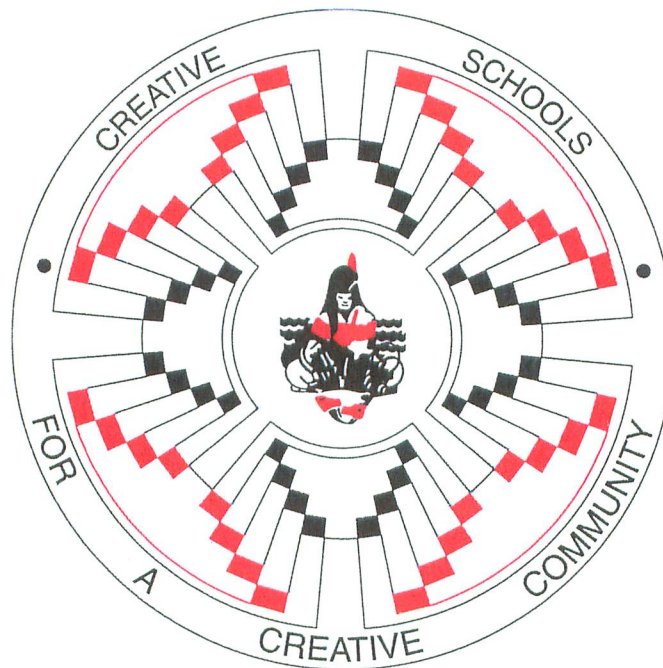


**Board of Education
of
Cinnaminson Township
School District
Cinnaminson, New Jersey**



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
JUNE 30, 2017**

**Comprehensive Annual
Financial Report**

of the

**Cinnaminson Township
Board of Education**

Cinnaminson, New Jersey

For the Fiscal Year Ended June 30, 2017

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT

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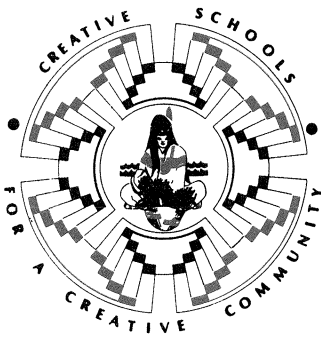
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Introductory Section



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Administrative Offices

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October 12, 2017

Honorable President and
Members of the Board of Education
Cinnaminson School District
Cinnaminson, New Jersey 08077

Dear Board Members:

The Comprehensive Annual Financial Report of the Cinnaminson Township Public Schools for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the single audit in conformity with the provisions of the Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal awards (uniform guidance); and the State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Cinnaminson Township Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Cinnaminson Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a comprehensive Pre- K through 12 curriculum, including: gifted and talented, special education and basic skills. The current average daily enrollment of 2,474.50 students is 35.40 students more than the previous year. The following details the changes in enrollment over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016 – 2017	2,474.50	1.45%
2015 – 2016	2,439.1	1.10%
2014 – 2015	2,412.64	2.10%
2013 – 2014	2,363.1	.12%
2012 – 2013	2,360.2	.2%
2011 – 2012	2,354.9	.69%
2010 – 2011	2,338.6	(1.03%)
2009 – 2010	2,419.8	1.43%
2008 – 2009	2,385.7	(3.11%)
2007 – 2008	2,459.9	(2.49%)

2. ECONOMIC CONDITIONS AND OUTLOOK

Cinnaminson Township continues to be a desirable, high-performing district. State aid has remained flat and has provided the necessary funds to maintain and, where appropriate, add to the instructional staff as well as continue a quality instructional program. Along with significant local effort and continued state support, state aid has made a difference as Township property values have declined by \$1.8 million. The number of state and federal unfunded or partially funded mandates have been and will continue to be a serious fiscal burden on our taxpayer. The increased enrollment from the “Riverfront” properties continues to have an effect on class size and special program needs.

The Cinnaminson community supported and approved a \$40 million referendum in September, 2014. As a result the Cinnaminson High School has been renovated and expanded. This work included new secured entrance vestibules, new electric and HVAC systems, new fire and crisis alarm systems, ADA compliant elevator and joining second floor wings, auditorium upgrades, new science lab, and roof replacement. In addition a “state of the art” gymnasium was approved in the referendum and has been available for student and community use since September, 2016. The referendum also included the construction of secured entrance vestibules for the Middle School, Rush Intermediate and New Albany schools and related work were approved. These renovations have been completed during summer, 2017.

The district is planning for the gradual increase of student growth from the Riverfront properties in order to maintain state aide for support of the 2017-18 budget. Employees will be in the seventh year of the Public Law 2011, Chapter 78 for the 2017-18 school year. Again we have managed to maintain single digit increases in employee benefits due to the low experience ratings and from participation from the School Health Insurance Fund (SHIF), formerly the Southern New Jersey HIF. The district has renewed the shared service arrangement with the Township for a School Resource Officer during the 2016-17 school year and is planning on maintaining the officer into the 2017-18 school year.

3. MAJOR INITIATIVES

The Cinnaminson Township School District has embarked on a number of new as well as continuing initiatives.

Our district continues to address curricular improvement per New Jersey Learning Standards, Atlas Rubicon Mapping, purchase of instructional materials and texts that align with New Jersey standards and staff development, particularly in the use of technology. The district remains confident that personnel, as we move forward with PARCC assessments, will be able to refine existing programs to

better meet student needs in grades Pre-kindergarten through 12th grade. Lastly, the district continues to address the needs of our special education population while expanding the multiple disability program and life skills at the High School.

The continued funding levels from the State have provided moneys to assist with the creation of a Multiple Disability Program for the High School, and the hiring and training of District ABA technicians to support the ever growing needs of students. The MD class at the High School allows us to continue to economize by keeping the students in district and providing them with the life skills necessary to be productive members of the community. Integrated preschool and kindergarten programs initiated last year are still in place. The district continues to evaluate its technology infrastructure to accommodate PARCC assessments and to upgrade the wireless network with additional access points and switches for New Albany Elementary School. The district has also purchased additional chrome book laptop carts to assist with the implementation of PARCC testing. The improvements support the District's Bring Your Own Device program. The district has introduced google classroom where the applications will be used by students and in turn make them college and career ready.

In order to build professionalism, district funds are allocated for continued training in the core standards and preparation for State assessments. Training is delivered in a variety of ways including webinars, out of district workshops, in district workshops, building, department and grade level meetings, and review of online and hard copy documents. The district formed a District Evaluation Advisory Committee, which meets regularly and advises in the District's response to the state teacher evaluation initiative. The District uses the Danielson format as the teacher evaluation tool. The district continues to offer ongoing in-house, building and department level, web-based and outside training for administrators and teachers. Assessments continued to be analyzed by supervisors/principals as they collaborate in developing meaningful SGO's. Further, the processes are in place for the district to move forward with the adoption and integration of the next generation science standards.

The Math Curriculum is available on the district website for staff and the community. Programs throughout the district use interactive whiteboards to enhance learning. The curriculum will be fully aligned to the New Jersey Student Learning Standards during the summer of 2017. All sixth graders at the Middle School have double periods of Math and all Middle School students who need additional assistance are offered a refresher course. Algebra I is offered at the Middle School and those students who advance beyond that course, can travel to the high school to take Honors Geometry. Modified sections of Algebra I and Geometry are available as a double period for students in need of additional support. AP courses in Calculus and Statistics are available at the High School.

The Science Department updated their curriculum maps to focus on STEM initiatives. The core standards in science support the use of graphing calculators and computers. The department revised the 6-12 curriculum in the summer of 2016 to meet the Next Generation Science Standards (NGSS). Curriculum revisions will be made in the science program grades K-5 during the summer of 2017 to ensure alignment with the NGSS. All department members use computers for lab activities. The Forensic Science elective remains well subscribed. AP courses are available in Environmental Science, Biology, Chemistry, Physics 1 and Physics C.

The entire English Language Arts curriculum will be fully aligned to the New Jersey Student Learning Standards during the summer of 2017. The writing process is emphasized at every grade including the important steps of revising and editing. Our K-12 reading program employs at least two full-time reading specialists in every building to provide ongoing remediation and skill development during the school day, after school and during the summer. Teachers in the primary schools have been trained, or will be trained, in Orton Gillingham, Wilson, or Linda Mood Bell programs. Electives in Journalism, Creative Writing, "Literature of the Holocaust" and "The Monsters Among and Within Us" are popular with students at the secondary level. AP courses are

offered for juniors and seniors. The curriculum for the AP course for juniors was written during the summer of 2016 and the course began in the fall of 2016.

The social studies curriculum focuses on teaching historical thinking skills (reading and writing) and historiography through the study of American and global history. Advanced Placement courses include Psychology, United States History, and European History. The social studies department incorporates primary source documents and historical perspectives as a major focus of study and assessment. The department also emphasizes historical writing skills and protocols. The use of these documents and writing activities mirrors the Research Simulation Task initiative in the English Language Arts area. The department offers a wide array of full year and semester electives including American Law, Macro-economics, Human Behavior, Sociology, Gender and Society, Contemporary World Issues, and Sports in Society. The curriculum is enriched through a variety of extra-curricular activities including Mock Trial, World Affairs Council, and Debate Club.

In today's global economy, students need to be lifelong learners who have the knowledge and skills to adapt to an evolving workplace and world. Cinnaminson Schools infuse 21st Century Life & Career Skills (Career Ready Practices) throughout all content areas. A chart is available on our district website which shows the cross-walk of the content areas with the standards. Personal Financial Literacy is incorporated in several classes in the high school. Additionally, a stand-alone Financial Literacy is available to students. 21st century Career Awareness, Exploration and Preparation is addressed in the two school- to- work classes at the high school.

Music and Art classes encompass offerings for students at all skill levels. Our vocal and instrumental students consistently earn positions in highly-competitive honors ensembles on the state and regional levels, as well as individual accolades, and present numerous concerts for the community throughout the year. Visual Arts students can prepare a portfolio for college entrance, as well as compete in county-wide Teen Arts Festivals and local and national contests. Classes range from Digital Photography, Graphic Design and Sculpture, to traditional drawing and painting classes. The Visual and Performing Arts program has enhanced connections with other content areas (especially Social Studies and English Language Arts) by infusing Reading, Writing, and History related to music and art. Courses explore career opportunities in this field. Benchmark assessments have been developed for all courses in Visual and Performing Arts. A Guitar Class was added to the high school in the fall of 2016. This offering is an extension of the program offered at the middle school.

The Physical Education program provides each student with the opportunity to participate in a comprehensive program consisting of skill development, lead up games, team sports, lifetime and physical fitness activities. The students receive instruction in rules, skills, and strategies associated with the different sports as well as learning experiences involving physical conditioning activities. The students will also have opportunities to become involved in life-long activities through individual sports units. The program promotes the spirit of cooperation, leadership, fair play, and friendly competition.

The 9th – 12th grade health curriculum is designed to familiarize students with issues they will encounter during their high school years. The courses are designed to provide knowledge and skills, which will enable students to make healthy choices. Units covered include communicable diseases, wellness, tobacco, fitness, first aid, mental health, drug and alcohol, reproduction, character education, harassment, intimidation and bullying.

