildings and Improvements		4,103,681
Construction in Progress		8,031,471
Equipment		242,446
Totals	\$	12,882,598

Overall capital assets increased \$4,746,249.73 from fiscal year 2015 to fiscal year 2016. This increase was primarily as a result of a HVAC project expense.

Debt Administration

At the end of the current fiscal year, the Township of Waterford School District had total bonded debt outstanding of \$140,000.00. All of the Districts' bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$35,000.00 representing the payment of annual principal. The bonds will mature of October 1, 2019.

During the fiscal year ended June 30, 2016, the School District had no new capital lease agreements. The outstanding balance for all long-term liabilities at June 30, 2016 is \$6,630,295.40.

Economic Factors and Next Year's Budget

For the 2015-16 school year, the School District was able to stay within the State of New Jersey's cap on the increase in taxes levied of 3%. The district continues to look for opportunities for cost containment including shared services. One of the most important factors affecting the budget is enrollment. The district has enacted new procedures to minimize the number of ineligible students.

Contacting the School District's Financial Management

The School District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Waterford Township School Business Administrator/Board Secretary at 1106 Old White Horse Pike, Waterford, New Jersey 08089.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,102,185.64	\$ 23,316.58	\$ 1,125,502.22
Receivables, net	3,504,427.69	29,982.99	3,534,410.68
Internal Balance	21,799.54	(21,799.54)	
Inventory (Note 6)		10,639.56	10,639.56
Restricted Assets:			
Restricted Cash and Cash Equivalents	1,680.29		1,680.29
Capital Assets, net (Note 7)	12,882,598.31	51,922.30	12,934,520.61
Total Assets	17,512,691.47	94,061.89	17,606,753.36
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 10)	929,311.00		929,311.00
LIABILITIES:			
Accounts Payable	610,782.08	35,688.95	646,471.03
Accrued Interest Payable	31,730.88		31,730.88
Grant Anticipation Note Payable	2,750,000.00		2,750,000.00
Payable to Other Groups	1,185.51		1,185.51
Unearned Revenue		2,874.01	2,874.01
Noncurrent Liabilities (Note 8):			
Due within One Year	676,200.54		676,200.54
Due beyond One Year	5,954,094.86		5,954,094.86
Total Liabilities	10,023,993.87	38,562.96	10,062,556.83
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 10)	85,088.00		85,088.00
NET POSITION:			
Net Investments in Capital Assets	10,682,290.26	51,922.30	10,734,212.56
Restricted for:			
Debt Service	1,680.14		1,680.14
Capital Projects			
Other Purposes	439,883.74		439,883.74
Unrestricted (Deficit)	(2,790,933.54)	3,576.63	(2,787,356.91)
Total Net Position	\$ 8,332,920.60	\$ 55,498.93	\$ 8,388,419.53

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

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

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,507,234.93		\$ 495,142.85	\$ (4,012,092.08)		\$ (4,012,092.08)	
Special Education	1,349,643.79			(1,349,643.79)		(1,349,643.79)	
Other Special Instruction	797,910.90			(797,910.90)		(797,910.90)	
School Sponsored Cocurricular Activities	650.00			(650.00)		(650.00)	
Support Services:							
Tuition	10,768,837.70			(10,768,837.70)		(10,768,837.70)	
Student and Instruction Related Services	1,715,943.98		32,024.34	(1,683,919.64)		(1,683,919.64)	
School Administrative Services	1,314,064.55			(1,314,064.55)		(1,314,064.55)	
Plant Operations and Maintenance	1,987,506.02			(1,987,506.02)		(1,987,506.02)	
Pupil Transportation	2,242,024.60			(2,242,024.60)		(2,242,024.60)	
Unallocated Benefits	2,413,867.33		43,033.73	(2,370,833.60)		(2,370,833.60)	
Reimbursed TPAF and Social Security	3,878,970.77		3,878,970.77				
Special Schools	36,539.64			(36,539.64)		(36,539.64)	
Transfer to Charter School	31,254.00			(31,254.00)		(31,254.00)	
Interest on Long-Term Debt	3,182.52			(3,182.52)		(3,182.52)	
Total Governmental Activities	31,047,630.73		4,449,171.69	(26,598,459.04)		(26,598,459.04)	
Business-Type Activities:							
Food Service	336,028.82	\$ 159,620.77	177,095.11		\$ 687.06	687.06	
School Age Child Care	241,664.08	241,664.08					
Adult Piano	592.10	605.00			12.90	12.90	
Total Business-Type Activities	578,285.00	401,889.85	177,095.11		699.96	699.96	
Total Government	\$ 31,625,915.73	\$ 401,889.85	\$ 4,626,266.80	\$ -	(26,598,459.04)	699.96	(26,597,759.08)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net				13,548,844.00		13,548,844.00	
Property Taxes, Levied for Debt Service, net				88,017.00		88,017.00	
Federal and State Aid not Restricted				12,828,143.52		12,828,143.52	
Federal and State Aid Restricted				2,706,361.91		2,706,361.91	
Tuition Received				104,939.88		104,939.88	
Investment Earnings				6,550.08	22.90	6,572.98	
Miscellaneous Income				183,814.94		183,814.94	
Total General Revenues				29,466,671.33	22.90	29,466,694.23	
Change in Net Position				2,868,212.29	722.86	2,868,935.15	
Net Position -- July 1				5,464,708.31	54,776.07	5,519,484.38	
Net Position -- June 30				\$ 8,332,920.60	\$ 55,498.93	\$ 8,388,419.53	

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 1,102,185.64		\$ 0.15	\$ 1,680.14	\$ 1,103,865.93
Receivables, net:					
Interfunds Receivable:					
Capital Projects Fund	218,767.96				218,767.96
Special Revenue Fund	26,868.65				26,868.65
Enterprise Funds	21,799.54				21,799.54
Fiduciary Funds	6,372.46				6,372.46
Receivables from Other Governments:					
State of New Jersey	223,596.41		3,099,546.49		3,323,142.90
Federal Government	23,779.15	\$ 79,113.55			102,892.70
Other -- Tuition	50,141.87				50,141.87
Miscellaneous Other Receivables	21,877.76				21,877.76
Total Assets	\$ 1,695,389.44	\$ 79,113.55	3,099,546.64	\$ 1,680.14	\$ 4,875,729.77
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 282,355.50	\$ 44,519.90	\$ 130,778.68		\$ 457,654.08
Grant Anticipation Note Payable			2,750,000.00		2,750,000.00
Interfunds Payable:					
General Fund		26,868.65	218,767.96		245,636.61
Payable to Local Clubs		1,185.51			1,185.51
Total Liabilities	282,355.50	72,574.06	3,099,546.64		3,454,476.20

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Restricted:					
Excess Surplus -- Designated for Subsequent Year's Expenditures	\$ 433,344.25				\$ 433,344.25
Special Revenue Fund		\$ 6,539.49			6,539.49
Debt Service Fund				\$ 1,680.14	1,680.14
Assigned:					
Other Purposes	481,596.85				481,596.85
Designated for Subsequent Year's Expenditures	919,017.47				919,017.47
Unassigned:					
General Fund (Deficit)	<u>(420,924.63)</u>				<u>(420,924.63)</u>
Total Fund Balances	<u>1,413,033.94</u>	<u>6,539.49</u>		<u>1,680.14</u>	1,421,253.57
Total Liabilities and Fund Balances	<u>\$ 1,695,389.44</u>	<u>\$ 79,113.55</u>	<u>\$ 3,099,546.64</u>	<u>\$ 1,680.14</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,554,737.32, and the accumulated depreciation is \$8,672,139.01.					12,882,598.31
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.					(31,730.88)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(2,727,721.40)
Net Pension Liability					(3,902,574.00)
Accounts Payable related to the April 1, 2017 Required PERS pension contribution that is not to be liquidated with current financial resources.					(153,128.00)
Deferred Outflows of Resources - Related to Pensions					929,311.00
Deferred Inflows of Resources - Related to Pensions					(85,088.00)
Net position of governmental activities					<u>\$ 8,332,920.60</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Source - Tax Levy	\$ 13,548,844.00			\$ 88,017.00	\$ 13,636,861.00
Tuition Charges	104,939.88				104,939.88
Miscellaneous	201,523.95	\$ 18,358.44			219,882.39
State Sources	14,380,828.77		\$ 2,706,361.91		17,087,190.68
Federal Sources	55,035.52	540,683.55			595,719.07
Total Revenues	28,291,172.12	559,041.99	2,706,361.91	88,017.00	31,644,593.02
EXPENDITURES:					
Current:					
Regular Instruction	3,801,131.46	495,142.85			4,296,274.31
Special Education Instruction	1,349,643.79				1,349,643.79
Other Special Instruction	797,910.90				797,910.90
School Sponsored Cocurricular Activities	650.00				650.00
Undistributed Expenditures:					
Tuition	10,768,837.70				10,768,837.70
Student and Instruction Related Services	2,167,869.48	32,024.34			2,199,893.82
School Administrative Services	1,297,993.10				1,297,993.10
Plant Operations and Maintenance	1,826,182.65				1,826,182.65
Pupil Transportation	2,242,024.60				2,242,024.60
Unallocated Benefits	2,209,350.69	43,033.73			2,252,384.42
Reimbursed TPAF Pension and Social Security	1,607,720.77				1,607,720.77
Debt Service:					
Interest on Early Retirement Bonds				8,064.00	8,064.00
Redemption of Principal - Early Retirement Bonds				80,000.00	80,000.00
Capital Outlay	282,704.65		4,850,775.96		5,133,480.61
Special Schools	36,539.64				36,539.64
Transfer to Charter Schools	31,254.00				31,254.00
Total Expenditures	28,419,813.43	570,200.92	4,850,775.96	88,064.00	33,928,854.31

(Continued)

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues over Expenditures	\$ (128,641.31)	\$ (11,158.93)	\$ (2,144,414.05)	\$ (47.00)	\$ (2,284,261.29)
Fund Balance -- July 1	1,541,675.25	17,698.42	2,144,414.05	1,727.14	3,705,514.86
Fund Balance -- June 30	<u>\$ 1,413,033.94</u>	<u>\$ 6,539.49</u>	<u>\$ -</u>	<u>\$ 1,680.14</u>	<u>\$ 1,421,253.57</u>

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

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

Total Net Change in Fund Balances - Governmental Funds		\$ (2,284,261.29)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (383,899.88)	
Debt Service Assessment Charged to Capital Outlay	(3,331.00)	
Capital Outlays	<u>5,133,480.61</u>	
		4,746,249.73
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		532,290.63
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		80,000.00
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		8,212.48
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(56,835.26)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(157,444.00)</u>
Change in Net Position of Governmental Activities		<u>\$ 2,868,212.29</u>

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

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

	Business-Type Activities - Enterprise Funds			Totals
	Food Service	School Age Child Care	Adult Piano	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 762.69	\$ 20,765.89	\$ 1,788.00	\$ 23,316.58
Accounts Receivable:				
State	634.09			634.09
Federal	28,577.14			28,577.14
Other		771.76		771.76
Inventory	10,639.56			10,639.56
Interfund Accounts Receivable - General Fund		14,151.30		14,151.30
Total Current Assets	40,613.48	35,688.95	1,788.00	78,090.43
Noncurrent Assets:				
Equipment	234,484.15			234,484.15
Less Accumulated Depreciation	(182,561.85)			(182,561.85)
Total Noncurrent Assets	51,922.30			51,922.30
Total Assets	92,535.78	35,688.95	1,788.00	130,012.73
LIABILITIES:				
Current Liabilities:				
Interfund Payable:				
General Fund	35,950.84			35,950.84
Unearned Revenue	2,874.01			2,874.01
Accounts Payable		35,688.95		35,688.95
Total Current Liabilities	38,824.85	35,688.95		74,513.80
NET POSITION:				
Net Investment in Capital Assets	51,922.30			51,922.30
Unrestricted	1,788.63		1,788.00	3,576.63
Total Net Position	\$ 53,710.93	\$ -	\$ 1,788.00	\$ 55,498.93

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

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

	Business-Type Activities - Enterprise Funds			Totals
	Food Service	School Age Child Care	Adult Piano	
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Breakfast Program	\$ 10,379.55			\$ 10,379.55
School Lunch Program	99,092.93			99,092.93
Daily Sales Non-Reimbursable Programs	43,753.70			43,753.70
Special Functions	4,205.34			4,205.34
Miscellaneous	2,189.25	\$ 358.11		2,547.36
Program Fees		241,305.97	\$ 605.00	241,910.97
	<u>159,620.77</u>	<u>241,664.08</u>	<u>605.00</u>	<u>401,889.85</u>
Total Operating Revenue				
	<u>159,620.77</u>	<u>241,664.08</u>	<u>605.00</u>	<u>401,889.85</u>
OPERATING EXPENSES:				
Salaries	123,470.37	132,466.14	550.00	256,486.51
Employee Benefits	29,205.21	93,044.27	42.10	122,291.58
Purchased Professional and Technical Services	31,345.08	2,970.00		34,315.08
Other Purchased Services (400 and 500 Series)	6,857.06			6,857.06
Cost of Goods Sold -- Non-Reimbursable	14,726.40			14,726.40
Cost of Goods Sold -- Reimbursable	117,843.67			117,843.67
Supplies and Materials	9,614.09	3,149.59		12,763.68
Depreciation	2,966.94			2,966.94
Other Objects		10,034.08		10,034.08
	<u>336,028.82</u>	<u>241,664.08</u>	<u>592.10</u>	<u>578,285.00</u>
Total Operating Expenses				
	<u>336,028.82</u>	<u>241,664.08</u>	<u>592.10</u>	<u>578,285.00</u>
Operating Income (Loss)	<u>(176,408.05)</u>		<u>12.90</u>	<u>(176,395.15)</u>
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	3,126.61			3,126.61
Federal Sources:				
National School Lunch Program	107,528.42			107,528.42
School Breakfast Program	37,345.70			37,345.70
Food Distribution Program	29,117.28			29,117.28
	<u>177,118.01</u>			<u>177,118.01</u>
Total Nonoperating Revenues (Expenses)				
	<u>177,118.01</u>			<u>177,118.01</u>
Change in Net Position	709.96		12.90	722.86
Net Position - July 1	53,000.97		1,775.10	54,776.07
Net Position - June 30	<u>\$ 53,710.93</u>	<u>\$ -</u>	<u>\$ 1,788.00</u>	<u>\$ 55,498.93</u>

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

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

	Business-Type Activities - Enterprise Funds			Totals
	Food Service	School Age Child Care	Adult Piano	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 179,312.74	\$ 243,481.08	\$ 605.00	\$ 423,398.82
Payments to Employees	(123,470.37)	(143,904.47)	(603.83)	(267,978.67)
Payments for Employee Benefits	(29,205.21)	(93,044.27)	(42.10)	(122,291.58)
Payments to Suppliers	(163,355.42)	(114,434.77)		(277,790.19)
Net Cash Provided by (used for) Operating Activities	<u>(136,718.26)</u>	<u>(107,902.43)</u>	<u>(40.93)</u>	<u>(244,661.62)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	2,855.72			2,855.72
Federal Sources	128,444.94			128,444.94
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>131,300.66</u>			<u>131,300.66</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(19,989.00)			(19,989.00)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(19,989.00)</u>			<u>(19,989.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,406.60)	(107,902.43)	(40.93)	(133,349.96)
Cash and Cash Equivalents, July 1	26,169.29	128,668.32	1,828.93	156,666.54
Cash and Equivalents, June 30	<u>\$ 762.69</u>	<u>\$ 20,765.89</u>	<u>\$ 1,788.00</u>	<u>\$ 23,316.58</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)				
by Operating Activities:				
Operating Income (Loss)	\$ (176,408.05)		\$ 12.90	\$ (176,395.15)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:				
Depreciation and Net Amortization	2,966.94			2,966.94
Food Distribution Program	29,117.28			29,117.28
Change in Assets and Liabilities:				
(Increase) / Decrease in Accounts Receivable	19,122.30	\$ 1,817.00		20,939.30
(Increase) / Decrease in Inventory	(1,797.49)			(1,797.49)
Increase / (Decrease) in Unearned Revenue	569.67			569.67
Increase / (Decrease) in Other Liabilities	(10,194.16)	26,951.91		16,757.75
Increase / (Decrease)Compensated Absences		(11,438.33)		(11,438.33)
Increase / (Decrease) in Accounts Payable	(94.75)	(125,233.01)	(53.83)	(125,381.59)
Total Adjustments	<u>39,689.79</u>	<u>(107,902.43)</u>	<u>(53.83)</u>	<u>(68,266.47)</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ (136,718.26)</u>	<u>\$ (107,902.43)</u>	<u>\$ (40.93)</u>	<u>\$ (244,661.62)</u>

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

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

	Private-Purpose Trust Fund	Agency Funds	
	Unemployment Compensation Trust	Student Activity	Payroll
ASSETS:			
Cash and Cash Equivalents	\$ 40,458.25	\$ 8,240.21	\$ 100,085.77
Intrafund Accounts Receivable:			
Payroll	4,886.00		
Intergovernmental Accounts Receivable:			
State			36.77
Federal			496.88
Other			32,956.29
Total Assets	<u>45,344.25</u>	<u>\$ 8,240.21</u>	<u>\$ 133,575.71</u>
LIABILITIES:			
Payroll Deductions and Withholdings			\$ 122,317.25
Intrafund Accounts Payable:			
Unemployment Trust			4,886.00
Interfund Payable:			
General Fund			6,372.46
Intergovernmental Accounts Payable:			
State	186.73		
Payable to Student Groups		\$ 8,240.21	
Total Liabilities	<u>186.73</u>	<u>\$ 8,240.21</u>	<u>\$ 133,575.71</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	<u>45,157.52</u>		
Total Net Position	<u>\$ 45,157.52</u>		

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

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

	Private-Purpose Trust Fund
	Unemployment Compensation Trust
ADDITIONS:	
Investment earnings:	
Interest	\$ 55.18
Payroll Deductions	14,843.25
Total Additions	14,898.43
DEDUCTIONS:	
Unemployment Claims	4,239.87
Change in Net Position	10,658.56
Net Position -- July 1	34,498.96
Net Position -- June 30	\$ 45,157.52

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 12. Students in grades K through 6 are educated at the School District's three schools. Students in grades 7 through 12 attend, on a tuition basis, Hammonton Middle/High Schools. The School District has an approximate enrollment at June 30, 2016 of 838.

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

Component Units

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

Permanent Fund - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students as a whole. The School District does not maintain a permanent fund.