The mission of the Cinnaminson World Languages Department is to impart an understanding and appreciation of the cultural diversity existing in today's society. It is also to instill in all students an interest in being multi-lingual and to view this as a 21st century life skill which will enable them to better compete in the global workforce. Beginning in the 2016-2017 school year, Cinnaminson is a participant in the NJ Seal of Biliteracy program. Qualifying seniors who have demonstrated a score of Intermediate-Mid via a third party assessment in all four domains of second language acquisition: reading, writing, listening and speaking are awarded a state-issued certificate conferred at graduation.

To ensure that Cinnaminson students are successful in second language acquisition, the World Languages program begins in grades K-2 with minimal exposure to Spanish via a video series. Exposure to Spanish continues in grades 3-5 where it is taught on a rotational schedule of one day per week with an instructor. In the Middle School, students in grade 6 are exposed to both French and Spanish on a rotational schedule. In grade 7, students will choose either French or Spanish to begin their study at the introductory level. Level one study is continued in grade 8. The World Languages program at the high school offers a complete range of study. French and Spanish courses are offered at various ability levels from grades 9 through 12: modified academic, accelerated/college preparatory, honors, and advanced placement.

Students K-8 explore computer use and applications as part of their regular curriculum. Computer programming is infused at all levels, with early elementary students learning to program robot bees, upper elementary students using MIT's simple drag-and-drop coding software (Scratch), and middle school students refining their use of Scratch while taking a brief look at a full-scale programming language, Python. Students at all levels, K-12, receive instruction in basic computer applications. These enhance reading and math skills at the K-5 level, and introduce word processing, spreadsheet and presentation software from grades 3-8. Keyboarding proficiency is stressed from second grade on. Middle School students also take a test in technology literacy, to ensure they are meeting New Jersey computer literacy standards. Classroom and subject teachers increasingly use the building computer labs and laptop carts to enhance lessons.

Cinnaminson High School offers numerous technology electives, with freshmen strongly encouraged to enroll in Computing for College to enhance keyboarding proficiency and expand knowledge of the features of Microsoft Word and Excel. Honors Office expands student familiarity with Excel spreadsheets, Access databases, Word, and PowerPoint. Electives are offered in Introduction to Computer Programming, and an upper level programming course will be offered starting in the fall of 2017. An Honors-level course teaches students to design web sites, and introduces them to the functions and analytics of web servers. Technology enhances all courses. Bring your own Technology is offered throughout the school, to enhance availability of real-time data, research, and opportunities to create output.

The Cinnaminson Middle School has been designated a National School of Character by Character.org. This designation was the commitment of the Middle School to including lessons or character and service in classes and activities. The Cinnaminson Middle School will be recognized at the National Schools of Character conference in Arlington, Virginia in late October.

Whether it be in student accomplishments, staff commitment, rigorous instructional programs, or district governance and operations, the district continues to rank among the very best in the South Jersey region.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure, including that portion related to federal and state

financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", 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.

8. RISK MANAGEMENT

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

9. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, performs the annual statutory audit of the Cinnaminson Township Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

10. ACKNOWLEDGEMENTS

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

Respectfully submitted,



Stephen M. Cappello
Superintendent of Schools



Thomas W. Egan, Jr.
Board Secretary/Business Administrator



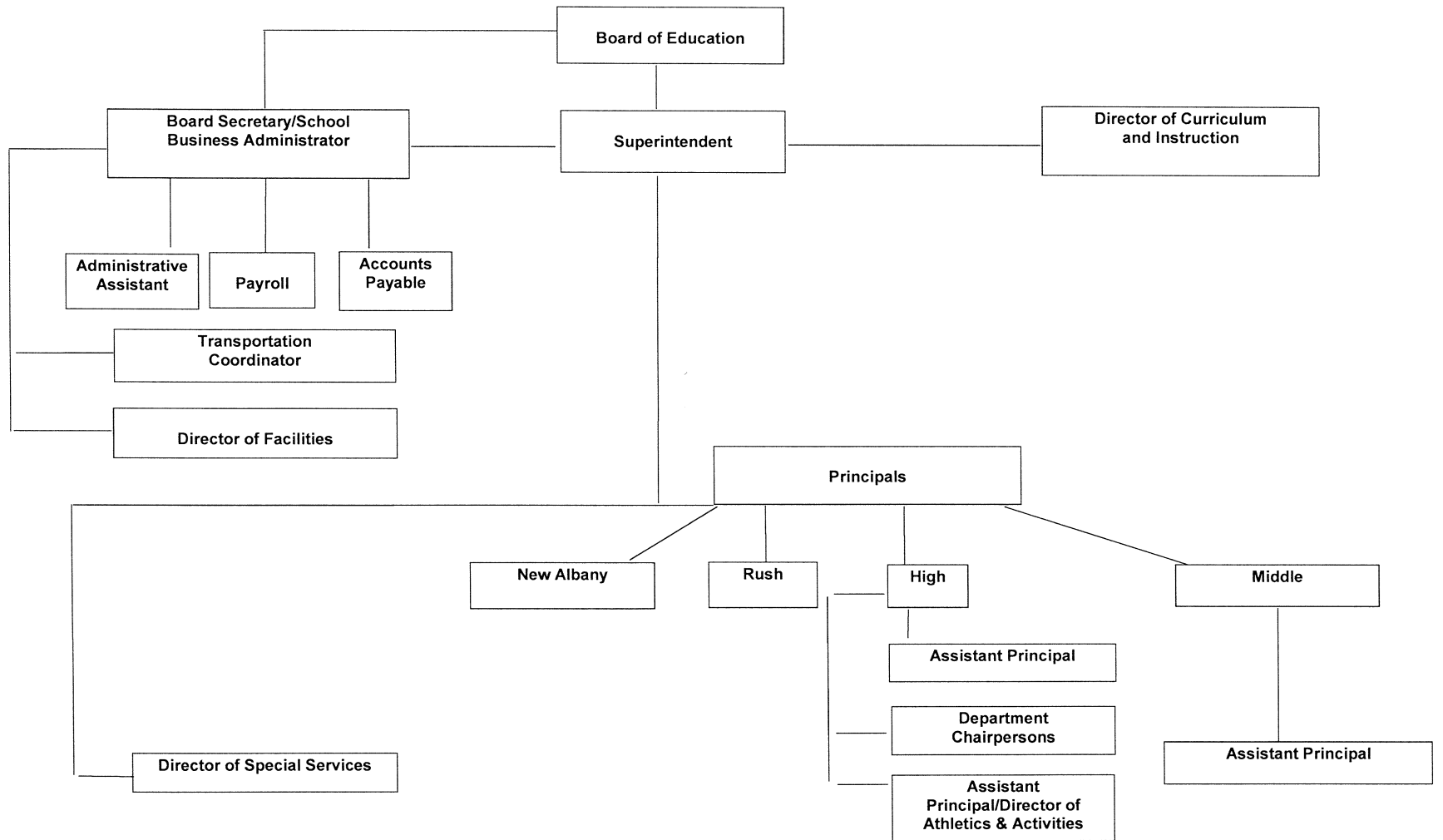
MISSION STATEMENT

The Mission of the Cinnaminson School District is to educate our students and to assist their development into self-motivated, multi-faceted, happy and physically fit individuals who are productive, responsible citizens. It is expected that all students will achieve the New Jersey Student Learning Standards at all grade levels.

With national and state program standards as a basis, Cinnaminson students will gain an appreciation of knowledge, a desire to learn, and a respect for themselves and others. In partnership with the family and the community, we will foster achievement and we will model excellence and responsible behavior.

CINNAMINSON BOARD OF EDUCATION

Organization Chart



**CINNAMINSON BOARD OF EDUCATION
CINNAMINSON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

	<u>Term Expires</u>
Jean M. Cohen, President	2019
James J. McGuckin, Jr., Vice-President	2018
Laura J. Fitzwater	2018
Therese Garbett	2017
Dennis Hassis	2017
Jacqueline Plunkett	2017
Christine L. Turner	2019
Christine R. Trampé	2019
Dolores Woodington	2018

Other Officials

Salvatore J. Illuzzi, Ph.D., Superintendent
Thomas W. Egan, Jr., Business Administrator
Mark Gidjunis, Treasurer
Stephen J. Mushinski, Esq., Solicitor
Frank Cavallo, Esq., Solicitor

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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Marlton, NJ 08053

Attorney

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Mount Laurel, NJ 08054

Architect

Garrison Architects
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Bellmawr, NJ 08031

Official Depository

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Cinnaminson, NJ 08077

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I 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 Cinnaminson Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Cinnaminson Township School District, in the County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cinnaminson Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules 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, 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 my 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 and statistical sections 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, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2017 on my consideration of the Cinnaminson Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cinnaminson Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'RPA', is positioned above the printed name of the accountant.

Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

INVERSO & STEWART, LLC
 Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

I 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cinnaminson Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Cinnaminson Township School District's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 Office of School 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.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Cinnaminson Township School District
For the Fiscal Year Ended June 30, 2017
Management's Discussion and Analysis**

As management of the Board of Education of the Township of Cinnaminson, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$2,238,257 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$17,442,026. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$10,815,674 or a 126.09% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$169,739 resulting in an ending fund balance of \$8,472,252. This decrease is primarily due to the results of operations in the Capital Projects Fund.
- Business-type activities have unrestricted net position of \$691,497, which may be used to meet the School District's ongoing obligations of the food service operations, school age child care program, and student store.
- The School District's long-term obligations increased by \$4,752,743 which is the net result of the reduction of serial bond debt and compensated absences and the increase in capital leases payable and net pension liability.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund, the School Age Child Care Program, and the Student Store.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's three enterprise funds (Food Service Fund, School Age Child Care Program, and School Store) are listed individually and are considered to be major 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 School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2018.

The assets of the primary government activities exceeded liabilities by \$1,466,456 with an unrestricted deficit balance of \$17,442,026. The net position of the primary government does not include internal balances.

A net investment of \$10,604,836 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's 2,475 public school students, represents 723.16% of the School District's net position. Net position of \$1,717,648 has been restricted to provide resources for future capital expansion and renovation projects, \$1,537,231 for maintenance reserve, \$20,458 has been reserved for repayment of debt, \$4,912,793 has been restricted for future budget appropriations and \$115,516 is reserved for encumbrances.