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

Additionally, the School District reports the following fund types:

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

The School District reports the following major proprietary funds:

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

School Aged Child Care Fund - This fund accounts for the financial activity related to daycare services for the School District students before and after school.

Adult Piano Fund - This fund accounts for the financial activity related to providing piano instruction.

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

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

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

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	20 Years	N/A
Buildings and Improvements	5-50 Years	N/A
Equipment	5-20 Years	15 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

Tuition Payable

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

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amounts earned by these employees were disbursed to the employees' own individual financial institution.

Compensated Absences

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

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

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

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

Pensions

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

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

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

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

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

The following GASB Statements became effective for the fiscal year ended June 30, 2016:

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

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

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

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

Recently Issued Accounting Pronouncements

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

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

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2016, the School District's bank balances of \$1,775,471.83 were fully insured.

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2016, the School District's deposits with the New Jersey Cash Management Fund were \$7,341.68.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$84,228.00 in the original 1996-1997 annual capital outlay budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance July 1, 2015	\$ 64,548.41
Increased by:	
Interest Earnings	0.09
	<u>64,548.50</u>
Decreased by:	
Budgeted Withdrawal - Capital Outlay	<u>\$ 64,548.50</u>

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

Governmental Funds						
<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>		
Federal Awards	\$ 23,779.15	\$ 79,113.55		\$	102,892.70	
State Awards	223,596.41		\$ 3,099,546.49	3,323,	142.90	
Tuition Charges	50,141.87			50,	141.87	
Other	21,877.76			21,	877.76	
	<u>\$ 319,395.19</u>	<u>\$ 79,113.55</u>	<u>\$ 3,099,546.49</u>	<u>\$ 3,498,</u>	<u>055.23</u>	

Proprietary Funds						
<u>Description</u>	<u>Food Service Fund</u>	<u>School Aged Child Care Program (S.A.C.C.) Fund</u>	<u>Adult Piano Fund</u>	<u>Total Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total All Funds</u>
Federal Awards	\$ 28,577.14			\$ 28,577.14	\$ 496.88	\$ 29,074.02
State Awards	634.09			634.09	36.77	670.86
Other		\$ 771.76		771.76	32,956.29	33,728.05
	<u>\$ 29,211.23</u>	<u>\$ 771.76</u>	<u>\$ -</u>	<u>\$ 29,982.99</u>	<u>\$ 33,489.94</u>	<u>\$ 63,472.93</u>

Note 5: INVENTORY

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

Business-type activities

Food	\$ 8,619.55
Supplies	<u>2,020.01</u>
	<u>\$ 10,639.56</u>

Note 6: CAPITAL ASSETS

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

	Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Government Activities:					
Capital Assets that are not being Depreciated:					
Land	\$ 370,481.00				\$ 370,481.00
Construction In Progress	3,969,279.78	\$ 5,000,614.03	\$ (938,423.17)		8,031,470.64
Total Capital Assets not being Depreciated	4,339,760.78	5,000,614.03	(938,423.17)		8,401,951.64
Land Improvements	599,935.32		54,529.20		654,464.52
Building and Improvements	10,424,738.79		883,893.97	\$ 16,902.00	11,291,730.76
Equipment	1,112,650.82	129,535.58		35,596.00	1,206,590.40
Totals at Historical Cost	12,137,324.93	129,535.58	938,423.17	52,498.00	13,152,785.68
Less: Accumulated Depreciation for:					
Land Improvements	(513,028.13)	(6,916.82)			(519,944.95)
Building and Improvements	(6,864,585.12)	(340,366.41)		(16,902.00)	(7,188,049.53)
Equipment	(963,123.88)	(36,616.65)		(35,596.00)	(964,144.53)
Total Accumulated Depreciation	(8,340,737.13)	(383,899.88) *		(52,498.00)	(8,672,139.01)
Total Capital Assets being Depreciated, net of Accumulated Depreciation	3,796,587.80	(254,364.30)			4,480,646.67
Government Activities Capital Assets, net	\$ 8,136,348.58	\$ 4,746,249.73	\$ -	\$ -	\$ 12,882,598.31
Business-Type Activities:					
Equipment	\$ 235,915.15	\$ 19,989.00		\$ 21,420.00	\$ 234,484.15
Less: Accumulated Depreciation	(201,014.91)	(2,966.94) *		(21,420.00)	(182,561.85)
Business-Type Activities Capital Assets, net	\$ 34,900.24	\$ 17,022.06	\$ -	\$ -	\$ 51,922.30

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

Governmental Activities:	
Instructional	\$ 212,273.12
Support Services Students/Staff	4,732.89
Support Services School Adm.	5,570.50
Support Services Plant	161,323.37
Total Depreciation Expense - Governmental Activities	\$ 383,899.88
Business-Type Activities:	
Food Service	\$ 2,966.94

Note 7: SHORT-TERM OBLIGATIONS

Grant Anticipation Note – Pursuant to N.J.S.A. 18A:22-44.1 and in anticipation of the receipt of a grant from the New Jersey Schools Development Authority, the School District issued a Grant Anticipation Note on December 30, 2014 in the amount of \$1,500,000.00, at an annual interest rate of 1.125%, maturing on December 30, 2015. At December 30, 2015, the School District paid the note in full with interest of \$16,875.00.

On September 16, 2015, the School District issued a Grant Anticipation Note in the amount of \$1,250,000.00, at an annual interest rate of .087% maturing on September 15, 2016. The proceeds of the note will be applied only to purposes of the School District's school facilities project for which the grant was awarded.

On December 29, 2015 the School District issued a Grant Anticipation Note in the amount of \$1,500,000.00, at an annual interest rate of .093% maturing on December 29, 2016. The proceeds of the note will be applied only to purposes of the School District's school facilities project for which the grant was awarded.

The following represents short-term debt activity for the fiscal year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Description:</u>				
Grant Anticipation Notes	\$ 1,500,000.00	\$ 2,750,000.00	\$ 1,500,000.00	\$ 2,750,000.00

Note 8: LONG-TERM LIABILITIES

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

	<u>Principal</u> <u>Outstanding</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal</u> <u>Outstanding</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 220,000.00		\$ (80,000.00)	\$ 140,000.00	\$ 35,000.00
Net Pension Liability (note 10)	2,943,795.00	\$ 1,285,900.00	(327,121.00)	3,902,574.00	
Obligations under Capital Lease	2,732,598.68		(532,290.63)	2,200,308.05	540,703.21
Compensated Absences	330,578.09	56,835.26		387,413.35	100,497.33
Governmental Activity Long-term Liabilities	<u>\$ 6,226,971.77</u>	<u>\$ 1,342,735.26</u>	<u>\$(939,411.63)</u>	<u>\$ 6,630,295.40</u>	<u>\$ 676,200.54</u>

The bonds payable are generally liquidated by the debt service fund, while the obligations under capital leases, net pension liability and compensated absences are liquidated by the general fund.

Note 8: LONG-TERM LIABILITIES (CONT'D)

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

	<u>Principal Outstanding July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
Business Type Activities:					
Compensated Absences	\$ 11,438.33	\$ -	(11,438.33)	\$ -	\$ -

Compensated absences are liquidated by the School Aged Child Care fund.

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

On July 29, 2003, the School District issued \$790,000.00 taxable refunding bonds at interest rates of 4.48% for the retirement of unfunded liabilities of the School District in the Teacher's Pension and Annuity Fund and Public Employees Retirement System under early retirement incentive programs. The final maturity of these bonds is October 1, 2019. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 35,000.00	\$ 5,488.00	\$ 40,488.00
2018	35,000.00	3,920.00	38,920.00
2019	40,000.00	2,240.00	42,240.00
2020	30,000.00	672.00	30,672.00
	<u>\$ 140,000.00</u>	<u>\$ 12,320.00</u>	<u>\$ 152,320.00</u>

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

Obligations under Capital Lease - The School District is leasing WIFI System equipment totaling \$68,016.20 under a capital lease. In addition the School District entered into a lease agreement for \$2,678,551.00 where the proceeds were used to supplement the School District's local share of a capital project partially funded by a Regular Operating District Grant from the New Jersey Economic Development Authority. All capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 540,703.21	\$ 34,667.24	\$ 575,370.45
2018	549,249.64	26,120.81	575,370.45
2019	557,932.06	17,438.39	575,370.45
2020	552,423.14	8,617.79	561,040.93
	<u>\$ 2,200,308.05</u>	<u>\$ 86,844.23</u>	<u>\$ 2,287,152.28</u>

Note 8: LONG-TERM LIABILITIES (CONT'D)

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 10. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 9: OPERATING LEASES

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

Fiscal Year	
<u>Ending June 30,</u>	<u>Amount</u>
2017	<u>\$ 3,725.70</u>
Total	<u>\$ 3,725.70</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$22,354.00.

Note 10: PENSION PLANS

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

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

General Information about the Pension Plans**Plan Descriptions**

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

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Note 10: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

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

Contributions

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

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

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 4.75% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$316,292.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$485,025.51.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 17.75% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$149,464.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$79,327.43.

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

For the fiscal year ended June 30, 2016, employee contributions totaled \$17,938.38, and the School District recognized pension expense of \$11,968.60. There were no forfeitures during the fiscal year.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

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

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>37,191,626.00</u>
	<u>\$ 37,191,626.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0588530261%, which was a decrease of .0026349620% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized \$2,271,250.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$3,902,574.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was .0173849565%, which was an increase of .0016618527% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$306,904.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 93,102.00	\$ -
Changes of Assumptions	419,105.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	62,746.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	263,976.00	22,342.00
School District Contributions Subsequent to the Measurement Date	<u>153,128.00</u>	<u>-</u>
	<u>\$ 929,311.00</u>	<u>\$ 85,088.00</u>

\$153,128.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2017	\$ 132,079.00
2018	132,079.00
2019	132,081.00
2020	175,939.00
2021	<u>118,917.00</u>
	<u>\$ 691,095.00</u>

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) – The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

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

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions**

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

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

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

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

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

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 10: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	44,200,857.00	37,191,626.00	31,152,754.00
	<u>\$ 44,200,857.00</u>	<u>\$ 37,191,626.00</u>	<u>\$ 31,152,754.00</u>

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

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	\$ 4,850,422.00	\$ 3,902,574.00	\$ 3,107,905.00

Pension Plan Fiduciary Net Position

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

Note 11: STATE POST-RETIREMENT MEDICAL BENEFITS

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

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

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$486,433.00, \$608,060.00 and \$24,231.00, respectively.

Note 13: RISK MANAGEMENT

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

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

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

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2016		\$ 14,843.25	\$ 55.18	\$ 4,239.87	\$ 45,157.52
2015		14,761.68	22.48	34,697.73	34,498.96
2014	\$ 52,000.00	26,293.65	15.72	47,446.23	54,412.53

Note 14: DEFERRED COMPENSATION

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

Washington National
Kemper Investments
Lincoln Investment Planning, Inc.
Travelers

Note 15: COMPENSATED ABSENCES

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

School District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated sick leave. Unused vacation time may not be accumulated.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$387,413.35.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 273,808.61	
Special Revenues		\$ 26,868.65
Capital Projects		218,767.96
Proprietary	14,151.30	35,950.84
Fiduciary		6,372.46
	<u>\$ 287,959.91</u>	<u>\$ 287,959.91</u>

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

Note 17: CONTINGENCIES

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

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

Note 18: CONCENTRATIONS

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

Note 19: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2016 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Waterford Elementary School - Various Unbundled Project	6/20/2014	\$ 1,429,351.69
Atco Elementary School - Various Unbundled Project	8/31/2014	811,604.75
Thomas Richards Elementary School - Various Unbundled Project	8/31/2014	<u>421,981.07</u>
		<u>\$ 2,662,937.51</u>

Note 20: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$420,924.63 in the general fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Note 20: DEFICIT FUND BALANCES (CONT'D)

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$485,473.13 is less than the June state aid payments.

Note 21: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. As a result of the accounting for the June State Aid payments on the GAAP financial statements, there is no excess fund balance at June 30, 2016. Additionally, \$433,344.25 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

Special Revenue Fund – The \$6,539.49 Special Revenue Fund balance at June 30, 2015 represents unexpended local grant funds.

For Debt Service Reserve – The Debt Service Fund balance at June 30, 2016 of \$1,680.14 is restricted for the redemption of principal and interest on serial bonds that were issued on July 29, 2003 for the retirement of Unfunded Pension and Annuity Fund and Public Employees' Retirement System Incentive Programs.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$885,959.75 of general fund balance at June 30, 2016.

The School District has amounts available to be appropriated and included as anticipated revenue in a subsequent year \$12,276.84 and \$20,780.88 of general fund balance at June 30, 2016, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current and previous fiscal years for reimbursement of previous fiscal year expenditures.

Note 21: FUND BALANCES (CONT'D)**ASSIGNED (CONT'D)****General Fund (Cont'd)**

Other Purposes - As of June 30, 2016, the School District had \$481,596.85 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2016, the general fund had a deficit unassigned fund balance of \$420,924.63. See note 20 for explanation.

Note 22: SUBSEQUENT EVENTS

On September 15, 2016, pursuant to N.J.S.A. 18A:22-44.1, and in anticipation of the receipt of a grant from the New Jersey Schools Development Authority the School District issued a grant anticipation note in the amount of \$1,250,000.00. The proceeds of the note will be applied only to the purpose of the School District's school facilities project for which the grant was awarded.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,548,844.00		\$ 13,548,844.00	\$ 13,548,844.00	
Tuition	50,000.00		50,000.00	104,939.88	\$ 54,939.88
Interest - Capital Reserve Account	75.00		75.00	0.09	(74.91)
Transportation Fees from Other LEAs	15,000.00		15,000.00	91,653.31	76,653.31
Unrestricted Miscellaneous Revenues	17,500.00		17,500.00	109,870.55	92,370.55
Total - Local Sources	13,631,419.00		13,631,419.00	13,855,307.83	223,888.83
State Sources:					
Extraordinary Aid				182,714.00	182,714.00
Categorical Special Education Aid	970,050.00		970,050.00	970,050.00	
Equalization Aid	10,416,210.00		10,416,210.00	10,416,210.00	
Categorical Security Aid	198,097.00		198,097.00	198,097.00	
Categorical Transportation Aid	664,495.00		664,495.00	664,495.00	
School Choice Aid	292,404.00		292,404.00	292,404.00	
Additional Non-Public Transportation Aid				17,037.00	17,037.00
PARCC Readiness Aid	16,820.00		16,820.00	16,820.00	
Per Pupil Growth Aid	16,820.00		16,820.00	16,820.00	
On-Behalf Contributions -					
T.P.A.F. Post-Retirement Medical				608,060.00	608,060.00
Teacher's Pension and Annuity Fund				486,433.00	486,433.00
T.P.A.F. Non-contributory Insurance				24,231.00	24,231.00
Reimbursed TPAF Social Security Contributions				488,996.77	488,996.77
Total - State Sources	12,574,896.00		12,574,896.00	14,382,367.77	1,807,471.77

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES (CONT'D):					
Federal Sources:					
SEMI Medicaid	\$ 16,103.00		\$ 16,103.00	\$ 55,035.52	\$ 38,932.52
Total - Federal Sources	16,103.00		16,103.00	55,035.52	38,932.52
Total Revenues	26,222,418.00		26,222,418.00	28,292,711.12	2,070,293.12
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	135,838.00	\$ (1,335.00)	134,503.00	134,053.00	450.00
Kindergarten	430,869.00	50,775.00	481,644.00	480,972.31	671.69
Grades 1 - 5	2,288,951.00	(195,440.00)	2,093,511.00	2,080,886.74	12,624.26
Grades 6 - 8	575,476.00	(41,465.00)	534,011.00	533,421.42	589.58
Regular Programs - Home Instruction:					
Salaries of Teachers		1,650.00	1,650.00	1,187.50	462.50
Purchased Professional - Educational Services	4,000.00	(1,650.00)	2,350.00		2,350.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	29,803.00	20,622.00	50,425.00	49,790.80	634.20
Purchased Professional - Educational Services	6,500.00	95,754.00	102,254.00	96,472.00	5,782.00
Purchased Technical Services	300.00	(300.00)			
Other Purchased Services	27,560.00	4,153.00	31,713.00	30,241.15	1,471.85
General Supplies	302,492.00	123,396.71	425,888.71	353,630.43	72,258.28
Textbooks	20,500.00	6,992.32	27,492.32	26,933.11	559.21
Other Objects	19,040.00	1,000.00	20,040.00	13,543.00	6,497.00
Total Regular Programs	3,841,329.00	64,153.03	3,905,482.03	3,801,131.46	104,350.57

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education:					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 376,102.00	\$ (56,402.00)	\$ 319,700.00	\$ 318,419.57	\$ 1,280.43
Other Salaries for Instruction	95,190.00	12,610.00	107,800.00	106,302.56	1,497.44
Purchased Professional - Educational Services	1,000.00	2,810.00	3,810.00	3,806.08	3.92
General Supplies	6,000.00	250.00	6,250.00	3,572.87	2,677.13
Total - Learning and/ or Language Disabilities	<u>478,292.00</u>	<u>(40,732.00)</u>	<u>437,560.00</u>	<u>432,101.08</u>	<u>5,458.92</u>
Behavioral Disabilities:					
Salaries of Teachers	54,351.00	2,050.00	56,401.00	56,007.50	393.50
Other Salaries for Instruction	30,691.00	(825.00)	29,866.00	24,950.08	4,915.92
Purchased Professional - Educational Services	1,000.00	7,125.00	8,125.00	8,111.08	13.92
General Supplies	450.00		450.00	267.25	182.75
Total - Behavioral Disabilities	<u>86,492.00</u>	<u>8,350.00</u>	<u>94,842.00</u>	<u>89,335.91</u>	<u>5,506.09</u>
Resource Room/Center:					
Salaries of Teachers	636,660.00	(16,717.00)	619,943.00	605,485.46	14,457.54
Other Salaries for Instruction	130,584.00	(9,005.00)	121,579.00	114,318.23	7,260.77
Purchased Professional - Educational Services	1,000.00	42,265.01	43,265.01	39,135.96	4,129.05
General Supplies		3,040.00	3,040.00	2,606.26	433.74
Total - Resource Room/Center	<u>768,244.00</u>	<u>19,583.01</u>	<u>787,827.01</u>	<u>761,545.91</u>	<u>26,281.10</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education (CONT'D):					
Preschool Disabilities - Full-Time:					
Salaries Of Teachers	\$ 53,451.00	\$ (500.00)	\$ 52,951.00	\$ 52,701.00	\$ 250.00
Other Salaries for Instruction	700.00	12,300.00	13,000.00	9,368.98	3,631.02
Purchased Professional Educational Services	1,000.00	1,185.00	2,185.00	2,170.00	15.00
General Supplies	6,000.00	(4,300.00)	1,700.00	324.23	1,375.77
	<u>61,151.00</u>	<u>8,685.00</u>	<u>69,836.00</u>	<u>64,564.21</u>	<u>5,271.79</u>
Total Preschool Disabilities - Full-Time					
Home Instruction					
Salaries Of Teachers	2,000.00	500.00	2,500.00	2,096.68	403.32
	<u>2,000.00</u>	<u>500.00</u>	<u>2,500.00</u>	<u>2,096.68</u>	<u>403.32</u>
Total Home Instruction					
Total - Special Education Instruction	<u>1,396,179.00</u>	<u>(3,613.99)</u>	<u>1,392,565.01</u>	<u>1,349,643.79</u>	<u>42,921.22</u>
Basic Skills/Remedial:					
Salaries of Teachers	613,778.00	106,547.00	720,325.00	713,186.49	7,138.51
Other Salaries for Instruction	69,755.00	12,051.00	81,806.00	80,760.34	1,045.66
Purchased Professional - Educational Services	1,000.00	300.01	1,300.01	1,260.00	40.01
General Supplies	7,650.00	(4,845.00)	2,805.00	2,704.07	100.93
	<u>692,183.00</u>	<u>114,053.01</u>	<u>806,236.01</u>	<u>797,910.90</u>	<u>8,325.11</u>
Total - Basic Skills/Remedial					
School Sponsored Cocurricular Activities - Instruction					
Salaries	400.00	250.00	650.00	650.00	
	<u>400.00</u>	<u>250.00</u>	<u>650.00</u>	<u>650.00</u>	
Total - School Sponsored Cocurricular Activities - Instruction					

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Community Service Programs/Operations					
Supplies and Materials	\$ 1,200.00	\$ (120.00)	\$ 1,080.00		\$ 1,080.00
Total Community Service Programs/Operations	1,200.00	(120.00)	1,080.00		1,080.00
Total - Instruction	5,931,291.00	174,722.05	6,106,013.05	\$ 5,949,336.15	156,676.90
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	7,990,699.00	(43,700.00)	7,946,999.00	7,946,824.69	174.31
Tuition to Other LEAs within the State - Special	1,318,298.00	(53,000.00)	1,265,298.00	1,264,736.60	561.40
Tuition to County Voc. School District - Regular	58,733.00	15,000.00	73,733.00	73,555.00	178.00
Tuition to County Voc. School District - Special	4,300.00	(4,300.00)			
Tuition to CSSD & Regional Day Schools	171,175.00	28,476.50	199,651.50	199,608.31	43.19
Tuition to Private Schools for the Handicapped-State	1,329,000.00	(17,752.00)	1,311,248.00	1,279,613.10	31,634.90
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	
Total - Instruction	10,876,705.00	(75,275.50)	10,801,429.50	10,768,837.70	32,591.80
Attendance and Social Work Services:					
Salaries	319,784.00	(2,611.00)	317,173.00	316,708.56	464.44
Purchased Professional and Technical Services	5,000.00	(5,000.00)			
Other Purchased Services	1,500.00		1,500.00	768.93	731.07
Supplies and Materials	1,500.00	(500.00)	1,000.00	479.54	520.46
Total - Attendance and Social Work Services	327,784.00	(8,111.00)	319,673.00	317,957.03	1,715.97

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Health Services:					
Salaries	\$ 198,067.00	\$ 2,045.00	\$ 200,112.00	\$ 199,558.28	\$ 553.72
Purchased Professional and Technical Services	53,200.00	(6,000.00)	47,200.00	38,569.00	8,631.00
Other Purchased Services	1,700.00	(500.00)	1,200.00	543.96	656.04
Supplies and Materials	5,450.00	(1,592.10)	3,857.90	2,712.36	1,145.54
Total - Health Services	<u>258,417.00</u>	<u>(6,047.10)</u>	<u>252,369.90</u>	<u>241,383.60</u>	<u>10,986.30</u>
Other Support Services-Speech, OT, PT & Related Services:					
Salaries	249,243.00	(100.00)	249,143.00	244,178.24	4,964.76
Purchased Professional Educational Services	30,750.00	67,865.00	98,615.00	82,165.75	16,449.25
Supplies and Materials	8,000.00	(5,129.09)	2,870.91	1,730.64	1,140.27
Other Objects	4,000.00	(1,500.00)	2,500.00	608.20	1,891.80
Total - Other Support Services-Students-Related Services	<u>291,993.00</u>	<u>61,135.91</u>	<u>353,128.91</u>	<u>328,682.83</u>	<u>24,446.08</u>
Other Support Services - Students - Extra Services:					
Salaries	50,303.00	(23,658.00)	26,645.00	14,309.15	12,335.85
Purchased Professional Educational Services	41,000.00	262.50	41,262.50	30,648.45	10,614.05
Supplies and Materials		3,620.00	3,620.00	2,605.48	1,014.52
Other Objects	200.00		200.00	15.75	184.25
Total Other Support Services - Students - Extra Services	<u>91,503.00</u>	<u>(19,775.50)</u>	<u>71,727.50</u>	<u>47,578.83</u>	<u>24,148.67</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Guidance:					
Salaries Other Professional Staff	\$ 115,356.00	\$ 250.00	\$ 115,606.00	\$ 113,966.66	\$ 1,639.34
Other Purchased Professional and Technical Services	8,500.00	(8,000.00)	500.00	125.00	375.00
Other Purchased Services	250.00		250.00	147.91	102.09
Supplies and Materials	11,250.00	(10,704.52)	545.48	529.40	16.08
Total Other Support Services - Students - Regular	135,356.00	(18,454.52)	116,901.48	114,768.97	2,132.51
Child Study Team:					
Salaries of Other Professional Staff	221,505.00	(1,000.00)	220,505.00	220,497.99	7.01
Salaries of Secretarial and Clerical Assistants	73,245.00	(6,000.00)	67,245.00	66,650.00	595.00
Unused Vacation Payment to Term/Retired Staff		7,007.00	7,007.00	7,006.84	0.16
Purchased Professional Educational Services		0.01	0.01		0.01
Other Purchased Services (400-500 series)	13,563.00	(5,433.00)	8,130.00	5,750.59	2,379.41
Supplies and Materials	10,840.00	(1,196.32)	9,643.68	4,245.54	5,398.14
Other Objects	1,000.00		1,000.00	424.75	575.25
Total Other Support Services - Students - Special Services	320,153.00	(6,622.31)	313,530.69	304,575.71	8,954.98
Improvement Instructional Services					
Salaries of Supervisors of Instruction	138,679.00	(20,250.00)	118,429.00	118,216.58	212.42
Salaries of Other Professional Staff	41,226.00	(875.00)	40,351.00	33,475.92	6,875.08
Salaries of Secretarial and Clerical Assistants	40,671.00	(725.00)	39,946.00	38,414.60	1,531.40
Salaries of Facilitators, Math, and Literacy Coaches	52,000.00	4,528.00	56,528.00	56,528.00	
Purchased Professional Educational Services	475.00	(475.00)			
Other Purchased Services	8,500.00		8,500.00	3,496.96	5,003.04
Supplies and Materials	5,500.00	(3,190.00)	2,310.00	1,643.87	666.13
Other Objects	479.00	270.00	749.00	530.00	219.00
Total Improvement Instructional Services	287,530.00	(20,717.00)	266,813.00	252,305.93	14,507.07

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 94,676.00	\$ 35,902.00	\$ 130,578.00	\$ 128,056.54	\$ 2,521.46
Salaries of Technology Coordinators	50,839.00	(500.00)	50,339.00	46,838.88	3,500.12
Purchased Professional and Technical Services	159,603.00	(5,000.00)	154,603.00	152,820.92	1,782.08
Other Purchased Services	15,635.00		15,635.00	14,857.94	777.06
Supplies and Materials	124,350.00	1,778.48	126,128.48	104,576.81	21,551.67
Other Objects	525.00	(500.00)	25.00		25.00
Total Educational Media Services/School Library	<u>445,628.00</u>	<u>31,680.48</u>	<u>477,308.48</u>	<u>447,151.09</u>	<u>30,157.39</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	10,653.00		10,653.00	10,652.40	0.60
Salaries of Other Professional Staff	28,256.00	8,620.00	36,876.00	34,456.25	2,419.75
Salaries of Secretarial and Clerical Assistants	21,759.00	(49.00)	21,710.00	20,301.60	1,408.40
Purchased Professional - Educational Services	51,000.00	(30,514.00)	20,486.00	16,332.50	4,153.50
Other Purchased Professional and Technical Services	95,745.00	(71,907.00)	23,838.00	22,700.00	1,138.00
Other Purchased Services	12,600.00	(7,367.00)	5,233.00	2,589.34	2,643.66
Supplies and Materials	7,500.00	(2,000.00)	5,500.00	5,299.40	200.60
Other Objects	1,269.00		1,269.00	1,134.00	135.00
Total Instructional Staff Training Services	<u>228,782.00</u>	<u>(103,217.00)</u>	<u>125,565.00</u>	<u>113,465.49</u>	<u>12,099.51</u>
Support Services General Administration:					
Salaries	174,710.00	(13,370.00)	161,340.00	161,221.50	118.50
Legal Services	30,000.00	49,500.00	79,500.00	77,731.62	1,768.38
Audit Fees	25,252.00	(3,997.00)	21,255.00	21,255.00	
Architectural / Engineering Services	30,000.00	23,562.50	53,562.50	47,539.76	6,022.74
Other Purchased Professional Services	10,200.00	13,290.00	23,490.00	10,664.24	12,825.76

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration (Cont'd):					
Purchased Technical Services	\$ 11,500.00	\$ 200.00	\$ 11,700.00	\$ 11,472.94	\$ 227.06
Communications/Telephone	40,190.00	2,960.00	43,150.00	41,986.46	1,163.54
BOE Other Purchased Services	1,680.00		1,680.00	1,633.94	46.06
Miscellaneous Purchased Services	28,875.00	5,372.00	34,247.00	33,996.02	250.98
General Supplies	3,570.00	6,000.00	9,570.00	9,174.88	395.12
BOE In-house Training and Meeting Supplies	2,500.00	6,250.00	8,750.00	8,284.50	465.50
Judgements Against School District		7,625.00	7,625.00		7,625.00
Miscellaneous Expenditures	1,985.00	3,085.00	5,070.00	4,700.00	370.00
BOE Membership Dues and Fees	13,770.00	(1,400.00)	12,370.00	12,173.05	196.95
	<u>374,232.00</u>	<u>99,077.50</u>	<u>473,309.50</u>	<u>441,833.91</u>	<u>31,475.59</u>
Total Support Services General Administration					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	229,303.00	64,390.00	293,693.00	293,179.24	513.76
Salaries of Other Professional Staff	13,150.00	(3,250.00)	9,900.00	9,000.00	900.00
Salaries of Secretarial and Clerical Assistants	104,073.00	(2,450.00)	101,623.00	99,379.83	2,243.17
Purchased Professional and Technical Services		1,100.00	1,100.00	1,040.00	60.00
Other Purchased Services	9,100.00	(1,476.00)	7,624.00	5,916.39	1,707.61
Supplies and Materials	12,000.00	10,533.88	22,533.88	22,123.79	410.09
Other Objects	5,325.00	(1,896.00)	3,429.00	3,109.10	319.90
	<u>372,951.00</u>	<u>66,951.88</u>	<u>439,902.88</u>	<u>433,748.35</u>	<u>6,154.53</u>
Total Support Services School Administration					(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Central Services:					
Salaries	\$ 349,112.00	\$ 400.00	\$ 349,512.00	\$ 349,329.69	\$ 182.31
Purchased Technical Services	41,175.00	(2,700.00)	38,475.00	38,463.79	11.21
Other Purchased Services	8,972.00	(1,925.00)	7,047.00	6,900.09	146.91
Supplies and Materials	12,250.00	(6,350.00)	5,900.00	5,802.33	97.67
Interest on Current Loans	15,695.00	3,250.00	18,945.00	18,942.50	2.50
Miscellaneous Expenditures	2,275.00	750.00	3,025.00	2,972.44	52.56
Total Central Services	<u>429,479.00</u>	<u>(6,575.00)</u>	<u>422,904.00</u>	<u>422,410.84</u>	<u>493.16</u>
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	<u>173,725.00</u>	<u>94,552.00</u>	<u>268,277.00</u>	<u>171,403.49</u>	<u>96,873.51</u>
Total - Required Maintenance for School Facilities	<u>173,725.00</u>	<u>94,552.00</u>	<u>268,277.00</u>	<u>171,403.49</u>	<u>96,873.51</u>
Custodial Services:					
Salaries	110,285.00	(3,950.00)	106,335.00	106,001.53	333.47
Salaries of Non-Instructional Aids	66,021.00	(5,391.00)	60,630.00	60,217.19	412.81
Purchased Professional & Technical Services	14,250.00	45,900.00	60,150.00	28,012.56	32,137.44
Cleaning, Repair & Maintenance Services	367,300.00	13,100.00	380,400.00	374,541.28	5,858.72
Rental of Land and Buildings Other Than Lease	3,500.00	32.00	3,532.00	3,531.70	0.30
Other Purchased Property Services	585,565.00	(5,200.00)	580,365.00	579,596.49	768.51
Insurance	79,000.00	(24,000.00)	55,000.00	54,971.32	28.68
Miscellaneous Purchased Services	35,350.00	(22,269.19)	13,080.81	2,505.08	10,575.73
General Supplies	80,000.00	(6,511.25)	73,488.75	70,863.03	2,625.72

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Custodial Services (Cont'd):					
Energy (Natural Gas)	\$ 71,300.00	\$ 10,650.00	\$ 81,950.00	\$ 51,226.00	\$ 30,724.00
Energy (Electricity)	289,650.00	(12,418.20)	277,231.80	274,627.10	2,604.70
Energy (Gasoline)	2,500.00		2,500.00	1,977.54	522.46
Other Objects	<u>2,600.00</u>	<u>3,368.20</u>	<u>5,968.20</u>	<u>5,968.20</u>	
Total Other Operations and Maintenance of Plant	<u>1,707,321.00</u>	<u>(6,689.44)</u>	<u>1,700,631.56</u>	<u>1,614,039.02</u>	<u>86,592.54</u>
Care and Upkeep of Grounds:					
Salaries	5,000.00	(5,000.00)			
Cleaning, Repair, and Maintenance Services	55,500.00	(20,115.00)	35,385.00	31,335.00	4,050.00
General Supplies	<u>2,500.00</u>	<u>(2,350.00)</u>	<u>150.00</u>	<u>144.40</u>	<u>5.60</u>
Total Care and Upkeep of Grounds	<u>63,000.00</u>	<u>(27,465.00)</u>	<u>35,535.00</u>	<u>31,479.40</u>	<u>4,055.60</u>
Security:					
Purchased Professional and Technical Services		250.00	250.00	242.00	8.00
Cleaning, Repair, and Maintenance Services		3,720.00	3,720.00	3,720.00	
General Supplies	<u>2,000.00</u>	<u>7,200.00</u>	<u>9,200.00</u>	<u>5,298.74</u>	<u>3,901.26</u>
Total Security	<u>2,000.00</u>	<u>11,170.00</u>	<u>13,170.00</u>	<u>9,260.74</u>	<u>3,909.26</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	67,753.00	(1,200.00)	66,553.00	66,367.30	185.70
Management Fee - ES & CTSA Transn. Program	40,000.00		40,000.00	35,921.06	4,078.94
Other Purchased Professional and Technical Services	5,000.00	(2,635.00)	2,365.00		2,365.00
Contracted Services - Aid in Lieu of Payments-Non Public	<u>52,250.00</u>	<u>11,630.00</u>	<u>63,880.00</u>	<u>61,438.00</u>	<u>2,442.00</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services (Cont'd):					
Contracted Services - Aid in Lieu of Payments - Charter Schools	\$ 915.00		\$ 915.00	\$ 884.00	\$ 31.00
Contracted Services - Aid in Lieu of Payments - School Choice		\$ 3,120.00	3,120.00	3,116.10	3.90
Contracted Services (Between Home & School) - Vendors	971,000.00	(67,765.00)	903,235.00	897,745.06	5,489.94
Contracted Services (Other than Between Home & School) - Vendors	70,950.00	8,430.00	79,380.00	76,468.12	2,911.88
Contracted Services (Between Home & School) - Joint Agreements		11,300.00	11,300.00	10,978.64	321.36
Contracted Services (Special Education) - Vendors	339,425.00	10,015.00	349,440.00	349,435.01	4.99
Contracted Services (Special Education) - Joint Agreements	9,500.00	8,000.00	17,500.00	17,141.00	359.00
Contracted Services (Regular Students) - ESC's & CTSA's	62,500.00	44,500.00	107,000.00	100,296.31	6,703.69
Contracted Services (Special Ed. Students) - ESC's & CTSA's	510,000.00	109,000.00	619,000.00	618,124.78	875.22
Miscellaneous Purchased Services - Transportation	2,845.00	1,030.00	3,875.00	3,326.95	548.05
General Supplies	2,500.00		2,500.00	782.27	1,717.73
Other Objects	175.00		175.00		175.00
Total Student Transportation Services	<u>2,134,813.00</u>	<u>135,425.00</u>	<u>2,270,238.00</u>	<u>2,242,024.60</u>	<u>28,213.40</u>
Unallocated Benefits - Employee Benefits:					
Group Insurance	17,060.00	3,129.22	20,189.22	8,359.13	11,830.09
Social Security	153,000.00		153,000.00	134,449.05	18,550.95
Other Retirement Contributions -- PERS	125,000.00	2,900.00	127,900.00	127,877.55	22.45
Other Retirement Contributions -- Regular	20,000.00		20,000.00	11,968.60	8,031.40
Unemployment	25,000.00	(23,300.00)	1,700.00		1,700.00
Workmen's Compensation	85,000.00	31,900.00	116,900.00	116,874.16	25.84
Health Benefits	2,027,221.00	(201,050.00)	1,826,171.00	1,769,298.26	56,872.74
Tuition Reimbursement	35,000.00	3,200.00	38,200.00	18,454.15	19,745.85
Other Employee Benefits	109,300.00	(69,600.00)	39,700.00	22,069.79	17,630.21
Total Unallocated Benefits - Employee Benefits	<u>2,596,581.00</u>	<u>(252,820.78)</u>	<u>2,343,760.22</u>	<u>2,209,350.69</u>	<u>134,409.53</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
On-behalf Contributions-					
T.P.A.F. Post-Retirement Medical				\$ 608,060.00	\$ (608,060.00)
Teacher's Pension and Annuity Fund				486,433.00	(486,433.00)
T.P.A.F. Non-contributory Insurance				24,231.00	(24,231.00)
Reimbursed TPAF Social Security Contributions				488,996.77	(488,996.77)
Total TPAF Contributions				1,607,720.77	(1,607,720.77)
Total Undistributed Expenses	\$ 21,117,953.00	\$ (51,777.38)	\$ 21,066,175.62	22,119,978.99	(1,053,803.37)
Total Expenditures - Current Expense	27,049,244.00	122,944.67	27,172,188.67	28,069,315.14	(897,126.47)
CAPITAL OUTLAY:					
Equipment:					
Support Services - Related & Extraordinary		5,100.00	5,100.00	5,064.00	36.00
Support Services - Instructional Staff		6,265.66	6,265.66	6,265.66	
General Administration	4,000.00	14,225.00	18,225.00	18,191.92	33.08
School Administration	22,500.00	(22,500.00)			
Regular Maintenance of School Facilities	105,000.00	(25,304.00)	79,696.00	79,649.15	46.85
Custodial Services		20,365.00	20,365.00	20,364.85	0.15
Total - Equipment	131,500.00	(1,848.34)	129,651.66	129,535.58	116.08
Facilities Acquisition and Construction Services:					
Architectural and Engineering Services		30,575.00	30,575.00	5,575.00	25,000.00
Other Purchased Professional and Technical Services		7,189.34	7,189.34		7,189.34
Construction Services	463,233.00	(44,030.00)	419,203.00	144,263.07	274,939.93
Assessment for Debt Service on SDA Funding	3,331.00		3,331.00	3,331.00	
Total Facilities Acquisition and Construction Services	466,564.00	(6,265.66)	460,298.34	153,169.07	307,129.27
Interest Deposited into Capital Reserve	75.00		75.00		75.00
Total Capital Outlay	598,139.00	(8,114.00)	590,025.00	282,704.65	307,320.35