As mentioned earlier, deficit unrestricted net position are primarily due to the accounting treatment for compensated absences payable, net pension liability and the last two state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

**Cinnaminson Township School District
Comparative Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activites		District-Wide	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current assets	\$ 8,956,640	\$ 19,999,400	\$ 758,054	\$ 641,329	\$ 9,714,694	\$ 20,640,729
Capital assets	51,965,684	40,736,253	80,304	51,539	52,045,988	40,787,792
Total assets	<u>60,922,324</u>	<u>60,735,653</u>	<u>838,358</u>	<u>692,868</u>	<u>61,760,682</u>	<u>61,428,521</u>
Deferred Outflows of Resources	<u>8,058,050</u>	<u>3,227,610</u>			<u>8,058,050</u>	<u>3,227,610</u>
LIABILITIES						
Current liabilities	3,910,226	13,947,082	66,557	84,797	3,976,783	14,031,879
Noncurrent liabilities	<u>63,603,692</u>	<u>58,943,909</u>			<u>63,603,692</u>	<u>58,943,909</u>
Total Liabilities	<u>67,513,918</u>	<u>72,890,991</u>	<u>66,557</u>	<u>84,797</u>	<u>67,580,475</u>	<u>72,975,788</u>
Deferred Inflows of Resources		<u>257,760</u>			-	<u>257,760</u>
Net Position	<u>\$ 1,466,456</u>	<u>\$ (9,185,488)</u>	<u>\$ 771,801</u>	<u>\$ 608,071</u>	<u>\$ 2,238,257</u>	<u>\$ (8,577,417)</u>
Net Position Consists of:						
Net investment in						
Capital Assets	10,604,836	(2,659,793)	80,304	51,539	10,685,140	(2,608,254)
Restricted Assets	8,303,646	8,638,510			8,303,646	8,638,510
Unrestricted Assets	<u>(17,442,026)</u>	<u>(15,164,205)</u>	<u>691,497</u>	<u>556,532</u>	<u>(16,750,529)</u>	<u>(14,607,673)</u>
Net Position	<u>\$ 1,466,456</u>	<u>\$ (9,185,488)</u>	<u>\$ 771,801</u>	<u>\$ 608,071</u>	<u>\$ 2,238,257</u>	<u>\$ (8,577,417)</u>

Cinnaminson Township School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Charges for services	\$ -	\$ -	\$ 974,998	\$ 942,531	\$ 974,998	\$ 942,531
Operating Grants and contributions	6,579,952	5,888,700	242,247	208,265	6,822,199	6,096,965
Property taxes	34,241,505	32,731,445			34,241,505	32,731,445
State aid - unrestricted	9,479,077	9,438,297			9,479,077	9,438,297
Other revenues	1,714,335	1,897,264	523	437	1,714,858	1,897,701
Total Revenues	<u>52,014,869</u>	<u>49,955,706</u>	<u>1,217,768</u>	<u>1,151,233</u>	<u>53,232,637</u>	<u>51,106,939</u>
Expenses:						
Governmental Activities:						
Instruction	20,136,859	18,923,642			20,136,859	18,923,642
Tuition	1,882,993	2,285,604			1,882,993	2,285,604
Related Services	5,277,983	5,225,208			5,277,983	5,225,208
Administrative Services	2,298,849	2,193,106			2,298,849	2,193,106
Operations and Maintenance	(8,108,950)	14,559,553			(8,108,950)	14,559,553
Transportation	2,804,092	2,635,508			2,804,092	2,635,508
Central services	1,059,067	956,110			1,059,067	956,110
Employee benefits	14,671,819	11,528,287			14,671,819	11,528,287
Charter Schools	22,932	11,466			22,932	11,466
Interest on debt	1,285,833	1,357,660			1,285,833	1,357,660
Other	31,448	7,944			31,448	7,944
Business-Type Activities:						
Food Service			679,696	671,559	679,696	671,559
School Store			48,425	28,962	48,425	28,962
School Age Child Care			325,917	321,170	325,917	321,170
Total Expenses	<u>41,362,925</u>	<u>59,684,088</u>	<u>1,054,038</u>	<u>1,021,691</u>	<u>42,416,963</u>	<u>60,705,779</u>
Increase (Decrease) in Net Position before transfers	10,651,944	(9,728,382)	163,730	129,542	10,815,674	(9,598,840)
Transfers						
Change in Net Position	<u>10,651,944</u>	<u>(9,728,382)</u>	<u>163,730</u>	<u>129,542</u>	<u>10,815,674</u>	<u>(9,598,840)</u>
Net Position, July 1	(9,185,488)	542,894	608,071	478,529	(8,577,417)	1,021,423
Net Position, June 30	<u>\$ 1,466,456</u>	<u>\$ (9,185,488)</u>	<u>\$ 771,801</u>	<u>\$ 608,071</u>	<u>\$ 2,238,257</u>	<u>\$ (8,577,417)</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$10,651,944 during the current fiscal year. Key elements of the decrease in net position for governmental activities are as follows:

- General obligation bonds decreased by \$1,633,000.
- Capital leases payable decreased by \$361,149.
- A net increase in fixed assets of \$1,229,431
- Results of operations in the Governmental funds was a loss of \$169,739

Business-type Activities

Business-type activities increased the School District's net position by \$163,730. Key elements of the increase in net position for governmental activities are as follows:

- The School Age Child Care Program had a net gain of \$82,685, the Food Service Fund had a net gain of \$86,669 and School Store had a net loss of \$5,624.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$8,472,252, a decrease of \$169,739 in comparison with the prior year. This decrease is primarily due to the results of operations in the Capital Projects Fund.

The unassigned fund balance for the School District at the end of the fiscal year includes unassigned fund balance for the General Fund of \$168,606. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures of \$1,717,648, 2) \$1,537,231 maintenance reserve, 3) \$20,458 reserved for repayment of debt, 4) \$2,790,067 appropriated as a revenue source in the subsequent year's budget, 5) \$115,516 reserved for encumbrances, and 7) \$2,122,726 excess surplus which is reserved for future budget appropriation in accordance with state statute.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last two state aid payments and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$1,010,405 while total fund balance (budgetary basis) was \$8,995,969. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$47,437,074. Unreserved fund balance (budgetary basis) represents 2.13% of expenditures while total fund balance (budgetary basis) represents 18.96% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$52,045,988 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was \$11,258,196 or a 27.60% increase. The increase is primarily due to building and building improvements.

**Capital Assets (net of accumulated depreciation)
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,252,300	\$ 4,252,300	\$ -	\$ -	\$ 4,252,300	\$ 4,252,300
Construction in Progress		28,468,922			-	28,468,922
Building and Building Improvements	45,309,951	6,066,361			45,309,951	6,066,361
Equipment	2,403,433	1,948,670	80,304	51,539	2,483,737	2,000,209
Net Assets	\$ 51,965,684	\$ 40,736,253	\$ 80,304	\$ 51,539	\$ 52,045,988	\$ 40,787,792

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2017, the School District had \$40,545,000 in serial bonds payable, \$750,855 in capital leases, and \$1,532,973 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$70,772,114. The available amount as of June 30, 2017 is \$30,227,114.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal year.

- For the 2017-18 fiscal year the School District will be receiving a slight increase in state aid. The local tax levy in the General Fund increased by \$756,151 or a 2.36% increase. The 2017-18 General Fund Budget is \$1,603,208 greater than the previous year.
- The tax rate for 2017 is \$2.182, which is an increase of 0.49 cents per \$100 over the previous year.

For the Future

The Cinnaminson Township Public School District is in very good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes as state aid has remained stagnant. Cinnaminson Township is primarily a residential community, with very few large ratables; thus the burden is focused on homeowners to share the tax burden.

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

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cinnaminson School District Business Administrator, PO Box 224, Cinnaminson, New Jersey, 08077.

Basic Financial Statements

District-Wide Financial Statements

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 5,058,736	\$ 728,374	\$ 5,787,110
Receivables, net	940,649	7,980	948,629
Inventory		21,700	21,700
Restricted assets:			
Capital reserve account	2,957,255		2,957,255
Capital assets, net (Note 5)	51,965,684	80,304	52,045,988
Total assets	<u>60,922,324</u>	<u>838,358</u>	<u>61,760,682</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>8,058,050</u>		<u>8,058,050</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>68,980,374</u>	<u>838,358</u>	<u>69,818,732</u>
LIABILITIES:			
Accounts payable			
Related to pensions	763,617		763,617
Other	403,451	24,661	428,112
Intergovernmental payable:			
State	47,560		47,560
Unearned revenue	33,377	41,896	75,273
Other liability			-
Accrued interest due within one year	534,063		534,063
Noncurrent liabilities:			
Due within one year	2,128,158		2,128,158
Due beyond one year	63,603,692		63,603,692
Total liabilities	<u>67,513,918</u>	<u>66,557</u>	<u>67,580,475</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions			-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>67,513,918</u>	<u>66,557</u>	<u>67,580,475</u>
NET POSITION:			
Net investment in capital assets	10,604,836	80,304	10,685,140
Restricted for:			
Capital Projects	1,717,648		1,717,648
Other purposes	6,585,998		6,585,998
Unrestricted	<u>(17,442,026)</u>	<u>691,497</u>	<u>(16,750,529)</u>
Total net position	<u>\$ 1,466,456</u>	<u>\$ 771,801</u>	<u>\$ 2,238,257</u>

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 13,294,163	\$ -	\$ 205,441	\$ (13,088,722)	\$ -	\$ (13,088,722)
Special education	3,616,797		516,880	(3,099,917)		(3,099,917)
Other instruction	3,225,899			(3,225,899)		(3,225,899)
Support Services:						
Tuition	1,882,993			(1,882,993)		(1,882,993)
Student & instruction related services	5,277,983		235,502	(5,042,481)		(5,042,481)
General administrative services	680,776			(680,776)		(680,776)
School administrative services	1,618,073			(1,618,073)		(1,618,073)
Central and technology adm. services	1,059,067			(1,059,067)		(1,059,067)
Plant operations and maintenance	(8,108,950)		3,328	8,112,278		8,112,278
Pupil transportation	2,804,092			(2,804,092)		(2,804,092)
Employee benefits	14,671,819		4,886,974	(9,784,845)		(9,784,845)
Charter Schools	22,932			(22,932)		(22,932)
Interest on long-term debt	1,285,833		731,827	(554,006)		(554,006)
Unallocated depreciation and amortization	31,448			(31,448)		(31,448)
Total governmental activities	<u>41,362,925</u>		<u>6,579,952</u>	<u>(34,782,973)</u>		<u>(34,782,973)</u>
Business-type activities:						
Food service program	679,696	524,062	242,247		86,613	86,613
School age child care program	325,917	408,140			82,223	82,223
School store	48,425	42,796			(5,629)	(5,629)
Total business-type activities	<u>1,054,038</u>	<u>974,998</u>	<u>242,247</u>		<u>163,207</u>	<u>163,207</u>
Total primary government	<u>\$ 42,416,963</u>	<u>\$ 974,998</u>	<u>\$ 6,822,199</u>	<u>\$ (34,782,973)</u>	<u>\$ 163,207</u>	<u>\$ (34,619,766)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				32,036,557		32,036,557
Taxes levied for debt service				2,204,948		2,204,948
Federal and state aid not restricted				9,479,077		9,479,077
Tuition revenue				173,954		173,954
Transportation revenue				1,319,598		1,319,598
Miscellaneous revenue				220,783	523	221,306
Total general revenues, special items, and transfers				<u>45,434,917</u>	<u>523</u>	<u>45,435,440</u>
Change in Net Position				10,651,944	163,730	10,815,674
Net Position--July 1				(9,185,488)	608,071	(8,577,417)
Net Position--June 30				<u>\$ 1,466,456</u>	<u>\$ 771,801</u>	<u>\$ 2,238,257</u>