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	\$ 26,000.00	\$ (10,726.50)	\$ 15,273.50	\$ 15,201.86	\$ 71.64
Other Salaries for Instruction	10,000.00	(5,450.00)	4,550.00	4,497.15	52.85
Total Summer School - Instruction	<u>36,000.00</u>	<u>(16,176.50)</u>	<u>19,823.50</u>	<u>19,699.01</u>	<u>124.49</u>
Summer School - Support Services:					
Salaries	19,550.00	10,650.00	30,200.00	14,126.24	16,073.76
Personal Services - Employee Benefits	4,250.00	(1,600.00)	2,650.00	2,587.63	62.37
Supplies and Materials		127.00	127.00	126.76	0.24
Total Summer School Support Services	<u>23,800.00</u>	<u>9,177.00</u>	<u>32,977.00</u>	<u>16,840.63</u>	<u>16,136.37</u>
Total Special Schools	<u>59,800.00</u>	<u>(6,999.50)</u>	<u>52,800.50</u>	<u>36,539.64</u>	<u>16,260.86</u>
Transfer of Funds to Charter Schools	<u>18,117.00</u>	<u>13,137.00</u>	<u>31,254.00</u>	<u>31,254.00</u>	
Total Expenditures	<u>27,725,300.00</u>	<u>120,968.17</u>	<u>27,846,268.17</u>	<u>28,419,813.43</u>	<u>(573,545.26)</u>
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,502,882.00)	(120,968.17)	(1,623,850.17)	(127,102.31)	1,496,747.86
Other Financing Sources (Uses):					
Transfer to School Aged Child Care Fund to cover deficit		(27,000.00)	(27,000.00)		27,000.00
Capital Reserve Transfer to Capital Outlay	64,991.00		64,991.00		(64,991.00)
Total - Other Financing Sources (Uses)	<u>64,991.00</u>	<u>(27,000.00)</u>	<u>37,991.00</u>		<u>(37,991.00)</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,437,891.00)	\$ (147,968.17)	\$ (1,585,859.17)	\$ (127,102.31)	\$ 1,458,756.86
Fund Balances, July 1	<u>2,774,584.25</u>		<u>2,774,584.25</u>	<u>2,774,584.25</u>	
Fund Balances, June 30	<u>\$ 1,336,693.25</u>	<u>\$ (147,968.17)</u>	<u>\$ 1,188,725.08</u>	<u>\$ 2,647,481.94</u>	<u>\$ 1,458,756.86</u>
Recapitulation:					
Restricted Fund Balance:					
For Excess Surplus				\$ 77,528.55	
Excess Surplus - Designated for Subsequent Year's Expenditures				433,344.25	
Assigned Fund Balance:					
Year-End Encumbrances				481,596.85	
SEMI - Designated for Subsequent Year's Expenditures 6-30-16				20,780.88	
ARRA/SEMI - Designated for Subsequent Year's Expenditures 6-30-15				12,276.84	
Designated for Subsequent Year's Expenditures				885,959.75	
Unassigned Fund Balance				<u>735,994.82</u>	
				2,647,481.94	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(1,234,448.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,413,033.94</u>	

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 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>
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ 25,927.56		\$ 25,927.56	\$ 22,017.37	\$ (3,910.19)
Total - Local Sources	<u>25,927.56</u>		<u>25,927.56</u>	<u>22,017.37</u>	<u>(3,910.19)</u>
Federal Sources:					
Title I	250,297.00		250,297.00	238,152.24	(12,144.76)
Title IIA	30,025.00		30,025.00	29,306.31	(718.69)
I.D.E.I.A., Basic Part B	228,353.00	\$ 25,583.00	253,936.00	253,936.00	
I.D.E.I.A., Part B, Preschool Incentive	15,898.00	3,391.00	19,289.00	19,289.00	
Total - Federal Sources	<u>524,573.00</u>	<u>28,974.00</u>	<u>553,547.00</u>	<u>540,683.55</u>	<u>(12,863.45)</u>
Total Revenues	<u>550,500.56</u>	<u>28,974.00</u>	<u>579,474.56</u>	<u>562,700.92</u>	<u>(16,773.64)</u>

(Continued)

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries	\$ 208,775.50	\$ (26,740.00)	\$ 182,035.50	\$ 180,683.54	\$ 1,351.96
Other Salaries for Instruction		30,462.20	30,462.20	30,068.63	393.57
Purchased Educational and Technical Services	650.00		650.00	650.00	
Other Purchased Services	244,251.00	28,974.00	273,225.00	273,225.00	
General Supplies	21,812.38	(6,913.20)	14,899.18	2,840.68	12,058.50
Other Objects	250.00		250.00	175.00	75.00
Total Instruction	<u>475,738.88</u>	<u>25,783.00</u>	<u>501,521.88</u>	<u>487,642.85</u>	<u>13,879.03</u>
Support Services:					
Salaries of Secretarial and Clerical Assistants				11,910.00	(11,910.00)
Personal Services-Employee Benefits	44,671.00	289.00	44,960.00	43,033.73	1,926.27
Purchased Professional and Technical Services	2,900.00	(1,100.00)	1,800.00	1,800.00	
Other Purchased Services	8,350.00	4,002.00	12,352.00	11,465.81	886.19
Supplies and Materials	6,930.68		6,930.68	6,848.53	82.15
Total Support Services	<u>74,761.68</u>	<u>3,191.00</u>	<u>77,952.68</u>	<u>75,058.07</u>	<u>2,894.61</u>
Total Expenditures	<u>550,500.56</u>	<u>28,974.00</u>	<u>579,474.56</u>	<u>562,700.92</u>	<u>16,773.64</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 28,292,711.12	\$ 562,700.92
Difference between the local grant award amounts and the amounts realized as revenue on a budgetary basis		(3,658.93)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	1,232,909.00	
State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(1,234,448.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 28,291,172.12</u></u>	<u><u>\$ 559,041.99</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 28,419,813.43	\$ 562,700.92
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>7,500.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 28,419,813.43</u></u>	<u><u>\$ 570,200.92</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0173849565%	0.0157231038%	0.0158926670%
School District's Proportionate Share of the Net Pension Liability	\$ 3,902,574.00	\$ 2,943,795.00	\$ 3,037,404.00
School District's Covered-Employee Payroll	\$ 1,292,032.00	\$ 1,171,152.00	\$ 1,181,768.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	302.05%	251.36%	257.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 153,128.00	\$ 149,464.00	\$ 129,619.00
Contributions in Relation to the Contractually Required Contribution	<u>(153,128.00)</u>	<u>(149,464.00)</u>	<u>(129,619.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 862,618.00	\$ 1,173,612.00	\$ 1,093,263.00
Contributions as a Percentage of School District's Covered-Employee Payroll	17.75%	12.74%	11.86%

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

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

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>37,191,626.00</u>	<u>32,863,328.00</u>	<u>31,650,812.00</u>
	<u>\$ 37,191,626.00</u>	<u>\$ 32,863,328.00</u>	<u>\$ 31,650,812.00</u>
School District's Covered-Employee Payroll	\$ 7,691,280.00	\$ 6,882,600.00	\$ 6,926,520.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	483.56%	477.48%	456.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

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

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	<u>N.C.L.B.</u>			<u>I. D. E. I.A. -- Part B</u>		<u>Total Brought Forward</u>
	<u>Total</u>	<u>Title I</u>	<u>Title IIA</u>	<u>Basic</u>	<u>Preschool Incentive</u>	
REVENUES:						
Federal Sources	\$ 540,683.55	\$ 238,152.24	\$ 29,306.31	\$ 253,936.00	\$ 19,289.00	
Local Sources	22,017.37					\$ 22,017.37
Total Revenues	562,700.92	238,152.24	29,306.31	253,936.00	19,289.00	22,017.37
EXPENDITURES:						
Instruction:						
Salaries	180,683.54	153,449.04	17,117.00			10,117.50
Other Salaries for Instruction	30,068.63	30,068.63				
Purchased Educational and Technical Services	650.00					650.00
Other Purchased Services	273,225.00			253,936.00	19,289.00	
General Supplies	2,840.68	571.01	1,018.33			1,251.34
Other Objects	175.00					175.00
Total Instruction	487,642.85	184,088.68	18,135.33	253,936.00	19,289.00	12,193.84
Support Services:						
Salaries of Secretarial and Clerical Assistants	11,910.00	11,910.00				
Personal Services-Employee Benefits	43,033.73	38,764.75	4,268.98			
Purchased Professional and Technical Services	1,800.00		1,800.00			
Other Purchased Services	11,465.81	3,388.81	5,102.00			2,975.00
Supplies and Materials	6,848.53					6,848.53
Total Support Services	75,058.07	54,063.56	11,170.98			9,823.53
Total Expenditures	562,700.92	238,152.24	29,306.31	253,936.00	19,289.00	22,017.37
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-

(Continued)

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

	<u>Total Carried Forward</u>	<u>Home and School Grants</u>	<u>Women's Club Mini Grants</u>	<u>American College of Education Grant</u>	<u>New Jersey Schools Insurance Group Safety Grant</u>
REVENUES:					
Federal Sources					
Local Sources	\$ 22,017.37	\$ 13,401.15	\$ 2,589.49	\$ 246.05	\$ 5,780.68
Total Revenues	<u>22,017.37</u>	<u>13,401.15</u>	<u>2,589.49</u>	<u>246.05</u>	<u>5,780.68</u>
EXPENDITURES:					
Instruction:					
Salaries	10,117.50	10,117.50			
Other Salaries for Instruction					
Purchased Educational and Technical Services	650.00		650.00		
Other Purchased Services					
General Supplies	1,251.34	308.65	942.69		
Other Objects	175.00		175.00		
Total Instruction	<u>12,193.84</u>	<u>10,426.15</u>	<u>1,767.69</u>		
Support Services:					
Salaries of Secretarial and Clerical Assistants					
Personal Services-Employee Benefits					
Purchased Professional and Technical Services					
Other Purchased Services	2,975.00	2,975.00			
Supplies and Materials	6,848.53		821.80	246.05	5,780.68
Total Support Services	<u>9,823.53</u>	<u>2,975.00</u>	<u>821.8</u>	<u>246.05</u>	<u>5,780.68</u>
Total Expenditures	<u>22,017.37</u>	<u>13,401.15</u>	<u>2,589.49</u>	<u>246.05</u>	<u>5,780.68</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL PROJECTS FUND

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

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Apropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Waterford Elementary School - Various Unbundled Project	6/20/2014	\$ 6,494,501.00	\$ 3,702,801.58	\$ 1,362,347.73	\$ 1,429,351.69
Thomas Richards Elementary School - Various Unbundled Project	12/19/2014	2,600,520.00	382,628.10	1,795,910.83	421,981.07
Atco Elementary School - Various Unbundled Project	12/19/2014	2,655,631.00	151,508.85	1,692,517.40	811,604.75
		<u>\$ 11,750,652.00</u>	<u>\$ 4,236,938.53</u>	<u>\$ 4,850,775.96</u>	<u>\$ 2,662,937.51</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Unexpended Balance as of June 30, 2016					\$ 2,662,937.51
ROD Grant Revenue Not Recognized on GAAP Basis					<u>(2,662,937.51)</u>
Fund Balance per Governmental Funds (GAAP)					<u>\$ -</u>

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2016

Revenues and Other Financing Sources

State Sources	\$ -
Local Sources	-
	-
Total Revenues	-

Expenditures and Other Financing Uses**Expenditures:**

Architecture and Engineering Services	129,132.68
Legal Services	
Purchased Professional and Technical Services	88,074.90
Construction Services	4,633,568.38
	4,850,775.96
Total Expenditures	4,850,775.96

Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,850,775.96)
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Fund Balance, July 1	7,513,713.47
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Fund Balance, June 30	\$ 2,662,937.51
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Reconciliation to Governmental Funds Statements (GAAP):

Fund Balance as of June 30, 2016	\$ 2,662,937.51
ROD Grant Revenue Not Recognized on GAAP Basis	(2,662,937.51)
	-

Fund Balance per Governmental Funds (GAAP)	\$ -
--	------

Note - For F-2 exhibits, ROD grant awards are recognized as revenue and encumbrances are not included in expenditures.

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Revenues, Expenditures, Project Balance and Project Status
 Waterford Elementary School Various Unbundled Project
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - Regular Operating District Grant	\$ 3,184,884.00		\$ 3,184,884.00	\$ 3,184,884.00
Capital Outlay Transfer to Capital Projects	2,399,047.00		2,399,047.00	2,399,047.00
Capital Reserve Transfer to Capital Projects Fund	910,570.00		910,570.00	910,570.00
Total Revenues	6,494,501.00		6,494,501.00	6,494,501.00
Expenditures and Other Financing Uses				
Architecture and Engineering Services	452,493.07	\$ 57,993.88	510,486.95	1,298,900.00
Construction Services	3,250,308.51	1,304,353.85	4,554,662.36	5,195,601.00
Total Expenditures	3,702,801.58	1,362,347.73	5,065,149.31	6,494,501.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,791,699.42</u>	<u>\$ (1,362,347.73)</u>	<u>\$ 1,429,351.69</u>	<u>\$ -</u>

Encumbered	\$ 11,355.44
Designated for Subsequent Years Expenditures	<u>1,417,996.25</u>
	<u>\$ 1,429,351.69</u>

Additional Project Information

DOE Project Number	5560-100-14-1003
SDA Project Number	5560-100-14-G3FC
Grant Date	6/20/2014
Bond Authorization Date	NA
Bonds Authorized	NA
Bonds Issued	NA
Original Authorized Cost	\$ 6,494,501.00
Additional Authorized Cost	-
Revised Authorized Cost	\$ 6,494,501.00
Percentage Increase over Original Authorized Cost	-
Percentage Completion	78%
Original Target Completion Date	8/31/2014
Revised Target Completion Date	12/31/2016

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Revenues, Expenditures, Project Balance and Project Status
 Thomas Richards Elementary School Various Unbundled Project
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - Regular Operating District Grant	\$ 1,275,287.00		\$ 1,275,287.00	\$ 1,275,287.00
Local Source - Capital Lease	1,325,233.00		1,325,233.00	1,325,233.00
Total Revenues	2,600,520.00		2,600,520.00	2,600,520.00
Expenditures and Other Financing Uses				
Architecture and Engineering Services	119,664.70	\$ 26,125.05	145,789.75	454,211.70
Legal Services	8,522.00		8,522.00	10,000.00
Purchased Professional and Technical Services	21,909.90	39,014.90	60,924.80	55,892.30
Construction Services	232,531.50	1,730,770.88	1,963,302.38	2,080,416.00
Total Expenditures	382,628.10	1,795,910.83	2,178,538.93	2,600,520.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,217,891.90	\$ (1,795,910.83)	\$ 421,981.07	\$ -
Encumbered			\$ 242,575.04	
Designated for Subsequent Years Expenditures			179,406.03	
			<u>\$ 421,981.07</u>	
Additional Project Information				
DOE Project Number	5560-060-14-1002			
SDA Project Number	5560-060-14-G3FB			
Grant Date	12/19/2014			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 2,600,520.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 2,600,520.00			
Percentage Increase over Original Authorized Cost	-			
Percentage Completion	84%			
Original Target Completion Date	8/31/2016			
Revised Target Completion Date	12/31/2016			

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Revenues, Expenditures, Project Balance and Project Status
 Atco Elementary School Various Unbundled Project
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - Regular Operating District Grant	\$ 1,302,313.00		\$ 1,302,313.00	\$ 1,302,313.00
Local Source - Capital Lease	1,353,318.00		1,353,318.00	1,353,318.00
Total Revenues	2,655,631.00		2,655,631.00	2,655,631.00
Expenditures and Other Financing Uses				
Architecture and Engineering Services	104,440.00	\$ 45,013.75	149,453.75	469,386.15
Legal Services	8,522.00		8,522.00	10,000.00
Purchased Professional and Technical Services	2,646.85	49,060.00	51,706.85	51,739.85
Construction Services	35,900.00	1,598,443.65	1,634,343.65	2,124,505.00
Total Expenditures	151,508.85	1,692,517.40	1,844,026.25	2,655,631.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,504,122.15	\$ (1,692,517.40)	\$ 811,604.75	\$ -
Encumbered			\$ 170,399.12	
Designated for Subsequent Years Expenditures			641,205.63	
			<u>\$ 811,604.75</u>	
Additional Project Information				
DOE Project Number	5560-040-14-1001			
SDA Project Number	5560-040-14-G3FA			
Grant Date	12/19/2014			
Bond Authorization Date	NA			
Bonds Authorized	NA			
Bonds Issued	NA			
Original Authorized Cost	\$ 2,655,631.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 2,655,631.00			
Percentage Increase over Original Authorized Cost	-			
Percentage Completion	69%			
Original Target Completion Date	8/31/2016			
Revised Target Completion Date	12/31/2016			

PROPRIETARY FUNDS

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Enterprise Funds
 Combining Statement of Net Position
 June 30, 2016

	<u>Food Service</u>	<u>School Age Child Care</u>	<u>Adult Piano</u>	<u>Totals</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 762.69	\$ 20,765.89	\$ 1,788.00	\$ 23,316.58
Accounts Receivable:				
State	634.09			634.09
Federal	28,577.14			28,577.14
Other		771.76		771.76
Inventory	10,639.56			10,639.56
Interfund Accounts Receivable - General Fund		<u>14,151.30</u>		<u>14,151.30</u>
Total Current Assets	<u>40,613.48</u>	<u>35,688.95</u>	<u>1,788.00</u>	<u>78,090.43</u>
Noncurrent Assets:				
Equipment	234,484.15			234,484.15
Less Accumulated Depreciation	<u>(182,561.85)</u>			<u>(182,561.85)</u>
Total Noncurrent Assets	<u>51,922.30</u>			<u>51,922.30</u>
Total Assets	<u>92,535.78</u>	<u>35,688.95</u>	<u>1,788.00</u>	<u>130,012.73</u>
LIABILITIES:				
Current Liabilities:				
Interfund Payable:				
General Fund	35,950.84			35,950.84
Unearned Revenue	2,874.01			2,874.01
Accounts Payable		<u>35,688.95</u>		<u>35,688.95</u>
Total Current Liabilities	<u>38,824.85</u>	<u>35,688.95</u>		<u>74,513.80</u>
NET POSITION:				
Net Investment in Capital Assets	51,922.30			51,922.30
Unrestricted	<u>1,788.63</u>		<u>1,788.00</u>	<u>3,576.63</u>
Total Net Position	<u>\$ 53,710.93</u>	<u>\$ -</u>	<u>\$ 1,788.00</u>	<u>\$ 55,498.93</u>

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>School Age Child Care</u>	<u>Adult Piano</u>	<u>Totals</u>
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Breakfast Program	\$ 10,379.55			\$ 10,379.55
School Lunch Program	99,092.93			99,092.93
Daily Sales Non-Reimbursable Programs	43,753.70			43,753.70
Special Functions	4,205.34			4,205.34
Miscellaneous	2,189.25	\$ 358.11		2,547.36
Program Fees		241,305.97	\$ 605.00	241,910.97
	<u>159,620.77</u>	<u>241,664.08</u>	<u>605.00</u>	<u>401,889.85</u>
Total Operating Revenue				
	<u>159,620.77</u>	<u>241,664.08</u>	<u>605.00</u>	<u>401,889.85</u>
OPERATING EXPENSES:				
Salaries	123,470.37	132,466.14	550.00	256,486.51
Employee Benefits	29,205.21	93,044.27	42.10	122,291.58
Purchased Professional and Technical Services	31,345.08	2,970.00		34,315.08
Other Purchases Services (400 and 500 Series)	6,857.06			6,857.06
Cost of Goods Sold -- Non-Reimbursable	14,726.40			14,726.40
Cost of Goods Sold -- Reimbursable	117,843.67			117,843.67
Supplies and Materials	9,614.09	3,149.59		12,763.68
Depreciation	2,966.94			2,966.94
Other Objects		10,034.08		10,034.08
	<u>336,028.82</u>	<u>241,664.08</u>	<u>592.10</u>	<u>578,285.00</u>
Total Operating Expenses				
	<u>336,028.82</u>	<u>241,664.08</u>	<u>592.10</u>	<u>578,285.00</u>
Operating Income (Loss)	<u>(176,408.05)</u>		<u>12.90</u>	<u>(176,395.15)</u>
NONOPERATING REVENUES (EXPENSES):				
State Sources:				
State School Lunch Program	3,126.61			3,126.61
Federal Sources:				
National School Lunch Program	107,528.42			107,528.42
School Breakfast Program	37,345.70			37,345.70
Food Distribution Program	29,117.28			29,117.28
	<u>177,118.01</u>			<u>177,118.01</u>
Total Nonoperating Revenues (Expenses)				
	<u>177,118.01</u>			<u>177,118.01</u>
Change in Net Position	709.96		12.90	722.86
Net Position - July 1	53,000.97		1,775.10	54,776.07
Net Position - June 30	<u>\$ 53,710.93</u>	<u>\$ -</u>	<u>\$ 1,788.00</u>	<u>\$ 55,498.93</u>

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Food Service	School Age Child Care	Adult Piano	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 179,312.74	\$ 243,481.08	\$ 605.00	\$ 423,398.82
Payments to Employees	(123,470.37)	(143,904.47)	(603.83)	(267,978.67)
Payments for Employee Benefits	(29,205.21)	(93,044.27)	(42.10)	(122,291.58)
Payments to Suppliers	(163,355.42)	(114,434.77)		(277,790.19)
Net Cash Provided by (used for) Operating Activities	(136,718.26)	(107,902.43)	(40.93)	(244,661.62)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
State Sources	2,855.72			2,855.72
Federal Sources	128,444.94			128,444.94
Net Cash Provided by (used for) Non-Capital Financing Activities	131,300.66			131,300.66
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(19,989.00)			(19,989.00)
Net Cash Provided by (used for) Capital and Related Financing Activities	(19,989.00)			(19,989.00)
Net Increase (Decrease) in Cash and Cash Equivalents	(25,406.60)	(107,902.43)	(40.93)	(113,360.96)
Cash and Cash Equivalents, July 1	26,169.29	128,668.32	1,828.93	156,666.54
Cash and Equivalents, June 30	<u>\$ 762.69</u>	<u>\$ 20,765.89</u>	<u>\$ 1,788.00</u>	<u>\$ 43,305.58</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (176,408.05)		\$ 12.90	\$ (176,395.15)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:				
Depreciation and Net Amortization	2,966.94			2,966.94
Food Distribution Program	29,117.28			29,117.28
Change in Assets and Liabilities:				
(Increase) / Decrease in Accounts Receivable	19,122.30	\$ 1,817.00		20,939.30
(Increase) / Decrease in Inventory	(1,797.49)			(1,797.49)
Increase / (Decrease) in Unearned Revenue	569.67			569.67
Increase / (Decrease) Compensated Absences		(11,438.33)		(11,438.33)
Increase / (Decrease) in Other Liabilities	(10,194.16)	26,951.91		16,757.75
Increase / (Decrease) in Accounts Payable	(94.75)	(125,233.01)	(53.83)	(125,381.59)
Total Adjustments	39,689.79	(107,902.43)	(53.83)	(68,266.47)
Net Cash Provided (Used) in Operating Activities	<u>\$ (136,718.26)</u>	<u>\$ (107,902.43)</u>	<u>\$ (40.93)</u>	<u>\$ (244,661.62)</u>

FIDUCIARY FUNDS

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

	Private-Purpose Trust Fund	Agency Funds		Totals
	Unemployment Compensation Trust	Student Activity	Payroll	
ASSETS:				
Cash and Cash Equivalents	\$ 40,458.25	\$ 8,240.21	\$ 100,085.77	\$ 148,784.23
Intrafund Accounts Receivable:				
Payroll	4,886.00			4,886.00
Intergovernmental Accounts Receivable:				
State			36.77	36.77
Federal			496.88	496.88
Other			32,956.29	32,956.29
Total Assets	<u>45,344.25</u>	<u>\$ 8,240.21</u>	<u>\$ 133,575.71</u>	<u>187,160.17</u>
LIABILITIES:				
Payroll Deductions and Withholdings			\$ 122,317.25	122,317.25
Intrafund Payable				
Unemployment Trust			4,886.00	4,886.00
Interfund Payable:				
General Fund			6,372.46	6,372.46
Intergovernmental Accounts Payable:				
State	186.73			186.73
Payable to Student Groups		\$ 8,240.21		8,240.21
Total Liabilities	<u>186.73</u>	<u>\$ 8,240.21</u>	<u>\$ 133,575.71</u>	<u>142,002.65</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>45,157.52</u>			<u>45,157.52</u>
Total Net Position	<u>\$ 45,157.52</u>			<u>\$ 45,157.52</u>

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

	Private-Purpose Trust Fund
	Unemployment Compensation Trust
ADDITIONS:	
Investment Earnings:	
Interest on Investments	\$ 55.18
Payroll Deductions	14,843.25
Total Additions	14,898.43
DEDUCTIONS:	
Unemployment Compensation Insurance Claims	4,239.87
Total Deductions	4,239.87
Change in Net Position	10,658.56
Net Position -- July 1	34,498.96
Net Position -- June 30	\$ 45,157.52

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Waterford Elementary Schools	\$ 7,713.18	\$ 4,141.14	\$ 3,614.11	\$ 8,240.21
Total Student Activity	<u>\$ 7,713.18</u>	<u>\$ 4,141.14</u>	<u>\$ 3,614.11</u>	<u>\$ 8,240.21</u>

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

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 96,689.44	\$ 11,343,715.87	\$ 11,340,319.54	\$ 100,085.77
Intrafund Accounts Receivable:				
Unemployment Trust	876.48	876.48	1,752.96	
Intergovernmental Accounts Receivable:				
State		2,158.77	2,122.00	36.77
Federal		532.98	36.10	496.88
Other	31,111.30	226,761.55	224,916.56	32,956.29
Accounts Receivable--Other	30.45	4,082.50	4,112.95	
Total Assets	<u><u>\$ 128,707.67</u></u>	<u><u>\$ 11,578,128.15</u></u>	<u><u>\$ 11,573,260.11</u></u>	<u><u>\$ 133,575.71</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 118,896.50	\$ 5,848,291.09	\$ 5,844,870.34	\$ 122,317.25
Intrafund Accounts Payable:				
Unemployment Trust Fund		4,886.00		4,886.00
Interfund Accounts Payable:				
General Fund	9,741.17	344,309.56	347,678.27	6,372.46
Special Revenue Fund	70.00		70.00	
Net Payroll		5,380,641.50	5,380,641.50	
Total Liabilities	<u><u>\$ 128,707.67</u></u>	<u><u>\$ 11,578,128.15</u></u>	<u><u>\$ 11,573,260.11</u></u>	<u><u>\$ 133,575.71</u></u>

LONG-TERM DEBT

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Statement of Serial Bonds
 For the Fiscal Year Ended June 30, 2016

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Retirement of Unfunded Incentive Programs	07/29/03	\$ 790,000.00	10/01/16	\$ 35,000.00	4.48%	\$ 220,000.00	\$ 80,000.00	\$ 140,000.00
			10/01/17	35,000.00				
			10/01/18	40,000.00				
			10/01/19	30,000.00				
					<u>\$ 220,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 140,000.00</u>	
					<u>\$ 220,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 140,000.00</u>	

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

<u>SERIES</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
				<u>Principal</u>	<u>Interest</u>				
Wireless Network Equipment Lease	6/11/2014	5 years	2.395%	\$ 68,016.20	\$ 3,636.40	\$ 54,047.68		\$ 13,036.08	\$ 41,011.60
Atco Elementary and Thomas Richards Improvements Lease	8/15/2014	5 years	1.560%	2,678,551.00	126,649.65	<u>2,678,551.00</u>		<u>519,254.55</u>	<u>2,159,296.45</u>
						<u>\$ 2,732,598.68</u>	<u>\$ -</u>	<u>\$ 532,290.63</u>	<u>\$ 2,200,308.05</u>

TOWNSHIP OF WATERFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 88,017.00		\$ 88,017.00	\$ 88,017.00	
Total Revenues	<u>88,017.00</u>		<u>88,017.00</u>	<u>88,017.00</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	8,064.00		8,064.00	8,064.00	
Redemption of Principal	<u>80,000.00</u>		<u>80,000.00</u>	<u>80,000.00</u>	
Total Regular Debt Service	<u>88,064.00</u>		<u>88,064.00</u>	<u>88,064.00</u>	
Total Expenditures	<u>88,064.00</u>		<u>88,064.00</u>	<u>88,064.00</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(47.00)		(47.00)	(47.00)	
Fund Balance, July 1	<u>1,727.14</u>		<u>1,727.14</u>	<u>1,727.14</u>	
Fund Balance, June 30	<u>\$ 1,680.14</u>	<u>\$ -</u>	<u>\$ 1,680.14</u>	<u>\$ 1,680.14</u>	<u>\$ -</u>

STATISTICAL SECTION

Financial Trends Information

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

WATERFORD TOWNSHIP SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015*	2014	2013**	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 10,682,290.26	\$ 5,403,749.90	\$ 4,416,255.08	\$ 3,836,226.00	\$ 3,711,887.65	\$ 3,822,874.37	\$ 4,046,853.26	\$ 4,274,843.80	\$ 4,556,377.60	\$ 5,422,115.53
Restricted	441,563.88	2,666,278.48	6,451,681.49	3,356,588.00	164,152.74	105,476.75	1,088,757.74	2,423,543.55	2,736,586.89	2,962,493.96
Unrestricted	<u>(2,790,933.54)</u>	<u>(2,605,320.07)</u>	<u>(792,599.04)</u>	<u>(511,240.00)</u>	<u>1,226,497.82</u>	<u>436,862.51</u>	<u>(1,447,360.34)</u>	<u>(873,002.44)</u>	<u>(679,920.80)</u>	<u>(1,295,502.17)</u>
Total Governmental Activities Net Position	<u>\$ 8,332,920.60</u>	<u>\$ 5,464,708.31</u>	<u>\$ 10,075,337.53</u>	<u>\$ 6,681,574.00</u>	<u>\$ 5,102,538.21</u>	<u>\$ 4,365,213.63</u>	<u>\$ 3,688,250.66</u>	<u>\$ 5,825,384.91</u>	<u>\$ 6,613,043.69</u>	<u>\$ 7,089,107.32</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 51,922.30	\$ 34,900.24	\$ 7,568.76	\$ 5,263.00	\$ 6,961.81	\$ 8,904.15	\$ 12,222.65	\$ 15,341.19	\$ 17,065.00	\$ 16,468.86
Unrestricted	<u>3,576.63</u>	<u>19,875.83</u>	<u>38,222.76</u>	<u>41,701.00</u>	<u>21,079.72</u>	<u>19,557.60</u>	<u>1,340.88</u>	<u>31,251.94</u>	<u>68,639.67</u>	<u>25,778.42</u>
Total Business-type Activities Net Position	<u>\$ 55,498.93</u>	<u>\$ 54,776.07</u>	<u>\$ 45,791.52</u>	<u>\$ 46,964.00</u>	<u>\$ 28,041.53</u>	<u>\$ 28,461.75</u>	<u>\$ 13,563.53</u>	<u>\$ 46,593.13</u>	<u>\$ 85,704.67</u>	<u>\$ 42,247.28</u>
District-wide										
Net Investment in Capital Assets	\$ 10,734,212.56	\$ 5,438,650.14	\$ 4,423,823.84	\$ 3,841,489.00	\$ 3,718,849.46	\$ 3,831,778.52	\$ 4,059,075.91	\$ 4,290,184.99	\$ 4,573,442.60	\$ 5,438,584.39
Restricted	441,563.88	2,666,278.48	6,451,681.49	3,356,588.00	164,152.74	105,476.75	1,088,757.74	2,423,543.55	2,736,586.89	2,962,493.96
Unrestricted	<u>(2,787,356.91)</u>	<u>(2,585,444.24)</u>	<u>(754,376.28)</u>	<u>(469,539.00)</u>	<u>1,247,577.54</u>	<u>456,420.11</u>	<u>(1,446,019.46)</u>	<u>(841,750.50)</u>	<u>(611,281.13)</u>	<u>(1,269,723.75)</u>
Total District-wide Net Position	<u>\$ 8,388,419.53</u>	<u>\$ 5,519,484.38</u>	<u>\$ 10,121,129.05</u>	<u>\$ 6,728,538.00</u>	<u>\$ 5,130,579.74</u>	<u>\$ 4,393,675.38</u>	<u>\$ 3,701,814.19</u>	<u>\$ 5,871,978.04</u>	<u>\$ 6,698,748.36</u>	<u>\$ 7,131,354.60</u>