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

Fund Financial Statements

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 4,640,654	\$ -	\$ 407,486	\$ 10,596	\$ 5,058,736
Receivables, net	841,283	96,885			938,168
Interfund receivable	19,931			9,862	29,793
Restricted cash and cash equivalents	<u>2,957,255</u>				<u>2,957,255</u>
Total assets	<u>\$ 8,459,123</u>	<u>\$ 96,885</u>	<u>\$ 407,486</u>	<u>\$ 20,458</u>	<u>\$ 8,983,952</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	273,220	30,231	100,000		403,451
Intergovernmental payable:					
State		47,560			47,560
Interfund payables		17,450	9,862		27,312
Other payables					0
Unearned revenue	<u>31,733</u>	<u>1,644</u>			<u>33,377</u>
Total liabilities	<u>304,953</u>	<u>96,885</u>	<u>109,862</u>		<u>511,700</u>
Fund Balances:					
Restricted for:					
Excess surplus	2,122,726				2,122,726
Excess surplus - designated for subsequent year's expenditures	2,704,700				2,704,700
Maintenance reserve	1,537,231				1,537,231
Capital reserve	1,420,024				1,420,024
Assigned to:					
Year-end encumbrances	115,516		150,925		266,441
Subsequent year's expenditures	85,367			13,054	98,421
Unassigned	<u>168,606</u>		<u>146,699</u>	<u>7,404</u>	<u>322,709</u>
Total fund balances	<u>8,154,170</u>		<u>297,624</u>	<u>20,458</u>	<u>8,472,252</u>
Total liabilities and fund balances	<u>\$ 8,459,123</u>	<u>\$ 96,885</u>	<u>\$ 407,486</u>	<u>\$ 20,458</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$80,114,392 and the accumulated depreciation is \$28,148,708.	51,965,684
Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources.	(763,617)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(534,063)
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred Outflows of resources from Pensions	8,058,050
Net Pension Liability	(22,838,029)
Deferred Inflows of resources from Pensions	<u>-</u>
	(14,779,979)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
General Obligation Bonds	(40,609,993)
Capital Leases Payable	(750,855)
Compensated Absences	<u>(1,532,973)</u>
Net position of governmental activities	<u>\$ 1,466,456</u>

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 32,036,557	\$ -	\$ -	\$ 2,204,948	\$ 34,241,505
Tuition charges	173,954				173,954
Transportation fees	1,319,598				1,319,598
Capital reserve interest	1,719				1,719
Other restricted revenues	46,995				46,995
Miscellaneous	162,207		9,862		172,069
Total revenues-local sources	33,741,030		9,862	2,204,948	35,955,840
Local sources		29,742			29,742
State sources	14,328,072	192,597		731,827	15,252,496
Federal sources	19,989	756,802			776,791
Total revenues	48,089,091	979,141	9,862	2,936,775	52,014,869
EXPENDITURES:					
Current expense:					
Regular instruction	12,092,077	205,441			12,297,518
Special education instruction	3,099,917	516,880			3,616,797
Other instruction	3,225,899				3,225,899
Support services and undistributed costs:					
Tuition	1,882,993				1,882,993
Student & instruction related services	5,042,481	235,502			5,277,983
General administrative services	680,776				680,776
School administrative services	1,618,073				1,618,073
Central services	590,784				590,784
Administrative technology services	468,283				468,283
Plant operations and maintenance	3,570,625				3,570,625
Pupil transportation	2,586,600				2,586,600
Employee benefits	12,172,156	17,990			12,190,146
Charter Schools	22,932				22,932
Capital outlay	383,478	3,328	829,148		1,215,954
Debt service:					
Principal				1,633,000	1,633,000
Interest and other charges				1,306,245	1,306,245
Total expenditures	47,437,074	979,141	829,148	2,939,245	52,184,608
Excess (deficiency) of revenues over (under) expenditures	652,017		(819,286)	(2,470)	(169,739)
Other Financing Sources (Uses):					
Transfer in				9,862	9,862
Transfer out			(9,862)		(9,862)
Total other financing sources (uses)	-		(9,862)	9,862	-
Net change in fund balance	652,017		(829,148)	7,392	(169,739)
Fund balances, July 1	7,502,153		1,126,772	13,066	8,641,991
Fund balances, June 30	\$ 8,154,170	\$ -	\$ 297,624	\$ 20,458	\$ 8,472,252

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2)		\$ (169,739)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on 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 depreciation exceeded capital outlay in the current fiscal year.</p>		
Depreciation expense	\$ (1,449,943)	
Capital outlay	<u>12,679,374</u>	11,229,431
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 reported in the statement of activities.		1,633,000
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences.		41,049
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		361,149
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(2,481,673)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		20,412
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>18,315</u>
Change in net position of governmental activities		<u>\$ 10,651,944</u>

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Food Service Fund	School Age Child Care Program	School Store	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 139,089	\$ 580,394	\$ 8,891	\$ 728,374
Accounts receivable	7,980			7,980
Inventories	13,259		8,441	21,700
Total current assets	<u>160,328</u>	<u>580,394</u>	<u>17,332</u>	<u>758,054</u>
Noncurrent assets:				
Equipment	461,787	29,123		490,910
Less accumulated depreciation	<u>(393,860)</u>	<u>(16,746)</u>		<u>(410,606)</u>
Total noncurrent assets	<u>67,927</u>	<u>12,377</u>		<u>80,304</u>
Total assets	<u>\$ 228,255</u>	<u>\$ 592,771</u>	<u>\$ 17,332</u>	<u>\$ 838,358</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 24,661	\$ -	\$ -	\$ 24,661
Unearned revenue	<u>10,561</u>	<u>31,335</u>		<u>41,896</u>
Total liabilities	<u>35,222</u>	<u>31,335</u>	<u>-</u>	<u>66,557</u>
NET POSITION:				
Net investment in capital assets	67,927	12,377		80,304
Unrestricted	<u>125,106</u>	<u>549,059</u>	<u>17,332</u>	<u>691,497</u>
Total net position	<u>\$ 193,033</u>	<u>\$ 561,436</u>	<u>\$ 17,332</u>	<u>\$ 771,801</u>

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Food Service Fund	School Age Child Care Program	School Store	
Operating revenues:				
Charges for services:				
Daily sales-reimbursable programs	\$ 314,595	\$ -	\$ -	\$ 314,595
Daily sales-non-reimbursable programs	164,673			164,673
Special Functions	44,558			44,558
Sales			42,796	42,796
Program fees		408,140		408,140
Miscellaneous	236			236
Total operating revenue	524,062	408,140	42,796	974,998
Operating expenses:				
Salaries	245,416	218,752		464,168
Employee benefits	55,791	51,126		106,917
Supplies and materials	25,759	2,186		27,945
Depreciation	6,850	1,456		8,306
Management Fee	45,675			45,675
Direct expenses	9,805	1,766		11,571
Cost of sales - reimbursable programs	206,348			206,348
Cost of sales - nonreimbursable programs	77,643	7,194	48,425	133,262
Building usage		25,000		25,000
Other	6,409	18,437		24,846
Total operating expenses	679,696	325,917	48,425	1,054,038
Operating income (loss)	(155,634)	82,223	(5,629)	(79,040)
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	6,373			6,373
Federal sources:				
National school lunch program	163,896			163,896
Special milk program	1,789			1,789
U.S.D.A. commodities	70,189			70,189
Local sources:				
Interest revenue	56	462	5	523
Total nonoperating revenues (expenses)	242,303	462	5	242,770
Change in net position	86,669	82,685	(5,624)	163,730
Total net position - July 1	106,364	478,751	22,956	608,071
Total net position - June 30	\$ 193,033	\$ 561,436	\$ 17,332	\$ 771,801

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2017

	Business-type Activities			Total
	Enterprise Funds			
	Food Service Fund	School Age Child Care Program	Student Store	
Cash flows from operating activities:				
Receipts from customers	\$ 531,146	\$ 407,805	\$ 42,796	\$ 981,747
Payments to employees for services	(284,134)	(269,878)		(554,012)
Payments to suppliers	(342,661)	(54,582)	(45,293)	(442,536)
Net cash used for operating activities	<u>(95,649)</u>	<u>83,345</u>	<u>(2,497)</u>	<u>(14,801)</u>
Cash flows from noncapital financing activities:				
Donations				
Cash received from federal and state sources	<u>177,201</u>			<u>177,201</u>
Net cash provided by non-capital financing activities	<u>177,201</u>			<u>177,201</u>
Cash flows from capital activities:				
Purchases of fixed assets	<u>(37,071)</u>			<u>(37,071)</u>
	<u>(37,071)</u>			<u>(37,071)</u>
Cash flows from investing activities:				
Interest and dividends	<u>56</u>	<u>462</u>	<u>5</u>	<u>523</u>
Net cash provided by investing activities	<u>56</u>	<u>462</u>	<u>5</u>	<u>523</u>
Net increase in cash and cash equivalents	44,537	83,807	(2,492)	125,852
Balances - July 1	<u>94,552</u>	<u>496,587</u>	<u>11,383</u>	<u>602,522</u>
Balances - June 30	<u>\$ 139,089</u>	<u>\$ 580,394</u>	<u>\$ 8,891</u>	<u>\$ 728,374</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (155,634)	\$ 82,223	\$ (5,629)	\$ (79,040)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	6,850	1,456		8,306
Federal commodities	70,189			70,189
(Increase) decrease in accounts receivable	6,267			6,267
(Increase) decrease in inventory	(5,416)		3,133	(2,283)
Increase (decrease) in unearned revenue	816	(334)		482
Increase (decrease) in accounts payable	(18,721)		(1)	(18,722)
Total adjustments	<u>59,985</u>	<u>1,122</u>	<u>3,132</u>	<u>64,239</u>
Net cash provided by (used for) operating activities	<u>\$ (95,649)</u>	<u>\$ 83,345</u>	<u>\$ (2,497)</u>	<u>\$ (14,801)</u>

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>Private Purpose Trusts</u>	<u>Flexible Benefits Account</u>	<u>Unemployment Compensation Insurance Trust</u>	<u>Agency Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 58,804	\$ 13,222	\$ 348,333	\$ 1,790,144
Total assets	<u>58,804</u>	<u>13,222</u>	<u>348,333</u>	<u>1,790,144</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 6,382	\$ -
Payroll deductions and withholdings				409,453
Due to Cinnaminson Education Assoc.				117
Due to employees				1,017,603
Interfund payable		7		2,474
Due to student groups				360,497
Total liabilities		<u>7</u>	<u>6,382</u>	<u>\$ 1,790,144</u>
NET POSITION:				
Reserved for private purpose trusts	<u>\$ 58,804</u>			
Held in trust for unemployment claims			<u>\$ 341,951</u>	
Held in trust for flexible benefit expenditures		<u>\$ 13,215</u>		

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Funds		Flexible Benefit Trust	Unemployment Compensation Insurance Trust
	Scholarship Fund	Organ Repair Fund		
ADDITIONS:				
Donations	\$ 7,662	\$ -	\$ -	\$ -
Board contribution				45,369
Employee withholdings			79,259	
Total Contributions	<u>7,662</u>		<u>79,259</u>	<u>45,369</u>
Investment earnings:				
Interest	23	6		298
Net investment earnings	<u>23</u>	<u>6</u>		<u>298</u>
Total additions	<u>7,685</u>	<u>6</u>	<u>79,259</u>	<u>45,667</u>
DEDUCTIONS:				
Unemployment claims				20,915
Flexible benefit payments			81,817	
Organ repair payments		2,219		
Bank service charges	11			
Scholarships awarded	10,400			
Total deductions	<u>10,411</u>	<u>2,219</u>	<u>81,817</u>	<u>20,915</u>
Change in net position	(2,726)	(2,213)	(2,558)	24,752
Net position - July 1	<u>49,687</u>	<u>14,056</u>	<u>15,773</u>	<u>317,199</u>
Net position - June 30	<u>\$ 46,961</u>	<u>\$ 11,843</u>	<u>\$ 13,215</u>	<u>\$ 341,951</u>

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

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity - The Cinnaminson Township School District (District) is a Type II school district located in Burlington County, New Jersey and covers an area of approximately 7.5 miles. As a Type II school district, it functions independently through a Board of Education. 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 purpose of the School District is to provide educational services for all of Cinnaminson's students in grades K through 12. The Cinnaminson Township School District has an approximate enrollment at June 30, 2017 of 2,475 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *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 – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

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

Government-wide Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and 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, district taxes 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 revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure 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 or 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.