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

**In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

Source: Comprehensive Annual Financial Report Exhibit A-1

WATERFORD TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013**</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,507,234.93	\$ 4,350,722.94	\$ 4,623,216.76	\$ 3,878,073.00	\$ 4,117,631.70	\$ 4,887,030.76	\$ 6,066,999.93	\$ 4,777,492.09	\$ 4,397,546.67	\$ 3,671,669.45
Special Education	1,349,643.79	1,366,144.97	1,480,696.95	1,274,110.00	1,337,358.04	1,405,173.55	1,488,698.09	1,923,928.68	1,980,177.91	1,373,277.94
Other Special Education	797,910.90	688,488.91	640,757.60	509,436.00	438,820.57	398,154.12	522,810.57	615,422.32	558,398.22	530,313.18
School Sponsored Cocurricular Activities	650.00	718.75	356.25							
Support Services:										
Tuition	10,768,837.70	10,216,623.81	10,419,326.01	10,269,073.00	10,608,581.55	10,937,945.12	11,348,840.93	10,843,462.73	9,711,177.58	6,953,190.16
Student & Instruction Related Services	1,715,943.98	2,090,212.11	2,301,706.03	1,877,692.00	1,813,029.56	2,268,833.97	2,433,952.35	2,518,274.73	2,396,312.58	3,579,001.86
School Administrative Services	1,314,064.55	1,083,664.55	1,082,468.08	1,044,244.00	1,069,393.73	1,080,482.23	1,425,145.17	1,529,098.56	1,350,500.22	856,512.52
Plant Operations and Maintenance	1,987,506.02	1,439,863.21	1,579,484.58	1,266,805.00	1,620,204.25	1,254,758.03	1,637,980.61	1,560,586.21	1,509,458.38	1,539,529.65
Pupil Transportation	2,242,024.60	2,091,873.64	2,026,553.56	1,881,707.00	1,800,939.58	1,907,558.79	1,893,839.83	1,843,859.36	1,723,297.46	2,091,773.39
Special Schools	36,539.64	53,454.57	47,951.33	40,446.00	45,386.73	39,566.33	44,420.48	37,826.70	35,877.00	
Unallocated Benefits	2,413,867.33	2,126,966.48	1,982,102.18	1,788,518.00	1,795,707.35	371,023.25	366,690.60	71,531.72	189,425.71	781,284.65
Reimbursed TPAF and Social Security	3,878,970.77	3,061,952.02	1,203,772.20	1,302,106.00	1,088,674.86	906,437.64	943,355.49	912,848.54	1,211,365.24	1,160,023.80
Transfer to Charter Schools	31,254.00	16,815.00	9,778.00	9,506.00				17,204.00	17,906.00	17,218.00
Amortization of Debt Issuance Costs				1,073.00	1,317.56	1,317.56	1,317.56	1,317.56	1,317.57	1,317.56
Interest on Long-term Debt	3,182.52	51,506.36	13,953.17	18,208.00	21,218.55	25,489.80	29,411.13	33,272.43	43,537.38	30,206.00
Unallocated Compensated Absences				(10,915.00)						
Unallocated Depreciation				373,396.00					299,363.00	168,742.83
Total Governmental Activities Expenses	31,047,630.73	28,639,007.32	27,412,122.70	25,523,478.00	25,758,264.03	25,483,771.15	28,203,462.74	26,686,125.63	25,425,660.92	22,754,060.99
Business-type Activities:										
Food Service	336,028.82	339,438.63	335,195.33	315,982.00	372,074.51	348,542.23	460,192.92	441,776.02	387,631.62	325,800.48
School Age Child Care	241,664.08	213,642.63	262,119.65	233,149.00	225,255.95	217,176.31	189,736.64	187,748.13	189,362.92	187,691.65
Adult Piano	592.10	226.09	538.27	582.00	983.84	1,003.95	1,148.96	929.81	1,231.45	1,566.31
Total Business-type Activities Expense	578,285.00	553,307.35	597,853.25	549,713.00	598,314.30	566,722.49	651,078.52	630,453.96	578,225.99	515,058.44
Total District Expenses	\$ 31,625,915.73	\$ 29,192,314.67	\$ 28,009,975.95	\$ 26,073,191.00	\$ 26,356,578.33	\$ 26,050,493.64	\$ 28,854,541.26	\$ 27,316,579.59	\$ 26,003,886.91	\$ 23,269,119.43
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	\$ 4,449,171.69	\$ 3,600,698.45	\$ 1,893,160.87	\$ 785,014.00	\$ 1,924,745.91	\$ 1,731,927.65	\$ 2,268,578.95	\$ 1,641,352.23	\$ 1,870,127.20	\$ 1,829,247.34
Capital Grants and Contributions					50,640.00					
Total Governmental Activities Program Revenues	4,449,171.69	3,600,698.45	1,893,160.87	785,014.00	1,975,385.91	1,731,927.65	2,268,578.95	1,641,352.23	1,870,127.20	1,829,247.34
Business-type activities:										
Charges for services										
Food Service	159,620.77	165,905.82	177,117.63	171,091.00	221,526.61	198,197.49	176,868.28	189,764.71	183,777.49	171,789.22
School Age Child Care	241,664.08	190,094.48	183,097.39	235,224.00	225,881.51	234,378.60	172,665.54	172,989.62	218,847.88	134,685.55
Adult Piano	605.00	231.00	550.00	594.00	1,001.00	1,364.00	1,595.00	1,265.00	1,661.00	1,991.00
Operating Grants and Contributions	177,095.11	182,489.55	180,701.89	161,289.00	148,459.70	146,709.59	162,154.21	153,857.77	114,601.99	90,806.95
Total Business-type Activities Program Revenues	578,984.96	538,720.85	541,466.91	568,198.00	596,868.82	580,649.68	513,283.03	517,877.10	518,888.36	399,272.72
Total District Program Revenues	\$ 5,028,156.65	\$ 4,139,419.30	\$ 2,434,627.78	\$ 1,353,212.00	\$ 2,572,254.73	\$ 2,312,577.33	\$ 2,781,861.98	\$ 2,159,229.33	\$ 2,389,015.56	\$ 2,228,520.06
Net (Expense)/Revenue										
Governmental Activities	\$ (26,598,459.04)	\$ (25,038,308.87)	\$ (25,518,961.83)	\$ (24,738,464.00)	\$ (23,782,878.12)	\$ (23,751,843.50)	\$ (25,934,883.79)	\$ (25,044,773.40)	\$ (23,555,533.72)	\$ (20,924,813.65)
Business-type Activities	699.96	(14,586.50)	(56,386.34)	18,485.00	(1,445.48)	13,927.19	(137,795.49)	(112,576.86)	(59,337.63)	(115,785.72)
Total District-wide Net Expense	\$ (26,597,759.08)	\$ (25,052,895.37)	\$ (25,575,348.17)	\$ (24,719,979.00)	\$ (23,784,323.60)	\$ (23,737,916.31)	\$ (26,072,679.28)	\$ (25,157,350.26)	\$ (23,614,871.35)	\$ (21,040,599.37)

(Continued)

WATERFORD TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013**</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 13,548,844.00	\$ 13,140,486.00	\$ 12,617,133.02	\$ 12,492,211.00	\$ 11,999,730.00	\$ 11,999,729.96	\$ 12,007,004.00	\$ 11,502,117.96	\$ 11,426,788.00	\$ 10,257,696.00
Taxes Levied for Debt Service	88,017.00	88,215.00	84,718.36	82,807.00	80,608.40	83,293.00	65,536.00	62,181.96	63,784.00	60,240.00
Unrestricted Federal & State Aid	12,828,143.52	12,784,890.85	12,692,103.77	13,628,962.00	12,244,496.23	11,459,338.48	11,520,136.27	11,897,074.05	10,315,793.60	10,027,882.90
Restricted Federal & State Aid	2,706,361.91	(2,791,699.42)	3,184,884.00				5,636.65	15,986.69		
Tuition Received	104,939.88	148,450.78	250,130.51	30,880.00	105,160.24	140,641.13	132,657.93	262,927.11	179,094.54	80,792.54
Investment Earnings	6,550.08	4,378.00	12,548.22	17,654.00	29,003.53	27,325.67	78,633.18	61,008.75	157,685.64	
Miscellaneous Income	183,814.94	113,910.59	134,501.92	64,986.00	75,755.84	57,880.16	88,952.48	607,662.70	1,639,918.86	836,099.04
Special Item -- Rounding Adjustment								(1,367.39)		
Loss on Disposal of Capital Asset										
Donated Capital Assets							2,866.59			
Cancellation of Prior Year Accounts Payable						660,598.07				
Cancellation of Prior Year Accounts Receivable					(14,551.54)					
Transfers		(23,548.15)	(55,145.08)				(103,673.57)	(72,416.41)	(100,000.00)	(164,240.61)
Total Governmental Activities	29,466,671.33	23,465,083.65	28,920,874.72	26,317,500.00	24,520,202.70	24,428,806.47	23,797,749.53	24,335,175.42	23,683,064.64	21,098,469.87
Business-type Activities:										
Investment Earnings	22.90	22.90	66.79	437.00	1,025.26	971.83	1,091.52	1,048.91	2,795.02	5,458.41
Transfers		23,548.15	55,145.08				103,673.57	72,416.41	100,000.00	164,240.61
Total Business-type Activities	22.90	23,571.05	55,211.87	437.00	1,025.26	971.83	104,765.09	73,465.32	102,795.02	169,699.02
Total District-wide	\$ 29,466,694.23	\$ 23,488,654.70	\$ 28,976,086.59	\$ 26,317,937.00	\$ 24,521,227.96	\$ 24,429,778.30	\$ 23,902,514.62	\$ 24,408,640.74	\$ 23,785,859.66	\$ 21,268,168.89
Change in Net Position										
Governmental Activities	\$ 2,868,212.29	\$ (1,573,225.22)	\$ 3,401,912.89	\$ 1,579,036.00	\$ 737,324.58	\$ 676,962.97	\$ (2,137,134.26)	\$ (709,597.98)	\$ 127,530.92	\$ 173,656.22
Business-type Activities	722.86	8,984.55	(1,174.47)	18,922.00	(420.22)	14,899.02	(33,030.40)	(39,111.54)	43,457.39	53,913.30
Total District	\$ 2,868,935.15	\$ (1,564,240.67)	\$ 3,400,738.42	\$ 1,597,958.00	\$ 736,904.36	\$ 691,861.99	\$ (2,170,164.66)	\$ (748,709.52)	\$ 170,988.31	\$ 227,569.52

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

**In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

Source: Comprehensive Annual Financial Report Exhibit A-2

WATERFORD TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011(a)	2010	2009	2008	2007
General Fund										
Restricted	\$ 433,344.25	\$ 502,438.87	\$ 2,134,798.86	\$ 3,356,521.00	\$ 1,362,729.21	\$ 114,604.54	\$ 1,088,332.06	\$ 2,698,222.74	\$ 2,781,139.28	\$ 2,964,795.92
Committed					108,278.00	18,311.08				
Assigned	1,400,614.32	1,160,245.55	61,310.18		188,913.82	686,517.74				
Unassigned	(420,924.63)	(121,009.17)	(102,291.90)	(113,717.00)	565,152.81	632,550.30				
Unreserved							(269,512.98)	1,169,411.23	580,457.84	69,609.76
Total General Fund	\$ 1,413,033.94	\$ 1,541,675.25	\$ 2,093,817.14	\$ 3,242,804.00	\$ 2,225,073.84	\$ 1,451,983.66	3867633.97	\$ 3,867,633.97	\$ 3,361,597.12	\$ 3,034,405.68
All Other Governmental Funds										
Restricted Reported in:										
Special Revenue Fund	\$ 6,539.49	\$ 17,698.42	\$ 5,017.24		\$ 4,632.14	\$ 9,090.90				
Capital Projects Fund	1,680.14	2,144,414.05								
Debt Service Fund		1,727.14	48.14		67.59	47.19				
Committed Reported in:										
Capital Projects Fund			4,350,886.25							
Unassigned Reported in:										
Capital Projects Fund			(39,069.00)							
Unreserved, Reported in:										
Special Revenue Fund							\$ 376.85	\$ 2,811.88	\$ (6,265.64)	\$ (1,305.15)
Capital Projects Fund										58,309.45
Debt Service Fund				\$ 67.00			48.83	34.00	34.00	34.00
Total All Other Governmental Funds	\$ 8,219.63	\$ 2,163,839.61	\$ 4,316,882.63	\$ 67.00	\$ 4,699.73	\$ 9,138.09	\$ 425.68	\$ 2,845.88	\$ (6,231.64)	\$ 57,038.30

(a) Beginning for the fiscal year ended June 30, 2011, the School District began reporting fund balances under GASB 54.

Source: District Records

WATERFORD TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Local Sources	\$ 13,636,861.00	\$ 13,228,701.00	\$ 12,701,851.38	\$ 12,575,018.00	\$ 12,080,338.40	\$ 12,083,022.96	\$ 12,072,540.00	\$ 11,564,299.92	\$ 11,490,572.00	\$ 10,317,936.00
Tuition Charges	104,939.88	148,450.78	250,130.51	30,880.00	105,160.24	140,641.13	132,657.93	262,927.11	179,094.54	80,792.54
Miscellaneous	219,882.39	139,993.20	164,598.50	122,178.00	151,409.61	124,624.90	184,435.71	684,371.16	1,566,868.73	836,099.04
State Sources	17,087,190.68	14,365,635.60	17,054,737.20	13,718,802.00	13,025,023.47	12,498,803.79	10,780,732.55	12,989,381.77	11,839,861.06	11,343,586.42
Federal Sources	595,719.07	623,077.67	697,863.08	660,447.00	1,148,208.43	653,043.27	2,996,769.27	549,331.49	462,499.25	513,543.82
Total Revenue	31,644,593.02	28,505,858.25	30,869,180.67	27,107,325.00	26,510,140.15	25,500,136.05	26,167,135.46	26,050,311.45	25,538,895.58	23,091,957.82
Expenditures										
Instruction										
Regular Instruction	4,296,274.31	4,158,807.69	4,401,514.78	3,878,073.00	3,895,721.70	4,662,875.29	5,884,616.00	4,712,159.02	4,421,676.13	3,107,192.31
Special Education Instruction	1,349,643.79	1,366,144.97	1,480,696.95	1,274,110.00	1,337,358.04	1,405,173.55	1,488,698.09	1,923,928.68	1,979,182.91	1,360,556.75
Other Special Instruction	797,910.90	688,488.91	640,757.60	509,436.00	438,820.57	398,154.12	522,810.57	615,422.32	558,398.22	530,313.18
School Sponsored Cocurricular Activities	650.00	718.75	356.25							
Support Services:										
Tuition	10,768,837.70	10,216,623.81	10,419,326.01	10,269,073.00	10,608,581.55	10,937,945.12	11,348,840.93	10,843,462.87	9,711,177.58	7,506,816.87
Student & Instruction Related Services	2,199,893.82	2,127,113.34	2,266,757.38	1,877,692.00	1,807,173.14	2,297,201.52	2,493,277.67	2,311,099.63	2,391,707.58	3,572,641.27
School Administrative Services	1,297,993.10	1,133,424.93	1,067,661.02	1,071,559.00	1,056,813.95	1,214,672.12	1,417,943.81	1,381,231.50	1,348,532.22	853,893.45
Plant Operations and Maintenance	1,826,182.65	1,335,270.87	1,260,001.65	1,266,805.00	1,610,955.99	1,253,627.90	1,639,702.90	1,567,487.18	1,507,553.38	1,536,162.28
Pupil Transportation	2,242,024.60	2,091,873.64	2,026,553.56	1,881,707.00	1,812,554.34	1,918,678.70	1,904,485.98	1,855,990.96	1,717,526.46	2,057,209.41
Unallocated Employee Benefits	2,252,384.42	2,119,057.48	1,978,426.06	1,788,518.00	1,795,707.35	371,023.25	366,690.60	65,400.85	189,425.71	467,069.84
Reimbursed TPAF Pension/Social Security	1,607,720.77	1,293,596.02	1,203,772.20	1,302,106.00	1,090,020.51	920,536.35	953,036.03	912,848.54	1,211,365.24	1,160,023.80
Special Schools	36,539.64	53,454.57	47,951.33	40,446.00	45,386.73	39,566.33	44,420.48	37,826.70	35,877.00	
Transfer to Charter Schools	31,254.00	16,815.00	9,778.00	9,506.00				17,204.00	17,906.00	17,218.00
Capital Outlay	5,133,480.61	3,993,236.03	2,226,825.05	837,757.00	147,254.92	16,108.24	19,209.12	252,532.09	76,566.65	27,275.35
Debt Service:										
Principal - Early Retirement Bonds	80,000.00	75,000.00	70,000.00	65,000.00	60,000.00	60,000.00	40,000.00	35,000.00	35,000.00	30,000.00
Interest on Early Retirement Bonds	8,064.00	11,536.00	14,737.13	17,808.00	20,588.00	23,294.64	25,489.84	27,213.29	28,784.00	30,206.00
Total Expenditures	33,928,854.31	30,681,162.01	29,115,114.97	26,089,596.00	25,726,936.79	25,518,857.13	28,149,222.02	26,558,807.63	25,230,679.08	22,256,578.51
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(2,284,261.29)	(2,175,303.76)	1,754,065.70	1,017,729.00	783,203.36	(18,721.08)	(1,982,086.56)	(508,496.18)	308,216.50	835,379.31
Other Financing Sources (Uses)										
Cancellation of Prior Year Revenue		(3,184,884.00)		(4,632.00)						
Capital Leases (Non-budgeted)		2,678,551.00						130,552.00	55,705.00	
Operating Transfers In			68,016.20		150,000.00	660,598.08			200,809.45	2,514.11
Transfers from Capital Outlay to Capital Projects Fund			1,400,892.00							
Operating Transfers Out		(23,548.15)			(164,551.54)		(103,673.57)	(72,416.41)	(300,809.45)	(166,754.72)
Total Other Financing Sources (Uses)		(529,881.15)	1,413,763.12	(4,632.00)	(14,551.54)	660,598.08	(103,673.57)	58,135.59	(44,295.00)	(164,240.61)
Net Change in Fund Balances	\$ (2,284,261.29)	\$ (2,705,184.91)	\$ 3,167,828.82	\$ 1,013,097.00	\$ 768,651.82	\$ 641,877.00	\$ (2,085,760.13)	\$ (450,360.59)	\$ 263,921.50	\$ 671,138.70
Debt Service as a Percentage of Noncapital Expenditures	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%

Source: District Records

WATERFORD TOWNSHIP SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest on Investments	\$ 6,549.99	\$ 4,270.45	\$ 11,637.73	\$ 18,097.00	\$ 28,896.18	\$ 27,232.72	\$ 78,633.18	\$ 61,008.75	\$ 157,685.64	\$ 176,934.44
Interest on Investments - Capital Reserve Account	0.09	107.55	910.49	617.00	107.35	92.95	73.50	97.79	333.93	545.16
Refund of Prior Year Expenditures	83,556.54	28,219.39	63,197.33	25,618.00	58,296.88	43,377.93	50,671.65	25,559.20	43,468.96	21,667.69
E-Rate Reimbursement	15,822.00	1,908.28	2,721.34							
Insurance Reimbursements		15,728.51			695.04			1,807.97	119,664.80	44,911.27
Donations from Private Sources		3,736.35								8,880.00
Cancellation of Prior Year Accounts Payable							36,535.00			
Premium Proceeds on Grant Anticipation Note		2,179.00								
Miscellaneous Fines					1,114.60	1,190.36	2,126.87	300.50	2,495.00	7,704.56
Sale of Assets	3,754.52		174.93	3,101.00	559.00			50.00	658,217.34	
Use of Facilities	187.50	125.00	250.00	271.00	450.00	900.00	1,980.49	732.20	2,084.18	
Miscellaneous Services Provided to Others		4,020.75	1,228.95	23,677.00	3,800.10					
Summer School								6,900.00		
Transportation Fees	91,653.31	45,312.13	61,912.13	16,070.00	15,298.98	3,697.82		1,318.64		
Revenue from Dissolution of Lower Camden County Regional School District								561,818.88	561,818.88	572,941.81
	<u>\$ 201,523.95</u>	<u>\$ 105,607.41</u>	<u>\$ 142,032.90</u>	<u>\$ 87,451.00</u>	<u>\$ 109,218.13</u>	<u>\$ 76,491.78</u>	<u>\$ 170,020.69</u>	<u>\$ 659,593.93</u>	<u>\$ 1,545,768.73</u>	<u>\$ 833,584.93</u>

Source: District Records.