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

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's enterprise funds are:

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

Student Store - This fund accounts for all revenues and expenses pertaining to the operations of the student store.

School Age Child Care - This fund accounts for all revenues and expenses pertaining to the operations of the before and after school program sponsored by the District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and 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). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a flexible spending account, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued) – Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. 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. 6:23A-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 fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America 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. 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 Exhibit C-1, Exhibit C-2 and Exhibit 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 year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. 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 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.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue 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.

Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued) - N.J.S.A. 17:9-41et 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 institution 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 full amount of their deposits to the governmental units.

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.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

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

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, 2017.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure 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.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Bond Discount and Bond Premium – Bond discount and bond premium arising from the issuance of the general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount of the bonds.

Capital Assets (Continued) - Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are 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 twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2017, the amounts earned by these employees were disbursed to the employees' own individual accounts.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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 entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on 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.

Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations (Continued) - 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 fund financial statements when due.

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 law 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.

It is the School District’s policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2017.

Restricted – This 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 (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This 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. 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 imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It 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.

Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued) – When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is 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.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program, program fees for the community education and recreation fund, and fees for the shared services fund. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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.

Recently Issued Accounting Pronouncements - In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District’s financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer’s expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end.

Cinnaminson School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to 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. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 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.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk Related to Deposits (Continued) – However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$12,637,168 as of June 30, 2017, \$750,000 was insured under FDIC and the remaining balance of \$11,887,168 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 New Jersey Department of Education, 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 either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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, 2016 to June 30, 2017 fiscal year is as follows:

Balance – July 1, 2016		\$	1,244,332
Increased by:			
Interest earned	\$		1,719
Board resolution			500,000
Return of unspent funds	<u>173,973</u>		<u>675,692</u>
			1,920,024
Decreased by:			
Budget withdrawal			<u>500,000</u>
Balance – June 30, 2017		<u>\$</u>	<u>1,420,024</u>

The June 30, 2017 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

The withdrawals from the capital reserve were utilized to fund facilities projects approved by the New Jersey Department of Education, consistent with the School District’s LRFP.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 475,042	\$ 1,642	\$ 294	\$ 476,978
Federal Aid		95,243	7,555	102,798
Transportation Fees	337,195			337,195
Tuition Fees	11,605			11,605
Other	17,441		131	17,572
Total Accounts Receivable	\$ 841,283	\$ 96,885	\$ 7,980	\$ 946,148

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,252,300	\$ -	\$ -	\$ 4,252,300
Construction in Progress	28,468,921		28,468,921	-
Total Capital Assets not being Depreciated	<u>32,721,221</u>	<u>-</u>	<u>28,468,921</u>	<u>4,252,300</u>
<i>Capital Assets, being depreciated:</i>				
Building and Improvements	26,914,740	40,151,864		67,066,604
Equipment	7,867,923	996,431	68,866	8,795,488
Total Historical Cost	<u>34,782,663</u>	<u>41,148,295</u>	<u>68,866</u>	<u>75,862,092</u>
<i>Less Accumulated Depreciation:</i>				
Building and Improvements	(20,848,379)	(908,274)		(21,756,653)
Equipment	(5,919,252)	(541,669)	(68,866)	(6,392,055)
Total Accumulated Depreciation	<u>(26,767,631)</u>	<u>(1,449,943)</u>	<u>(68,866)</u>	<u>(28,148,708)</u>
Total Capital Assets, being depreciated, net	<u>8,015,032</u>	<u>39,698,352</u>	<u>-</u>	<u>47,713,384</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,736,253</u>	<u>\$ 39,698,352</u>	<u>\$ 28,468,921</u>	<u>\$ 51,965,684</u>
Business-Type Activities:				
Equipment	\$ 507,939	\$ 37,071	\$ 54,100	\$ 490,910
Less - Accumulated Depreciation	<u>(456,400)</u>	<u>(8,306)</u>	<u>(54,100)</u>	<u>(410,606)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 51,539</u>	<u>\$ 28,765</u>	<u>\$ -</u>	<u>\$ 80,304</u>

Depreciation expense in the amount of \$1,449,943 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 1,014,960
Plant Operations and Maintenance	144,994
Transportation	217,492
Unallocated	<u>72,497</u>
Total	<u>\$ 1,449,943</u>

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2017 consisted of the following:

	<u>Food Service</u>	<u>School Store</u>
Food	\$ 10,950	\$ -
Supplies	<u>2,309</u>	<u>8,441</u>
	<u>\$ 13,259</u>	<u>\$ 8,441</u>

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2017</u>	<u>Amounts Due Within One Year</u>
School Bonds	\$ 42,178,000	\$ -	\$ 1,633,000	\$ 40,545,000	\$ 1,685,000
Unamortized Premium	106,042		41,049	64,993	41,049
Total School Bonds	<u>42,284,042</u>		<u>1,674,049</u>	<u>40,609,993</u>	<u>1,726,049</u>
Capital Leases Payable	1,112,004		361,149	750,855	301,606
Compensated Absences	1,551,288		18,315	1,532,973	100,503
Net Pension Liability	<u>16,031,773</u>	<u>6,806,256</u>		<u>22,838,029</u>	
	<u>\$ 60,979,107</u>	<u>\$ 6,806,256</u>	<u>\$ 2,053,513</u>	<u>\$ 65,731,850</u>	<u>\$ 2,128,158</u>

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

2014 Refunding Bonds dated February 4, 2014 in the amount of \$1,400,000 due in annual installments through August 1, 2018 bearing interest rates ranging from 3.00% - 4.00%.

2014 School Bonds dated December 18, 2014 in the amount of \$39,145,000 due in annual installments through August 1, 2039 bearing interest rates ranging from 3.00% - 3.50%.

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,685,000	\$ 1,256,475	\$ 2,941,475
2019	1,720,000	1,201,950	2,921,950
2020	1,550,000	1,149,450	2,699,450
2021	1,615,000	1,101,975	2,716,975
2022	1,675,000	1,052,625	2,727,625
2023-2027	8,900,000	4,475,250	13,375,250
2028-2032	9,000,000	3,126,375	12,126,375
2033-2037	9,000,000	1,704,375	10,704,375
2038-2040	<u>5,400,000</u>	<u>283,500</u>	<u>5,683,500</u>
	<u>\$ 40,545,000</u>	<u>\$ 15,351,975</u>	<u>\$ 55,896,975</u>

As of June 30, 2017 the District had no authorized but not issued bonds.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

7. LONG-TERM OBLIGATIONS (Continued)

Capital Leases

The District is leasing fourteen school buses, two vans, one tractor, and one truck totaling \$750,855 under capital leases. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 301,606	\$ 12,820	\$ 314,426
2019	214,541	8,050	222,591
2020	152,116	4,317	156,433
2021	<u>82,592</u>	<u>1,470</u>	<u>84,062</u>
	<u>\$ 750,855</u>	<u>\$ 26,657</u>	<u>\$ 777,512</u>

8. OPERATING LEASES

At June 30, 2017, the District had operating lease agreements in effect for the following:

Copiers
Mail Machine

Total operating lease payments made during the year ended June 30, 2017, and 2016 were \$61,093 and \$61,909 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2018	\$ 53,308
June 30, 2019	49,841
June 30, 2020	<u>1,017</u>
Total future minimum lease payments	<u>\$ 59,306</u>

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), 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 the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on 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, death and disability, and medical benefits to 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.

Vesting and Benefit Provisions - 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 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 on or 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 tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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 2016, 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 the 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*.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 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, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$1,373,602 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$1,376,465.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2017, 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.

For the year ended June 30, 2017, the School District recognized pension expense of \$10,194,544 and revenue of \$10,194,544 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/16</u>	<u>06/30/15</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	135,681,070	106,946,053
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.1724765937%	.1692070049%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation: 2.5%
Salary Increases: Varies based on experience
Investment Rate of Return: 7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds - Distressed	03.75%	3.49%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

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

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. 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, 2016, the pension plans measurement date, attributable to the School District is \$0.00, 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 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 percentage point lower (3.13%) or 1 percentage point higher (5.13%) that the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	162,033,519	135,681,070	114,160,895
	\$ 162,033,519	\$ 135,681,070	\$ 114,160,895

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and 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 pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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 on or 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.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined 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, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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 336, 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, 2017 was 14.31% 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, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$685,042 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$387,724.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2017	\$ 107,155	\$ -	\$ 545,323	\$ 32,564	\$ 685,042
2016	103,947	-	478,848	31,203	613,998
2015	97,669	-	451,795	37,215	586,679

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2017, the School District reported a liability of \$22,838,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the 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.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2017, the School District recognized pension expense of \$2,481,634. At June 30, 2017, the School District reported a liability of \$22,838,029 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 424,718	\$ -
Changes of assumptions	4,730,820	
Net Difference between projected and actual earnings on pension plan investments	870,835	
Changes in proportion	1,268,060	
District contributions subsequent to the measurement date	763,617	
Total	\$ 8,058,050	\$ -

\$763,617 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net liability in the year ended 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:

For the year ended:	Net Deferred Outflows of Resources
2017	\$ 1,593,401
2018	1,593,401
2019	1,791,913
2020	1,507,177
2021	808,541
Total	\$ 7,294,433

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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
June 30, 2016	-	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability	\$ 29,617,131,759	\$ 22,447,996,119
District's Proportion	.0771108750%	.0714173882%

Actuarial assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.08%
- Salary Increases:
 - Through 2025: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount rate (Continued) - The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, 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 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 27,985,339	\$ 22,838,029	\$ 18,588,478

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by District</u>
2017	\$ 5,277	\$ 5,277
2016	4,595	4,595
2015	4,065	4,065

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

10. STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

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

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$1,924,653, \$1,603,674, and \$2,504 respectively. In addition, \$1,338,153 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

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

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

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained at: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Suite B-40 West Windsor, New Jersey, 08550.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

12. RISK MANAGEMENT (Continued)

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Business 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 District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous four years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 45,369	\$ 298	\$ 20,915	\$ 341,951
2015-2016	25,000	43,494	266	18,825	317,199
2014-2015	25,000	41,654	236	9,486	267,264
2013-2014	25,000	39,252	211	58,934	209,860
2012-2013	50,000	37,200	470	30,025	204,331

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2017, the liability for compensated absences in the governmental activities was \$1,532,973.