Revenue Capacity Information

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg./Qual.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016	\$ 15,380,400.00	\$ 619,688,900.00	\$ 17,079,100.00	\$ 48,594,700.00	\$ 1,739,900.00	\$ 2,443,800.00	\$ 704,926,800.00	\$ 200.00	\$ 704,927,000.00	\$ 114,783,400.00	\$ 752,071,484.00	\$ 1.935
2015 (3)	15,463,300.00	617,512,800.00	22,273,800.00	49,139,200.00	1,739,900.00	2,143,800.00	708,272,800.00	1,684,995.00	709,957,795.00	113,103,400.00	738,781,327.00	1.863
2014	10,532,600.00	415,318,600.00	14,685,700.00	29,326,400.00	1,146,000.00	2,394,900.00	473,404,200.00	1,003,315.00	474,407,515.00	54,566,900.00	771,675,143.00	2.677
2013	11,399,800.00	411,292,100.00	14,586,300.00	30,623,600.00	1,200,000.00	2,394,900.00	471,496,700.00	1,226,075.00	472,722,775.00	53,969,200.00	815,415,847.00	2.660
2012	12,435,200.00	408,983,600.00	13,816,700.00	30,640,300.00	1,225,400.00	2,394,900.00	469,496,100.00	1,111,951.00	470,608,051.00	53,801,500.00	871,284,321.00	2.567
2011	10,740,700.00	408,702,000.00	13,738,400.00	33,880,600.00	1,225,400.00	2,394,900.00	470,682,000.00	1,128,609.00	471,810,609.00	53,869,900.00	902,203,592.00	2.561
2010	10,898,100.00	408,789,200.00	13,954,500.00	35,117,000.00	1,225,400.00	2,394,900.00	472,379,100.00	1,398,154.00	473,777,254.00	53,299,900.00	934,631,793.00	2.548
2009	10,902,800.00	408,423,200.00	13,652,000.00	34,906,500.00	1,225,400.00	2,394,900.00	471,504,800.00	1,478,184.00	472,982,984.00	52,765,300.00	933,331,419.00	2.552
2008	11,286,600.00	405,205,800.00	13,621,000.00	37,079,900.00	1,225,400.00	2,394,900.00	470,813,600.00	978,045.00	471,791,645.00	52,442,800.00	884,682,109.00	2.436
2007	11,499,800.00	402,157,300.00	12,381,700.00	37,241,100.00	1,225,400.00	2,144,900.00	466,650,200.00	1,022,401.00	467,672,601.00	52,765,500.00	805,027,924.00	2.206

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

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

(3) Revaluation

Source: Municipal Tax Assessor

WATERFORD TOWNSHIP SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Years

(rate per \$100 of assessed value)

Unaudited

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Township of Waterford	County of Camden	
2016	\$ 1.922	\$ 0.012	\$ 1.935	\$ 1.051	\$ 0.883	\$ 3.869
2015 (3)	1.851	0.012	1.863	0.997	0.861	3.721
2014	2.660	0.018	2.677	1.379	1.355	5.411
2013	2.643	0.018	2.660	1.356	1.353	5.369
2012	2.550	0.017	2.567	1.332	1.341	5.240
2011	2.543	0.018	2.561	1.292	1.282	5.135
2010	2.534	0.014	2.548	1.355	1.205	5.108
2009	2.539	0.014	2.552	1.245	1.128	4.925
2008	2.422	0.014	2.436	1.205	1.130	4.771
2007	2.193	0.013	2.206	1.170	1.133	4.509

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

(2) Rates for debt service are based on each year's requirements.

(3) Revaluation

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as the prebudget year net budget increased by the cost of living or 2,5 percent, whichever is greater, plus any growth adjustments.

Source: Municipal Tax Collector

WATERFORD TOWNSHIP SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Ten Years Ago
Unaudited

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Broadway Square Realty	\$ 3,298,600.00	1	0.47%	3,000,000.00	2	0.64%
National Amusement	2,948,500.00	2	0.42%	\$ 6,452,100.00	1	1.38%
Pliner Leon Inc	2,728,300.00	3	0.39%	1,350,400.00	4	0.29%
Atco Equities LLC (Rite Aid Corp)	2,090,500.00	4	0.30%	913,500.00	7	0.20%
Meisenzahl Partners, LLC	2,067,500.00	5	0.29%	NA	N/A	N/A
Atco Raceway Inc.	1,949,400.00	6	0.28%	846,700.00	9	0.18%
White Horse Pike LLC	1,476,000.00	7	0.21%	N/A	N/A	N/A
UFP Eastern Div % UFP Berlin, LLC	1,304,200.00	8	0.19%	N/A	N/A	N/A
Vision Properties	1,172,400.00	9	0.17%	N/A	N/A	N/A
Campbell Foundry Co.	1,170,200.00	10	0.17%	806,900.00	10	0.17%
Atco Acres, LLC/ L&F Associates	N/A	N/A	N/A	N/A	N/A	N/A
NJ Bell Telephone Co.	N/A	N/A	N/A	1,765,234.00	3	0.38%
Mobile Field Office	N/A	N/A	N/A	976,500.00	5	0.21%
O'Hara James H C/O Shannon's	N/A	N/A	N/A	951,400.00	6	0.20%
Hays Mill Associates	N/A	N/A	N/A	896,100.00	8	0.19%
Total	\$ 20,205,600.00		2.87%	\$ 17,958,834.00		3.84%

Source: Municipal Tax Assessor

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

Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2016	\$ 13,636,861.00	\$ 13,636,861.00	100.00%	-
2015	13,228,701.00	13,228,701.00	100.00%	-
2014	12,873,105.85	12,873,105.85	100.00%	-
2013	12,701,851.38	12,701,851.38	100.00%	-
2012	12,575,018.00	12,575,018.00	100.00%	-
2011	12,080,338.40	12,080,338.40	100.00%	-
2010	12,083,022.96	12,083,022.96	100.00%	-
2009	12,072,540.00	12,072,540.00	100.00%	-
2008	11,564,299.92	11,564,299.92	100.00%	-
2007	11,490,572.00	11,490,572.00	100.00%	-

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

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

Debt Capacity Information

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

WATERFORD TOWNSHIP SCHOOL DISTRICT

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	Governmental Activities			Business-Type Activities		Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Capital Leases	Grant Anticipation Notes	Capital Leases	Total District		
2016	\$ 140,000.00	\$ 2,200,308.05	\$ 2,750,000.00		\$ 5,090,308.05	Unavailable	Unavailable
2015	220,000.00	2,732,598.68	1,500,000.00		4,452,598.68	Unavailable	\$ 414.08
2014	295,000.00	68,016.20			363,016.20	0.072%	33.83
2013	365,000.00				365,000.00	0.075%	34.01
2012	430,000.00	27,314.99			457,314.99	0.095%	42.86
2011	490,000.00	65,188.54			555,188.54	0.118%	52.12
2010	550,000.00	101,551.87			651,551.87	0.145%	61.20
2009	590,000.00	136,465.34			726,465.34	0.162%	67.97
2008	625,000.00	43,573.40			668,573.40	0.149%	62.72
2007	660,000.00	95,824.37			755,824.37	0.174%	70.98

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

Sources:

- (1) District Records. Includes Early Retirement Incentive Plan (ERIP) refunding
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon 2010 census published

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2016	\$ 140,000.00		\$ 140,000.00	0.02%	Unavailable
2015	220,000.00		220,000.00	0.03%	\$ 20.46
2014	295,000.00		295,000.00	0.06%	27.49
2013	365,000.00		365,000.00	0.08%	34.01
2012	430,000.00		430,000.00	0.09%	40.30
2011	490,000.00		490,000.00	0.10%	46.00
2010	550,000.00		550,000.00	0.12%	51.66
2009	590,000.00		590,000.00	0.13%	55.20
2008	625,000.00		625,000.00	0.13%	58.63
2007	660,000.00		660,000.00	0.14%	61.98

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

- (1) See Exhibit No. J-6 for property tax data.
- (2) Population data can be found in Exhibit No. J-14.

Source: District Records.

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

Township of Waterford:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Waterford Township</u>
Municipal Debt: (1)				
Waterford Township School District	\$ 2,890,000.00	\$ 2,890,000.00		
Waterford Township Water and Sewer Utility	6,075,646.43	6,075,646.43		
Waterford Township	<u>7,492,918.04</u>	<u>12,662.50</u>	<u>\$ 7,480,255.54</u>	<u>\$ 7,480,255.54</u>
	<u>16,458,564.47</u>	<u>8,978,308.93</u>	<u>7,480,255.54</u>	<u>7,480,255.54</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	35,695,000.00	12,761,633.00 (3)	22,933,367.00	465,051.90 (5)
Loan Agreement	269,003,014.00		269,003,014.00	5,454,949.72 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>471,754,632.00</u>	<u>471,754,632.00 (4)</u>		
	<u>776,452,646.00</u>	<u>484,516,265.00</u>	<u>291,936,381.00</u>	<u>5,920,001.62</u>
	<u>\$ 792,911,210.47</u>	<u>\$ 493,494,573.93</u>	<u>\$ 299,416,636.54</u>	<u>\$ 13,400,257.16</u>

Sources:

- (1) 2015 Annual Debt Statement
 - (2) County's 2015 Audit Report
 - (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
 - (4) Deductible in accordance with N.J.S. 40:37A-80.
 - (5) Such debt is allocated as a proportion of the Township's share of the total 2015 Equalized Value, which is 2.03%.
- The source for this computation was the 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2015	\$ 754,846,851.00
	2014	763,062,863.00
	2013	<u>766,661,301.00</u>
	[A]	<u>\$ 2,284,571,015.00</u>
Average equalized valuation of taxable property	[A/3]	\$ 761,523,671.67
Debt limit (2.5% of average equalization value)	[B]	\$ 19,038,091.79
Total Net Debt Applicable to Limit	[C]	<u>2,890,000.00</u>
Legal Debt Margin	[B-C]	<u>\$ 16,148,091.79</u>

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 19,038,091.79	\$ 19,495,661.87	\$ 20,397,726.56	\$ 25,842,764.00	\$ 22,110,649.08	\$ 23,024,390.98	\$ 22,788,134.74	\$ 22,779,825.62	\$ 19,564,642.68	\$ 17,263,862.83
Total net debt applicable to limit	<u>2,890,000.00</u>	<u>1,720,000.00</u>	<u>295,000.00</u>	<u>365,000.00</u>	<u>430,000.00</u>	<u>490,000.00</u>	<u>550,000.00</u>	<u>590,000.00</u>	<u>625,000.00</u>	<u>660,000.00</u>
Legal debt margin	<u>\$ 16,148,091.79</u>	<u>\$ 17,775,661.87</u>	<u>\$ 20,102,726.56</u>	<u>\$ 21,680,649.08</u>	<u>\$ 22,534,390.98</u>	<u>\$ 18,939,642.68</u>	<u>\$ 16,603,862.83</u>	<u>\$ 14,415,393.34</u>	<u>\$ 12,747,382.99</u>	<u>\$ 11,987,893.46</u>
Total net debt applicable to the limit as a percentage of debt limit	15.18%	8.82%	1.45%	1.41%	1.94%	2.13%	2.41%	2.59%	3.19%	3.82%

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	Unavailable	Unavailable	Unavailable	Unavailable
2015	10,753	Unavailable	Unavailable	6.9%
2014	10,732	\$ 503,180,552.00	\$ 46,886.00	8.7%
2013	10,731	488,732,664.00	45,544.00	9.0%
2012	10,671	480,867,273.00	45,063.00	10.1%
2011	10,653	471,171,537.00	44,229.00	10.0%
2010	10,646	449,580,580.00	42,230.00	10.2%
2009	10,688	449,280,768.00	42,036.00	9.7%
2008	10,660	448,316,960.00	42,056.00	6.2%
2007	10,649	434,457,902.00	40,798.00	4.7%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development (July 1)
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

WATERFORD TOWNSHIP SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer (1)</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Archway Programs (and Subsidiaries)	450	1	8.53%	500	1	7.85%
Fountains At Cedar Parke	200	2	3.79%			
Landvista Lawns & Landscaping	68	3	1.29%			
Atco Dragway LLC	50	4	0.95%	37	6	0.58%
Heat & Control Inc.	50	5	0.95%			
Raio Contracting	50	6	0.95%			
TD Bank	32	7	0.61%			
Waterford EMS	30	8	0.57%			
Parkwood Care	25	9	0.47%			
Waterford Volunteer Fire Co.	22	10	0.42%			
B&B Drywall				60	2	0.94%
Atco Multiplex				56	3	0.88%
Jersey Construction				50	4	0.78%
Shannon's Country House				40	5	0.63%
Equity National Bank				36	7	0.57%
Wade Environmental				30	8	0.47%
	<u>977</u>		<u>18.51%</u>	<u>809</u>		<u>17.88%</u>

(1) Source: D&B Regional Business Directory (2014), School District Records and the Township of Waterford.

Operating Information

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

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	60.5	52.6	61.0	58.5	54.3	56.4	108.8	116.5	105.2	81.4
Special education	33.4	56.5	27.0	35.1	35.1	36.5				1.6
Support Services:										
Student & instruction related services	46.9	27.7	33.0	28.0	27.2	26.9	31.5	31.3	32.5	30.5
General administrative services	2.0	2.0	2.0	2.0	1.6	2.0	2.0	2.0	2.0	2.0
School administrative services	5.3	5.3	5.3	5.3	7.5	8.5	6.2	6.2	6.3	6.5
Business administrative services	5.0	5.0	5.0	4.5	4.0	4.0	5.0	4.5	4.5	4.0
Plant operations and maintenance	6.0	6.0	6.0	6.0	6.3	8.3	20.9	20.9	20.2	10.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.3	2.3	27.0
Other					2.9	2.6	10.9	12.3		
Child Care	10.0	10.0								
Total	171.1	167.1	141.3	141.4	140.9	147.2	187.5	196.0	173.0	163.0

Source: District Personnel Records

WATERFORD TOWNSHIP SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

<u>Fiscal</u>	<u>Elementary Enrollment</u>	<u>Secondary Enrollment (1)</u>	<u>Operating Expenditures (2)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (3)</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE) (4)</u>	<u>Average Daily Attendance (ADA) (4)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	834	780	\$28,707,309.70	\$17,786.44	8.85%	76.8	10.86	831.6	792.9	-5.29%	95.35%
2015	854	774	26,601,389.98	16,339.92	4.06%	74.0	11.54	878.0	836.0	0.99%	95.22%
2014	898	809	26,803,552.79	15,702.14	7.10%	83.0	10.82	869.4	830.7	-4.56%	95.55%
2013	914	802	25,159,525.00	14,661.73	2.36%	76.0	12.03	910.9	868.4	4.77%	95.33%
2012	878	844	24,664,368.47	14,323.09	-2.63%	74.0	11.01	869.4	830.7	-5.67%	95.55%
2011	889	839	25,419,454.25	14,710.33	-8.52%	66.0	13.47	921.7	870.1	0.09%	94.40%
2010	909	849	28,064,523.06	15,963.89	8.67%	76.0	11.96	920.9	869.4	-1.80%	94.41%
2009	936	864	26,244,062.25	14,580.03	1.38%	76.0	12.32	937.8	889.0	4.35%	94.80%
2008	899	846	25,090,328.43	14,378.41	15.97%	71.5 (5)	12.57	898.7	852.6	-2.66%	94.87%
2007	923	865	22,169,097.16	12,398.82	4.67%	96.0	9.61	923.3	873.9	-1.84%	94.65%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

- (1) Secondary students are sent on a tuition basis.
- (2) Operating expenditures equal total expenditures less debt service and capital outlay
- (3) Teaching staff includes only full-time equivalents of certificated staff.
- (4) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). and includes elementary students only, secondary students are sent on a tuition basis.
- (5) Beginning in 2008, the calculation was adjusted to exclude administrators and child study team.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Elementary</u>										
Atco (1965)										
Square Feet	25,600	25,600	25,600	25,600	25,600	24,494	24,494	24,494	24,494	24,494
Capacity (students)	150	150	150	150	150	176	176	176	176	176
Enrollment	220	204	179	179	163 *	217	256	253	172	233
Thomas Richards (1979)										
Square Feet	30,033	30,033	30,033	30,033	30,033	32,723	32,723	32,723	32,723	32,723
Capacity (students)	193	193	193	193	193	262	262	262	262	262
Enrollment	231	255	213	213	252	259	234	220	269	281
Waterford (1985)										
Square Feet	71,418	71,418	71,418	71,418	71,418	78,000	78,000	78,000	78,000	78,000
Capacity (students)	444	444	444	444	445	450	450	450	450	450
Enrollment	328	364	452	452	401	413	442	461	413	427
<u>Other</u>										
Office Building (1985)										
Square Feet	6,541	6,541	6,541	6,541	6,541	2,132	2,132	2,132	2,132	2,132

* Kindergarten students were counted as .5 because they are half day.