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2017. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 19,931	\$ -
Special Revenue		17,450
Capital Projects		9,862
Debt Service	9,862	
Fiduciary		2,481
	<u>\$ 29,793</u>	<u>\$ 29,793</u>

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. FLEXIBLE BENEFITS PROGRAM

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring dependent care expenses and medical, dental or prescription expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with Flex Facts to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to Flex Facts for repayment. Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance of the School District's fiduciary fund for the current and prior three years.

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 79,259	\$ 81,817	\$ 13,215
2015-2016	13	84,374	83,919	15,773
2014-2015	14	82,989	82,775	15,305
2013-2014	11	87,054	81,252	15,077

**Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of cINNAMINSON (Municipality) provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipality are for affordable housing and other permitted purposes. Taxes abated include municipal, local school, and county taxes.

The municipality recognized revenue of \$473,547 from the annual service charge in lieu of payment of taxes in 2016. The assessed value on these tax exemption properties amounted to \$21,390,300 which would have resulted in 2016 taxes billed in full of \$730,051. A portion of the \$256,504 abatement would have been allocated to the District.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2017, a deficit of \$17,442,026 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2017:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ 168,606
Liabilities:	
Net Pension Differences	(15,543,596)
Accrued Interest Payable	(534,063)
Compensated Absences	<u>(1,532,973)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (17,442,026)</u></u>

20. FUND BALANCES

The School District has classified its fund balances with the following hierarchy:

Nonspendable – The School District does not have any nonspendable funds.

Spendable – The School District has classified the spendable fund balances as *Restricted*, *Assigned* and *Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Committed*.

Cinnaminson Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

20. FUND BALANCES (CONTINUED)

Restricted Items:

Capital Reserve – As of June 30, 2017, the balance in the capital reserve account is \$1,420,024 which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan. Of this amount \$750,000 has been designated for use in the 2017-2018 budget.

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, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$2,122,726. Additionally, \$2,704,700 of excess fund balance generated during the 2015-2016 fiscal year has been restricted and designated for utilization in the 2017-2018 budget.

Maintenance Reserve Account – As of June 30, 2017, the balance in the maintenance reserve account is \$1,537,231. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Of this amount \$400,000 has been designated for use in the 2017-2018 budget.

Assigned:

General Fund:

Year-end Encumbrances – At June 30, 2017 a total of \$115,516 in the General Fund is committed to meet contractual obligations. The School District has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$85,367 of general fund balance.

Capital Projects Fund:

Year-end Encumbrances – At June 30, 2017 a total of \$150,925 in the Capital Projects is committed to meet contractual obligations. The School District has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$13,054 of debt service fund balance.

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, 2017, \$168,606 of the general fund balance was unassigned.

Capital Projects Fund – As of June 30, 2017, \$146,699 of the capital projects fund balance was unassigned.

Debt Service Fund – As of June 30, 2017, \$7,404 of debt service fund balance was unassigned.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 32,036,557	\$ -	\$ 32,036,557	\$ 32,036,557	\$ -
Tuition from Individuals			70,000	41,621	41,621
Tuition from other LEAs	70,000		70,000	132,333	62,333
Transportation fees from other LEAs	800,000		800,000	1,319,598	519,598
Capital reserve interest	100		100	1,719	1,619
Other restricted revenues	50,000		50,000	46,995	(3,005)
Unrestricted miscellaneous revenue	70,000		70,000	162,207	92,207
Total local sources	33,026,657		33,026,657	33,741,030	714,373
State sources:					
Extraordinary Aid	250,000		250,000	392,534	142,534
Additional Non-Public Transportation Aid				16,509	16,509
Categorical Special Education Aid	1,367,802		1,367,802	1,367,802	
Equalization Aid	7,371,587		7,371,587	7,371,587	
Security Aid	57,475		57,475	57,475	
Transportation Aid	185,546		185,546	185,546	
PARCC Readiness Grant	23,210		23,210	23,210	
Per Pupil Growth	23,210		23,210	23,210	
Professional Learning Community Aid	23,955		23,955	23,955	
Home District Support Aid	163		163	163	
On-behalf TPAF Pension (non-budgeted)				1,924,653	1,924,653
On-behalf TPAF Medical contributions (non-budgeted)				1,603,674	1,603,674
On-behalf TPAF Pension LTDI (non-budgeted)				2,504	2,504
Reimbursed TPAF social security contributions (non-budgeted)				1,338,153	1,338,153
Total state sources	9,302,948		9,302,948	14,330,975	5,028,027
Federal sources:					
ARRA - SEMI				1,513	1,513
Medicaid reimbursement	34,036		34,036	18,476	(15,560)
Total federal sources	34,036		34,036	19,989	(14,047)
TOTAL REVENUES	42,363,641		42,363,641	48,091,994	5,728,353
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	62,283		62,283	56,153	6,130
Kindergarten	353,282		353,282	346,689	6,593
Grades 1-5	3,844,341	12,467	3,856,808	3,810,610	46,198
Grades 6-8	3,182,722	(80,570)	3,102,152	3,061,289	40,863
Grades 9-12	3,939,663	(26,953)	3,912,710	3,891,621	21,089
Total Instruction	11,382,291	(95,056)	11,287,235	11,166,362	120,873
Regular Programs - Home Instruction:					
Salaries of teachers	40,000		40,000	18,469	21,531
Purchased professional - educ services	25,000	(3,435)	21,565	13,251	8,314
Total Home Instruction	65,000	(3,435)	61,565	31,720	29,845
Regular Programs - Undistributed Instruction:					
Purchased professional - educ services	12,145	2,500	14,645	10,417	4,228
Other purchased services	240,383	20,050	260,433	234,719	25,714
General supplies	540,162	28,718	568,880	521,230	47,650
Textbooks	125,000	(5,700)	119,300	119,189	111
Other objects	13,825	2	13,827	8,440	5,387
Total Undistributed Instruction	931,515	45,570	977,085	893,995	83,090
Total - Regular Programs - Instruction	12,378,806	(52,921)	12,325,885	12,092,077	233,808

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	\$ 535,013	\$ 48,740	\$ 583,753	\$ 559,197	\$ 24,556
Other salaries for instruction	98,036	16,860	114,896	86,107	28,789
General supplies	12,250		12,250	12,250	
Textbooks					
Total Multiple Disabilities	<u>645,299</u>	<u>65,600</u>	<u>710,899</u>	<u>657,554</u>	<u>53,345</u>
Special Educ Instruction: Res. Room/Res. Center					
Salaries of teachers	2,030,344	61,538	2,091,882	2,087,877	4,005
Other salaries for instruction	118,957	87,290	206,247	182,904	23,343
General supplies	25,295		25,295	25,295	
Total Resource Room/Resource Center	<u>2,174,596</u>	<u>148,828</u>	<u>2,323,424</u>	<u>2,296,076</u>	<u>27,348</u>
Special Educ Instruction: Preschool Disb - PT					
Salaries of teachers	76,507		76,507	73,816	2,691
Other salaries for instruction	14,120	(3,500)	10,620		10,620
General supplies	1,100		1,100	785	315
Total Preschool Disabilities - Part-Time	<u>91,727</u>	<u>(3,500)</u>	<u>88,227</u>	<u>74,601</u>	<u>13,626</u>
Special Educ Instruction: Home Instruction					
Salaries of teachers	25,000		25,000	7,291	17,709
Purchased professional - educ services	60,000	40,000	100,000	64,093	35,907
General Supplies	500		500	302	198
Total Home Instruction	<u>85,500</u>	<u>40,000</u>	<u>125,500</u>	<u>71,686</u>	<u>53,814</u>
Total Special Education - Instruction	<u>2,997,122</u>	<u>250,928</u>	<u>3,248,050</u>	<u>3,099,917</u>	<u>148,133</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	1,394,554	(466)	1,394,088	1,367,439	26,649
Other salaries for instruction	250,587	59,359	309,946	309,943	3
General supplies	19,500		19,500	16,491	3,009
Total Basic Skills/Remedial - Instruction	<u>1,664,641</u>	<u>58,893</u>	<u>1,723,534</u>	<u>1,693,873</u>	<u>29,661</u>
Bilingual Education - Instruction					
Salaries of teachers	101,316	15,300	116,616	116,612	4
Purchased professional - educ services	2,300		2,300		2,300
Other purchased services	1,200		1,200		1,200
Textbooks		2,000	2,000	1,342	658
General supplies	2,500	2,000	4,500	2,532	1,968
Total Bilingual Education - Instruction	<u>107,316</u>	<u>19,300</u>	<u>126,616</u>	<u>120,486</u>	<u>6,130</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	304,208	11,745	315,953	265,201	50,752
Purchased services	48,390	(185)	48,205	40,126	8,079
Supplies and materials	16,845	185	17,030	13,759	3,271
Other objects	772		772	375	397
Total School-Sponsored Cocurr. Act. - Inst.	<u>370,215</u>	<u>11,745</u>	<u>381,960</u>	<u>319,461</u>	<u>62,499</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Inst.					
Salaries	\$ 862,387	\$ (11,745)	\$ 850,642	\$ 824,919	\$ 25,723
Purchased services	116,905		116,905	96,222	20,683
Supplies and materials	131,261	6,497	137,758	115,897	21,861
Other objects	34,175		34,175	32,859	1,316
Total School-Sponsored Athletics - Inst.	<u>1,144,728</u>	<u>(5,248)</u>	<u>1,139,480</u>	<u>1,069,897</u>	<u>69,583</u>
Other Instructional Programs - Instruction					
Salaries	26,500		26,500	22,182	4,318
Purchased prof ed services	2,500		2,500		2,500
Supplies and materials	1,000		1,000		1,000
Total Other Instructional Programs - Inst.	<u>30,000</u>		<u>30,000</u>	<u>22,182</u>	<u>7,818</u>
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	40,000	16,000	56,000	55,157	843
Tuition to other LEAs within the state - special	292,000	(72,000)	220,000	213,362	6,638
Tuition county voc. school dist. - regular	29,232		29,232	29,232	
Tuition county voc. school dist. - special	29,232		29,232	29,232	
Tuition to CSSD & reg. day schools	546,000	(51,466)	494,534	416,093	78,441
Tuition to priv. sch. for the disabled w/i state	978,000	(131,062)	846,938	764,853	82,085
Tuition to priv. sch. disabled & other LEAs - Spl, O/S	268,742	2,500	271,242	268,421	2,821
Tuition - state facilities	57,081		57,081	57,081	
Tuition - other		49,562	49,562	49,562	
Total Undistributed Expenditures - Instruction	<u>2,240,287</u>	<u>(186,466)</u>	<u>2,053,821</u>	<u>1,882,993</u>	<u>170,828</u>
Undistributed Expenditures - Attendance & Social Work					
Salaries	163,515	2,818	166,333	166,332	1
Other Purchased services	27,500		27,500	26,547	953
Total Undistributed Expenditures - Attendance & Soc.	<u>191,015</u>	<u>2,818</u>	<u>193,833</u>	<u>192,879</u>	<u>954</u>
Undistributed Expenditures - Health Services					
Salaries	360,997	7,957	368,954	366,781	2,173
Purchased Professional and Technical Services	17,680		17,680	17,340	340
Other purchased services	11,436	(2,907)	8,529	7,005	1,524
Supplies and materials	14,851	81	14,932	11,272	3,660
Other objects	544		544	305	239
Total Undistributed Expenditures - Health Svcs.	<u>405,508</u>	<u>5,131</u>	<u>410,639</u>	<u>402,703</u>	<u>7,936</u>
Undist. Expend. - Speech, OT, PT & Rel. Serv.					
Salaries	293,533		293,533	272,100	21,433
Purchased professional - educ services	246,000		246,000	193,908	52,092
Supplies and materials	1,800		1,800	1,800	
Total Undist. Expend. - OT, PT & Rel. Serv.	<u>541,333</u>		<u>541,333</u>	<u>467,808</u>	<u>73,525</u>
Undist. Expend. - Other Supp. Serv. Stud. - Extra					
Salaries	876,877	50,500	927,377	877,719	49,658
Purchased professional - educ services	163,000		163,000	75,785	87,215
Supplies and materials	5,500		5,500	1,936	3,564
Total Undst. Expend. - Other Supp. Serv. Stud. - Extra	<u>1,045,377</u>	<u>50,500</u>	<u>1,095,877</u>	<u>955,440</u>	<u>140,437</u>
Undist. Expend. - Guidance					
Salaries of other professional staff	561,656	25,370	587,026	582,834	4,192
Salaries of secretarial and clerical assistants	171,293	(3,418)	167,875	164,702	3,173
Other purchased services	9,102		9,102	7,469	1,633
Supplies and materials	4,866		4,866	3,205	1,661
Other objects	3,384	500	3,884	3,480	404
Total Undst. Expend. - Guidance	<u>750,301</u>	<u>22,452</u>	<u>772,753</u>	<u>761,690</u>	<u>11,063</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Team					
Salaries of other professional staff	\$ 718,592	\$ 38,873	\$ 757,465	\$ 757,464	\$ 1
Salaries of secretarial and clerical assistants	133,442	(1,855)	131,587	125,461	6,126
Other purchased prof. and tech. services	80,000	(7,500)	72,500	23,347	49,153
Travel	18,000		18,000	8,640	9,360
Rentals and Leases	4,290	1,000	5,290	4,907	383
Misc Purchased Services	27,000		27,000	19,724	7,276
Supplies and materials	48,020	15,000	63,020	58,347	4,673
Other objects	5,300		5,300	2,649	2,651
Total Undst. Expend. - Child Study Team	1,034,644	45,518	1,080,162	1,000,539	79,623
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	671,115	7,182	678,297	674,108	4,189
Salaries of other professional staff	22,831		22,831	22,736	95
Salaries of secretarial and clerical assistants	76,605	(950)	75,655	74,103	1,552
Purchased professional - educ services	3,000	950	3,950	3,950	
Other purchased services	12,538	(3,435)	9,103	4,390	4,713
Supplies and materials	6,200		6,200	5,104	1,096
Other objects	10,905	800	11,705	8,915	2,790
Total Undst. Expend. - Improvement of Instr. Services	803,194	4,547	807,741	793,306	14,435
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	265,021	26,660	291,681	283,527	8,154
Other purchased services	35,190		35,190	34,252	938
Supplies and materials	41,870		41,870	41,554	316
Total Undst. Expend. - Educ. Media Serv./Sch. Library	342,081	26,660	368,741	359,333	9,408
Undist. Expend. - Instructional Staff Training Services					
Salaries of supervisor of instruction	65,000	3,435	68,435	68,181	254
Salaries of secretarial and clerical assistance	29,975		29,975	29,972	3
Other purchased services	15,000		15,000	10,630	4,370
Total Undst. Expend. - Instructional Staff Training Services	109,975	3,435	113,410	108,783	4,627
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	323,760		323,760	320,193	3,567
Unused vacation to terminated/retired staff		50,000	50,000	46,413	3,587
Legal services	65,000	(1,600)	63,400	38,880	24,520
Audit fees	28,800		28,800	28,800	
Other purchased professional services	6,625	8,600	15,225	14,816	409
Communications / telephone	120,712		120,712	87,610	33,102
BOE - Other purchased services	5,000		5,000	2,782	2,218
Other purchased services	127,500	(2,500)	125,000	113,216	11,784
General supplies	8,000	(497)	7,503	3,947	3,556
Miscellaneous expenditures	6,150		6,150	6,150	
BOE Membership dues and fees	19,000	(500)	18,500	17,969	531
Total Undst. Expend. - Supp. Serv. General Admin.	710,547	53,503	764,050	680,776	83,274
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	822,167	25,667	847,834	841,637	6,197
Salaries of other professional staff	132,109		132,109	129,085	3,024
Salaries of secretarial and clerical assistants	552,608	37,755	590,363	576,794	13,569
Other purchased services	13,729		13,729	9,481	4,248
Supplies and materials	53,878		53,878	48,138	5,740
Other objects	17,170		17,170	12,938	4,232
Total Undst. Expend. - Supp. Serv. School Admin.	1,591,661	63,422	1,655,083	1,618,073	37,010

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries	\$ 510,637	\$ 1	\$ 510,638	\$ 493,805	\$ 16,833
Purchased professional services	48,000	4,000	52,000	51,042	958
Miscellaneous purchased services	24,800	1,500	26,300	23,945	2,355
Supplies and materials	23,695	(1,500)	22,195	16,807	5,388
Miscellaneous expenditures	9,995		9,995	5,185	4,810
Total Undst. Expend. - Central services	617,127	4,001	621,128	590,784	30,344
Undist. Expend. - Admin. Info. Tech.					
Salaries	416,206	11,580	427,786	417,026	10,760
Purchased technical services					
Other purchased services	29,543	18,291	47,834	46,675	1,159
Supplies and materials	6,000	(211)	5,789	4,582	1,207
Total Undst. Expend. - Admin. Info. Tech.	451,749	29,660	481,409	468,283	13,126
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	230,507	1,952	232,459	228,642	3,817
Lead testing of drinking water		7,500	7,500	6,661	839
Cleaning, repair, and maintenance services	286,443	192,500	478,943	323,638	155,305
General supplies	53,000		53,000	48,940	4,060
Total Undst. Expend. - Required Maint. Sch. Facilities	569,950	201,952	771,902	607,881	164,021
Undist. Expend. - Custodial Services					
Salaries	1,005,807	72,511	1,078,318	1,068,006	10,312
Purchased professional & tech. services	10,000	(3,000)	7,000	4,954	2,046
Cleaning, repair, and maintenance services	71,000	(2,000)	69,000	23,243	45,757
Other purchased property services	450,000	(6,961)	443,039	423,133	19,906
Insurance	257,000	(20,000)	237,000	230,645	6,355
Miscellaneous purchased services	34,500	14,000	48,500	45,026	3,474
General supplies	159,506	(2,001)	157,505	142,132	15,373
Energy (electricity)	695,500		695,500	546,388	149,112
Other objects	4,500	5,000	9,500	7,737	1,763
Salaries of Non-Instructional Aides	119,191		119,191	94,242	24,949
Energy (natural gas)	280,000	(30,000)	250,000	136,717	113,283
Total Undst. Expend. - Other oper. & Maint. of Plant	3,087,004	27,549	3,114,553	2,722,223	392,330
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	132,239	4,000	136,239	134,862	1,377
Total Undst. Expend. - Care & Upkeep of Grounds	132,239	4,000	136,239	134,862	1,377
Undist. Expend. - Security					
Purchased professional and technical services	95,000		95,000	94,445	555
Cleaning, Repair, and Maintenance services	9,700		9,700	9,700	9,700
General supplies	13,727		13,727	11,214	2,513
Total Undst. Expend. - Security	118,427		118,427	105,659	12,768
Total Undst. Expend. - Oper. & Maint. of Plant Services	3,907,620	233,501	4,141,121	3,570,625	570,496