Number of Schools at June 30, 2016
 Elementary = 3

Sources: ASSA, Square Footage from most recent Long Range Facilities Plan
 Capacity = FES from most recent Long Range Facilities Plan

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

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

* School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Waterford Elementary	N/A	\$ 104,067.90	\$ 101,881.65	\$ 98,120.72	\$ 161,024.00	\$ 191,163.63	\$ 90,480.13	\$ 76,213.18	\$ 70,920.83	\$ 73,145.53	\$ 82,699.08
Thomas Richards Elementary	N/A	31,152.25	47,500.18	63,857.38	51,281.00	60,879.20	34,039.60	28,715.83	28,665.68	27,041.82	34,695.00
Atco Elementary	N/A	25,808.02	34,113.06	33,908.16	36,647.00	43,506.48	32,005.14	39,122.79	20,530.71	32,572.46	25,970.00
Total School Facilities		<u>161,028.17</u>	<u>183,494.89</u>	<u>195,886.26</u>	<u>248,952.00</u>	<u>295,549.31</u>	<u>156,524.87</u>	<u>144,051.80</u>	<u>120,117.22</u>	<u>132,759.81</u>	<u>143,364.08</u>
Other Facilities	N/A	<u>10,375.32</u>	<u>4,979.59</u>	<u>2,131.54</u>	<u>4,960.00</u>	<u>5,887.75</u>	<u>2,850.52</u>	<u>25,898.05</u>	<u>10,212.73</u>	<u>9,119.80</u>	<u>6,361.00</u>
Grand Total		<u>\$ 171,403.49</u>	<u>\$ 188,474.48</u>	<u>\$ 198,017.80</u>	<u>\$ 253,912.00</u>	<u>\$ 301,437.06</u>	<u>\$ 130,329.95</u>	<u>\$ 169,949.85</u>	<u>\$ 130,329.95</u>	<u>\$ 141,879.61</u>	<u>\$ 149,725.08</u>

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

Source: District Records

WATERFORD TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property (1):		
Real and Personal	\$ 400,000,000.00	\$ 5,000.00
Extra Expense	50,000,000.00	5,000.00
Valuable Papers and Records	10,000,000.00	5,000.00
Demolition and Increased Costs of Construction	25,000,000.00	
Loss of Business Income/Tuition	1,000,000.00	
Limited Builders Risk	5,000,000.00	
Fire Department Service Charge	10,000.00	
Arson Reward	10,000.00	
Pollutant Cleanup and Removal	250,000.00	
Sublimits :		
Special Flood Hazard Area Flood Zones	20,000,000.00	500,000.00
Accounts Receivable	250,000.00	
All Flood Zones	75,000,000.00	10,000.00
Earthquake	50,000,000.00	
Terrorism	1,000,000.00	
Electronic Data Processing (1):		
Hardware/Software	800,000.00	
Extra Expense	Included	
Coverage Extensions:		
Transit	25,000.00	
Loss of Income	10,000.00	
Terrorism	Included in Property	
Deductible (per occurrence)		1,000.00
Special Flood Hazard Area Flood Deductible (per building contents)		500,000.00
All Other Flood Zones Flood Deductible (per member/per occurrence)		10,000.00
Equipment Breakdown (1):		
Combined Single Limit per Accident for Property Damage and Business Income	100,000,000.00	
SubLimits:		
Property Damage	Included	
Off Premises Property Damage	100,000.00	
Business Income	Included	
Extra Expense	10,000,000.00	
Service Interruption	10,000,000.00	
Perishable Goods	500,000.00	
Data Restoration	100,000.00	
Contingent Business Income	100,000.00	
Demolition	1,000,000.00	
Ordinance or Law	1,000,000.00	
Expediting Expenses	500,000.00	
Hazardous Substances	500,000.00	
Newly Acquired Locations (120 day notice)	250,000.00	
Terrorism	Included	

(Continued)

WATERFORD TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Crime (1):		
Public Employee Dishonesty with Faithful Performance	\$ 250,000.00	\$ 1,000.00
Theft, Disappearance and Destruction - Loss of Money & Securities on or Off Premises	25,000.00	500.00
Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	25,000.00	500.00
Forgery or Alteration	25,000.00	500.00
Computer Fraud	25,000.00	500.00
Comprehensive General Liability (1):		
Bodily Injury and Property Damage	16,000,000.00	
Products and Completed Operations	16,000,000.00	
Sexual Abuse		
per occurrence	16,000,000.00	
annual NJSIG aggregate	17,000,000.00	
Personal Injury and Advertising Injury	16,000,000.00	
Employee Benefits Liability	16,000,000.00	1,000.00
Premises Medical Payments		
per accident	10,000.00	
limit per person	5,000.00	
Terrorism	1,000,000.00	
Automobile (1):		
Liability:		
Bodily Injury and Property Damage	16,000,000.00	
Uninsured/Underinsured Motorists - Private Passenger Auto	1,000,000.00	
Uninsured/Underinsured Motorists - All Other Vehicles		
Bodily Injury Per Person	15,000.00	
Bodily Injury Per Accident	30,000.00	
Property Damage Per Accident	5,000.00	
Personal Injury Protection (including pedestrians)	250,000.00	
Medical Payments:		
private passenger vehicles	10,000.00	
all other vehicles	5,000.00	
Terrorism	1,000,000.00	
Physical Damage (Scheduled vehicles only):		
Comprehensive		1,000.00
Collision		1,000.00
Hire Car Physical Damage (\$110,000.00 limit)		1,000.00
Replacement Costs	Not Covered	
Garage Keepers	Included	
Workers Compensation (1):		
Bodily Injury by Accident	2,000,000.00	
Bodily Injury by Disease (each employee)	2,000,000.00	
Bodily Injury by Disease (aggregate limit)	2,000,000.00	

(Continued)

WATERFORD TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

School Leaders Errors & Omissions Liability (1):			
Coverage A	\$	16,000,000.00	\$ 10,000.00
Coverage B:			
Each Claim		100,000.00	10,000.00
Each Policy Period		300,000.00	
Student Accident Coverage (2)		6,000,000.00	
Surety Bond Coverage - Board Secretary (3)		250,000.00	

(1) - New Jersey Schools Insurance Group (NJSIG)

(2) - Zurich Insurance Company

(3) - Western Surety

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Waterford School District
County of Camden
Waterford, New Jersey 08089

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Public School Accountant No. CS 02459

Voorhees, New Jersey
November 30, 2016

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

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
					<u>From</u>	<u>To</u>
General Fund:						
U.S. Department of Health and Human Services:						
Passed-through State Department of Education:						
Medical Assistance Program (SEMI)	93.778	1605NJMAP	N/A	\$ 93,759.01	7-1-14	6-30-15
Medical Assistance Program (SEMI)	93.778	1605NJMAP	N/A	20,780.88	7-1-13	6-30-14
Medical Assistance Program (SEMI)	93.778	1605NJMAP	N/A	34,254.64	7-1-15	6-30-16
Medicaid Assistance Program (SEMI) Subtotal						
Total General Fund						
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
No Child Left Behind (NCLB):						
Title I, Part A:						
Title I, Part A	84.010A	S010A150030	NCLB5560-14	259,430.00	7-1-14	6-30-15
Title I, Part A	84.010A	S010A150030	NCLB5560-15	250,297.00	7-1-15	6-30-16
Total Title I, Part A Cluster						
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB5560-14	31,848.00	7-1-14	6-30-15
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB5560-15	30,025.00	7-1-15	6-30-16
Total Title II, Part A						
Title II, Part D Summer	84.318		NCLB5560-11	556.00	9-1-10	8-31-11
Total Title II, Part D						
Total No Child Left Behind (NCLB)						
I.D.E.I.A., Part B:						
Basic	84.027	H027A150100	FT-5560-15	248,677.00	7-1-14	6-30-15
Basic	84.027	H027A150100	FT-5560-16	253,936.00	7-1-15	6-30-16
Preschool Incentive	84.173	H173A150114	PS-5560-15	16,224.00	7-1-14	6-30-15
Preschool Incentive	84.173	H173A150114	PS-5560-16	19,289.00	7-1-15	6-30-16
Total I.D.E.I.A. Part B Cluster						
Total U.S. Department of Education						
Total Special Revenue Fund						
Enterprise Fund:						
U.S. Department of Agriculture						
Passed-through State Department of Education:						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	16161NJ304N1099	N/A	29,117.28	7-1-15	6-30-16
Non-Cash Assistance Subtotal						
Cash Assistance:						
School Breakfast Program	10.553	16161NJ304N1099	N/A	38,266.44	7-1-14	6-30-15
School Breakfast Program	10.553	16161NJ304N1099	N/A	37,345.70	7-1-15	6-30-16
National School Lunch Program	10.555	16161NJ304N1099	N/A	117,870.66	7-1-14	6-30-15
National School Lunch Program	10.555	16161NJ304N1099	N/A	107,528.42	7-1-15	6-30-16
Cash Assistance Subtotal						
Total U.S. Department of Agriculture						
Total Enterprise Fund						
Total Federal Financial Assistance						

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

Balance June 30, 2015	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures			Passed - Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor June 30, 2016
\$ (12,270.40)		\$ 12,270.40									
		31,256.37	\$ (20,780.88) (34,254.64)		\$ (20,780.88) (34,254.64)				\$ (20,780.88) (2,998.27)		
(12,270.40)		43,526.77	(55,035.52)		(55,035.52)				(23,779.15)		
(12,270.40)		43,526.77	(55,035.52)		(55,035.52)				(23,779.15)		
(94,108.30)		94,108.30 206,619.00	(238,152.24)		(238,152.24)				(31,533.24)		
(94,108.30)		300,727.30	(238,152.24)		(238,152.24)				(31,533.24)		
(16,883.19)		16,883.19 23,989.00	(29,306.31)		(29,306.31)				(5,317.31)		
(16,883.19)		40,872.19	(29,306.31)		(29,306.31)				(5,317.31)		
(70.00)		70.00									
(70.00)		70.00									
(111,061.49)		341,669.49	(267,458.55)		(267,458.55)				(36,850.55)		
(50,014.13)		50,014.13									
(4,639.00)		212,201.00 4,639.00 18,761.00	(253,936.00) (19,289.00)		(253,936.00) (19,289.00)				(41,735.00) (528.00)		
(54,653.13)		285,615.13	(273,225.00)		(273,225.00)				(42,263.00)		
(165,714.62)		627,284.62	(540,683.55)		(540,683.55)				(79,113.55)		
(165,714.62)		627,284.62	(540,683.55)		(540,683.55)				(79,113.55)		
		29,117.28	(29,117.28)		(29,117.28)						
		29,117.28	(29,117.28)		(29,117.28)						
(3,156.22)		3,156.22 30,134.97	(37,345.70)		(37,345.70)				(7,210.73)		
(8,991.74)		8,991.74 86,162.01	(107,528.42)		(107,528.42)				(21,366.41)		
(12,147.96)		128,444.94	(144,874.12)		(144,874.12)				(28,577.14)		
(12,147.96)		157,562.22	(173,991.40)		(173,991.40)				(28,577.14)		
(12,147.96)		157,562.22	(173,991.40)		(173,991.40)				(28,577.14)		
\$ (190,132.98)	\$ -	\$ 828,373.61	\$ (769,710.47)		\$ (769,710.47)	\$ -	\$ -	\$ -	\$ (131,469.84)	\$ -	\$ -

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

<u>State Grantor/ Program or Cluster Title</u>	Grant or State Project Number	Program or Award Amount	Local Match	<u>Grant Period</u>		Balance June 30, 2015		
				From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid- Public Cluster:								
Equalization Aid	15-495-034-5120-078	\$ 10,416,210.00		7-1-2014	6-30-2015	\$ (1,024,094.98)		
Equalization Aid	16-495-034-5120-078	10,416,210.00		7-1-2015	6-30-2016			
Special Education Categorical Aid	15-495-034-5120-089	970,050.00		7-1-2014	6-30-2015	(95,372.81)		
Special Education Categorical Aid	16-495-034-5120-089	970,050.00		7-1-2015	6-30-2016			
Security Aid	15-495-034-5120-084	198,097.00		7-1-2014	6-30-2015	(19,476.39)		
Security Aid	16-495-034-5120-084	198,097.00		7-1-2015	6-30-2016			
School Choice Aid	15-495-034-5120-068	257,594.00		7-1-2014	6-30-2015	(25,325.98)		
School Choice Aid	16-495-034-5120-068	292,404.00		7-1-2015	6-30-2016			
PARCC Readiness Aid	15-495-034-5120-098	16,820.00		7-1-2014	6-30-2015	(1,653.70)		
PARCC Readiness Aid	16-495-034-5120-098	16,820.00		7-1-2015	6-30-2016			
Per Pupil Growth Aid	15-495-034-5120-097	16,820.00		7-1-2014	6-30-2015	(1,653.70)		
Per Pupil Growth Aid	16-495-034-5120-097	16,820.00		7-1-2015	6-30-2016			
Total State Aid - Public Cluster						(1,167,577.56)		
Transportation Aid:								
Transportation Aid	15-495-034-5120-014	664,495.00		7-1-2014	6-30-2015	(65,331.44)		
Transportation Aid	16-495-034-5120-014	664,495.00		7-1-2015	6-30-2016			
Additional Nonpublic School Transportation Aid	15-495-034-5120-014	11,672.00		7-1-2014	6-30-2015	(11,672.00)		
Additional Nonpublic School Transportation Aid	16-495-034-5120-014	17,037.00		7-1-2015	6-30-2016			
Total Transportation Aid						(77,003.44)		
Extraordinary Special Education Costs Aid								
Extraordinary Special Education Costs Aid	15-495-034-5120-473	132,723.00		7-1-2014	6-30-2015	(132,723.00)		
Extraordinary Special Education Costs Aid	16-495-034-5120-473	182,714.00		7-1-2015	6-30-2016			
Total Extraordinary Special Education Costs Aid						(132,723.00)		
Reimbursed T.P.A.F. Social Security Contributions								
Reimbursed T.P.A.F. Social Security Contributions	15-495-034-5094-003	470,302.02		7-1-2014	6-30-2015	(22,907.64)		
Reimbursed T.P.A.F. Social Security Contributions	16-495-034-5094-003	488,996.77		7-1-2015	6-30-2016			
Total Reimbursed T.P.A.F. Social Security						(22,907.64)		
Total General Fund						(1,400,211.64)		
Capital Projects Fund:								
School Development Authority:								
Regular Operating District Grant:								
Waterford Elementary School - Unbundled	5560-100-14-1003	3,184,884.00	\$ 3,309,617.00	6-20-14	Completion	(393,184.58)		
Thomas Richards Elementary School - Unbundled	5560-060-14-1002	1,275,287.00	1,325,233.00	12-19-14	Completion	942,604.90		
Atco Elementary School - Unbundled	5560-040-14-1001	1,302,313.00	1,353,318.00	12-19-14	Completion	1,201,809.15		
Total Capital Projects Fund						1,751,229.47		
Enterprise Fund:								
State Department of Agriculture:								
National School Lunch Program (State Share)								
National School Lunch Program (State Share)	15-100-010-3350-023	3,577.47		7-1-2014	6-30-2015	(363.20)		
National School Lunch Program (State Share)	16-100-010-3350-023	3,126.60		7-1-2015	6-30-2016			
Total Enterprise Fund						(363.20)		
Total State Financial Assistance subject to Major Program Determination for State Single Audit						350,654.63		
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of the Treasury:								
On-behalf Contributions:								
Teacher's Pension and Annuity Fund	N/A	486,433.00		7-1-2015	6-30-2016			
T.P.A.F. Non-contributory Insurance	N/A	24,231.00		7-1-2015	6-30-2016			
T.P.A.F. Post-Retirement Medical	N/A	608,060.00		7-1-2015	6-30-2016			
Total General Fund (Non-Cash Assistance)								
Total State Financial Assistance						\$ 350,654.63	\$ -	\$ -

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

Cash Received	Total Budgetary Expenditures	Passed- Through Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 1,024,094.98									\$ (10,416,210.00)
9,393,675.12	\$ (10,416,210.00)				\$ (1,022,534.88)			\$ (1,022,534.88)	(10,416,210.00)
95,372.81									(970,050.00)
874,822.48	(970,050.00)				(95,227.52)			(95,227.52)	(970,050.00)
19,476.39									(198,097.00)
178,650.28	(198,097.00)				(19,446.72)			(19,446.72)	(198,097.00)
25,325.98									(257,594.00)
263,699.39	(292,404.00)				(28,704.61)			(28,704.61)	(292,404.00)
1,653.70									(16,820.00)
15,168.82	(16,820.00)				(1,651.18)			(1,651.18)	(16,820.00)
1,653.70									(16,820.00)
15,168.82	(16,820.00)				(1,651.18)			(1,651.18)	(16,820.00)
11,908,762.47	(11,910,401.00)				(1,169,216.09)			(1,169,216.09)	(23,785,992.00)
65,331.44									(664,495.00)
599,263.09	(664,495.00)				(65,231.91)			(65,231.91)	(664,495.00)
11,672.00									(11,672.00)
	(17,037.00)				(17,037.00)				(17,037.00)
676,266.53	(681,532.00)				(82,268.91)			(65,231.91)	(1,357,699.00)
132,723.00									(132,723.00)
	(182,714.00)				(182,714.00)				(182,714.00)
132,723.00	(182,714.00)				(182,714.00)				(315,437.00)
22,907.64									(470,302.02)
465,151.36	(488,996.77)				(23,845.41)				(488,996.77)
488,059.00	(488,996.77)				(23,845.41)				(959,298.79)
13,205,811.00	(13,263,643.77)				(1,458,044.41)			(1,234,448.00)	(26,400,290.79)
	(1,362,347.73)				(3,184,884.00)	\$ 1,429,351.69			(5,065,149.31)
	(1,795,910.83)				(1,275,287.00)	421,981.07			(2,178,538.93)
	(1,692,517.40)				(1,302,313.00)	811,604.75			(1,844,026.25)
	(4,850,775.96)				(5,762,484.00)	2,662,937.51			(9,087,714.49)
363.20									(3,577.47)
2,492.52	(3,126.61)				(634.09)				(3,126.61)
2,855.72	(3,126.61)				(634.09)				(6,704.08)
13,208,666.72	(18,117,546.34)				(7,221,162.50)	2,662,937.51		(1,234,448.00)	(35,494,709.36)
486,433.00	(486,433.00)								(486,433.00)
24,231.00	(24,231.00)								(24,231.00)
608,060.00	(608,060.00)								(608,060.00)
1,118,724.00	(1,118,724.00)								(1,118,724.00)
<u>\$ 14,327,390.72</u>	<u>\$ (19,236,270.34)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,221,162.50)</u>	<u>\$ 2,662,937.51</u>	<u>\$ -</u>	<u>\$ (1,234,448.00)</u>	<u>\$ (36,613,433.36)</u>

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

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$1,539.00 for the general fund and (\$3,658.93) for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$7,500.00 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 55,035.52	\$ 13,263,643.77	\$ 13,318,679.29
Special Revenue	540,683.55		540,683.55
Capital Projects		4,850,775.96	4,850,775.96
Food Service	173,991.40	3,126.61	177,118.01
	<u>\$ 769,710.47</u>	<u>\$ 18,117,546.34</u>	<u>\$ 18,887,256.81</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

There were no adjustments made on the schedules of expenditures of federal awards and state financial assistance during the fiscal year ended June 30, 2016.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

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

Note 7: MAJOR PROGRAMS

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

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

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

 Material weakness(es) identified? _____ yes X no

 Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? _____ yes X no

 Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	I.D.E.I.A. Part B Cluster: _____
84.027	H027A150100	I.D.E.I.A. - Basic _____
84.173	H173A150114	I.D.E.I.A. - Preschool Incentive _____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____ \$750,000.00 _____

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

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

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? ___ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

Table with 2 columns: GMIS Number(s) and Name of State Program. Rows include: 495-034-5120-089 (Special Education Categorical Aid), 495-034-5120-078 (Equalization Aid), 495-034-5120-084 (Security Aid), 495-034-5095-068 (School Choice Aid), 495-034-5095-098 (PARCC Readiness Aid), 495-034-5095-097 (Per Pupil Growth Aid).

Dollar threshold used to determine Type A programs \$750,000.00

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

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

Section 2- Schedule of Financial Statement Findings

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

None.

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

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None.

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

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001

Condition

Our audit of the District's School Aged Child Care Enterprise Fund (SACC) disclosed the following conditions:

1. Several SACC receipts were not deposited timely.
2. Individual SACC billings did not always agree to the attendance records and sufficient support was not always maintained to determine that collections were applied to the correct accounts.
3. The SACC program's net operating loss for the fiscal year was \$23,548.15. As a result, a contribution from the general fund was required.

Current Status

Condition resolved.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