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	\$ 325,000	\$ 7,000	\$ 332,000	\$ 266,746	\$ 65,254
Salaries for pupil trans. (bet home & sch) - reg.	756,000	8,409	764,409	703,937	60,472
Salaries for pupil trans. (bet home & sch) - spec ed.	555,000	(1,622)	553,378	518,198	35,180
Salaries for pupil trans. (other than bet home & sch)	144,065	(416)	143,649	126,095	17,554
Salaries for pupil trans. (bet h&s) - nonpublic sch	60,000		60,000	60,000	
Purchased professional and technical services	4,500		4,500	2,423	2,077
Cleaning, repair, and maintenance services	20,000	16,200	36,200	33,406	2,794
Lease purchase payments - school buses	360,000		360,000	357,391	2,609
Contr. serv. (bet. home & sch.) - vendors	80,000		80,000	63,745	16,255
Contr. serv. (other than bet. home & sch.) - vendors	5,250	(308)	4,942	1,425	3,517
Contr. serv. (bet home & sch) - joint agreements	10,000		10,000	6,943	3,057
Contr. serv. (sp ed stds) - vendors	20,000	(5,500)	14,500		14,500
Contr. serv. (sp ed stds) - joint agreements	20,000	(10,000)	10,000		10,000
Contr. serv. (sp ed stds) - ESCs & CTSA's	55,000		55,000	16,734	38,266
Contr. serv. - aid in lieu of payments	88,400		88,400	83,484	4,916
Miscellaneous purchased services - transportation	28,300		28,300	19,487	8,813
Transportation Supplies	508,098	(16,325)	491,773	320,552	171,221
Other objects	6,100		6,100	6,034	66
Total Undst. Expend. - Student Transportation Services	3,045,713	(2,562)	3,043,151	2,586,600	456,551
Operation and Maintenance of Plant Services - Employee Benefits					
Workers Compensation	79,465		79,465	79,465	
Total Operation and Maintenance of Plant Service	79,465		79,465	79,465	
Student Transportation Services - Employee Benefits					
Social security contributions	155,000		155,000	121,936	33,064
Workmen's compensation	84,500		84,500	79,500	5,000
Health benefits	420,000	(24,000)	396,000	372,901	23,099
Total Student Transportation Services - Employee Ben.	659,500	(24,000)	635,500	574,337	61,163
Unallocated Benefits - Employee Benefits					
Social security contributions	550,000	20,000	570,000	535,991	34,009
Other retirement contributions - PERS	750,000	(50,000)	700,000	690,267	9,733
Workmen's compensation	203,000	(4,000)	199,000	194,973	4,027
Health benefits	5,645,000	(365,674)	5,279,326	4,984,068	295,258
Tuition reimbursement	45,000		45,000	37,955	7,045
Other employee benefits	130,000	15,638	145,638	145,336	302
Unused sick payment to terminated/retired staff	75,000		75,000	60,780	14,220
Total Unallocated Benefits - Employee Benefits	7,398,000	(384,036)	7,013,964	6,649,370	364,594
On-behalf TPAF Pension (non-budgeted)				1,924,653	(1,924,653)
On-behalf TPAF Medical contributions (non-budgeted)				1,603,674	(1,603,674)
On-behalf TPAF Pension LTDI (non-budgeted)				2,504	(2,504)
Reimbursed TPAF social security contributions (non-budgeted)				1,338,153	(1,338,153)
Total Undistributed Expenditures - TPAF				4,868,984	(4,868,984)
Total Undistributed Expenditures	25,925,097	(51,916)	25,873,181	28,612,771	(2,739,590)
Total General Current Expense	44,617,925	230,781	44,848,706	47,030,664	(2,181,958)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	\$ 133,400	\$ (56,000)	\$ 77,400	\$ 74,634	\$ 2,766
School-sponsored and other instructional programs	20,500	308	20,808	20,808	
Undist. expend. - admin info tech	17,100	(7,080)	10,020	10,020	
Undist. expend. - operation and maintenance of plant		7,900	7,900		7,900
Undist. expend. - student trans. - non-instructional equip.		12,625	12,625	2,625	10,000
Total Equipment	<u>171,000</u>	<u>(42,247)</u>	<u>128,753</u>	<u>108,087</u>	<u>20,666</u>
Facilities acquisition and construction services:					
Construction services	500,000		500,000	274,857	225,143
Assessment for Debt Service on SDA Funding	534		534	534	
Total Facilities acquisition and construction services	<u>500,534</u>		<u>500,534</u>	<u>275,391</u>	<u>225,143</u>
Total Capital Outlay	<u>671,534</u>	<u>(42,247)</u>	<u>629,287</u>	<u>383,478</u>	<u>245,809</u>
Transfer of Funds to Charter Schools	<u>11,466</u>	<u>11,466</u>	<u>22,932</u>	<u>22,932</u>	
Total Expenditures	<u>45,300,925</u>	<u>200,000</u>	<u>45,500,925</u>	<u>47,437,074</u>	<u>(1,936,149)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(2,937,284)</u>	<u>(200,000)</u>	<u>(3,137,284)</u>	<u>654,920</u>	<u>3,792,204</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>\$ (2,937,284)</u>	<u>\$ (200,000)</u>	<u>\$ (3,137,284)</u>	<u>\$ 654,920</u>	<u>\$ 3,792,204</u>
Fund Balance, July 1	<u>8,341,049</u>		<u>8,341,049</u>	<u>8,341,049</u>	
Fund Balance, June 30	<u>\$ 5,403,765</u>	<u>\$ (200,000)</u>	<u>\$ 5,203,765</u>	<u>\$ 8,995,969</u>	<u>\$ 3,792,204</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Years Expenditures				\$ 2,704,700	
Reserve for Excess Surplus				2,122,726	
Maintenance Reserve				1,537,231	
Capital Reserve				1,420,024	
Committed Fund Balance:					
Year-end Encumbrances				115,516	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				85,367	
Unassigned Fund Balance				<u>1,010,405</u>	
				8,995,969	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(841,799)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 8,154,170</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
REVENUES:					
Local sources	\$ 20,000	\$ 10,808	\$ 30,808	\$ 29,742	\$ (1,066)
State sources	144,200	95,957	240,157	192,597	(47,560)
Federal sources	634,700	275,704	910,404	756,802	(153,602)
Total revenues	798,900	382,469	1,181,369	979,141	(202,228)
EXPENDITURES:					
Instruction:					
Salaries of teachers	54,200	125,501	179,701	154,703	24,998
Purchased professional - educ. services		200	200	200	-
Purchased professional - tech. services	500	1,142	1,642	1,642	-
Other purchased services		500	500	500	-
General supplies	7,600	33,894	41,494	22,834	18,660
Tuition	456,500	75,304	531,804	491,553	40,251
Textbooks	17,000	4,154	21,154	21,147	7
Miscellaneous	20,000	10,808	30,808	29,742	1,066
Total instruction	555,800	251,503	807,303	722,321	84,982
Support services:					
Salaries - Support Staff	124,000	(41,661)	82,339	57,220	25,119
Personal services - employee benefits	-	19,253	19,253	17,990	1,263
Purchased professional and technical services	26,600	25,133	51,733	34,710	17,023
Cleaning repairs and maintenance		4,000	4,000	3,538	462
Other purchased services	85,100	111,522	196,622	132,589	64,033
Supplies and materials	7,400	9,391	16,791	7,445	9,346
Total support services	243,100	127,638	370,738	253,492	117,246
Facilities acquisition and construction services:					
Construction services					
Supplies and materials					
Instructional equipment		3,328	3,328	3,328	
Total facilities acq. and const. services		3,328	3,328	3,328	
Total expenditures	798,900	382,469	1,181,369	979,141	202,228
Total outflows	798,900	382,469	1,181,369	979,141	202,228
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 48,091,994	\$ 979,141
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	838,896	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(841,799)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 48,089,091</u>	<u>\$ 979,141</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 47,437,074	\$ 979,141
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.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 47,437,074</u>	<u>\$ 979,141</u>

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0771108750%	0.0714173882%	0.0711656070%	0.0681418604%
District's proportionate share of the net pension liability (asset)	\$ 22,828,029	\$ 16,031,773	\$ 13,324,148	\$ 13,023,263
District's covered-employee payroll	5,335,617	4,942,772	5,027,300	4,850,733
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	427.84%	324.35%	265.04%	268.48%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 763,617	\$ 685,042	\$ 613,998	\$ 586,679
Contributions in relation to the contractually required contributions	<u>(763,617)</u>	<u>(685,042)</u>	<u>(613,998)</u>	<u>(586,679)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	5,335,617	4,942,772	5,027,300	4,850,733
Contributions as a percentage of covered-employee payroll	14.31%	13.86%	12.21%	12.09%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1724765937%	0.1692070049%	0.1639022100%	0.1679719794%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 135,681,070</u>	<u>\$ 106,946,053</u>	<u>\$ 87,600,397</u>	<u>\$ 84,891,717</u>
Total	<u><u>\$ 135,681,070</u></u>	<u><u>\$ 106,946,053</u></u>	<u><u>\$ 87,600,397</u></u>	<u><u>\$ 84,891,717</u></u>
District's covered-employee payroll	18,951,375	18,058,763	17,435,627	16,823,260
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

**Cinnaminson Township School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2017**

1. Teacher's Pension and Annuity Fund (TPAF)

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

Changes of assumptions: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

2. Public Employees' Retirement System (PERS)

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

Changes of assumptions: Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Other Supplementary Information

Special Revenue Fund
Detail Statements

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Total
REVENUES:				
Local sources	\$ -	\$ 28,592	\$ 1,150	\$ 29,742
State sources	117,302	-	75,295	192,597
Federal sources	-	756,802	-	756,802
Total Revenues	117,302	785,394	76,445	979,141
EXPENDITURES:				
Instruction:				
Salaries of teachers	-	154,703	-	154,703
Professional education services	-	-	200	200
Purchased professional and technical services	1,642	-	-	1,642
Other purchased services	-	-	500	500
General supplies	-	15,912	6,922	22,834
Tuition	-	491,553	-	491,553
Textbooks	-	-	21,147	21,147
Miscellaneous	-	28,592	1,150	29,742
Total instruction	1,642	690,760	29,919	722,321
Support services:				
Salaries - Other Support Staff	-	57,220	-	57,220
Personal services-employee benefits	-	17,990	-	17,990
Purchased professional and technical services	-	1,500	33,210	34,710
Cleaning, repairs and maintenance	-	-	3,538	3,538
Other purchased services	115,660	16,929	-	132,589
Supplies and materials	-	995	6,450	7,445
Total support services	115,660	94,634	43,198	253,492
Facilities acquisition and const. serv.:				
Construction services	-	-	-	-
Instructional equipment	-	-	3,328	3,328
Supplies and materials	-	-	-	-
Total facilities acquisition and const. serv.:			3,328	3,328
Total Expenditures	117,302	785,394	76,445	979,141
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	<u>Chapter 192 - Auxillary Services</u>		<u>Chapter 193 - Handicapped Services</u>			Carried Forward (Exh. E-1A)
	Comp. Education	Nonpublic Home Instruction	Exam & Classification	Corrective Speech	Suppl. Instruction	
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	52,225	1,642	25,212	22,529	15,694	117,302
Federal sources						
Total Revenues	<u>52,225</u>	<u>1,642</u>	<u>25,212</u>	<u>22,529</u>	<u>15,694</u>	<u>117,302</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers						
Professional education services						
Purchased professional and technical services		1,642				1,642
Other purchased services						
General supplies						
Tuition						
Textbooks						
Miscellaneous						
Total instruction		<u>1,642</u>				<u>1,642</u>
Support services:						
Salaries - Other Support Staff						
Personal services-employee benefits						
Purchased professional and technical services						-
Other purchased services	52,225		25,212	22,529	15,694	115,660
Supplies and materials						
Total support services	<u>52,225</u>	<u>-</u>	<u>25,212</u>	<u>22,529</u>	<u>15,694</u>	<u>115,660</u>
Facilities acquisition and const. serv.:						
Construction services						
Instructional equipment						
Non-instructional equipment						
Total facilities acquisition and const. serv.:						
Total Expenditures	<u>52,225</u>	<u>1,642</u>	<u>25,212</u>	<u>22,529</u>	<u>15,694</u>	<u>117,302</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017**

	No Child Left Behind (N.C.L.B.)			IDEA - Part B		Real Data Society of Chemistry Industry	Cinnaminson Ed. Foundation Grant	Carried Forward (Exh. E-1A)
	Title I Current Yr.	Title II - Part A Current Yr.	Title III Current Yr.	Basic Current Yr.	Preschool Current Yr.			
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105	\$ 28,487	\$ 28,592
State sources						-	-	-
Federal sources	136,056	44,589	8,820	542,899	24,438			756,802
Total Revenues	136,056	44,589	8,820	542,899	24,438	105	28,487	785,394
EXPENDITURES:								
Instruction:								
Salaries of teachers	102,002	23,000	7,000		22,701			154,703
Professional education services								
Purchased professional and technical services								
Other purchased services								
General supplies	11,289	1,997		2,626				15,912
Tuition				491,553				491,553
Textbooks								
Miscellaneous						105	28,487	28,592
Total instruction	113,291	24,997	7,000	494,179	22,701	105	28,487	690,760
Support services:								
Salaries - Other Support Staff	8,500			48,720				57,220
Personal services-employee benefits	8,453	5,980	1,820		1,737			17,990
Purchased professional and technical services		1,500						1,500
Other purchased services	4,817	12,112						16,929
Supplies and materials	995							995
Total support services	22,765	19,592	1,820	48,720	1,737			94,634
Facilities acquisition and const. serv.:								
Construction services								
Instructional equipment								
Non-instructional equipment								
Total facilities acquisition and const. serv.:								
Total Expenditures	136,056	44,589	8,820	542,899	24,438	105	28,487	785,394
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	Nonpublic Nursing	Nonpublic Textbook	Nonpublic Technology	Nonpublic Security	NJ Wet Project	HS Home and School	Carried Forward (Exh. E-1A)
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150	\$ 1,150
State sources	33,210	21,147	9,540	9,988	1,410		75,295
Federal sources							-
Total Revenues	33,210	21,147	9,540	9,988	1,410	1,150	76,445
EXPENDITURES:							
Instruction:							
Salaries of teachers							
Professional education services					200		200
Purchased professional and technical services					500		500
Other purchased services					710		6,922
General supplies			6,212				
Tuition							
Textbooks		21,147					21,147
Miscellaneous						1,150	1,150
Total instruction		21,147	6,212		1,410	1,150	29,919
Support services:							
Salaries - other support staff							
Personal services-employee benefits							
Purchased professional and technical services	33,210						33,210
Cleaning, repairs and maintenance				3,538			3,538
Other purchased services (400-500)							
Supplies and materials				6,450			6,450
Total support services	33,210			9,988			43,198
Facilities acquisition and const. serv.:							
Construction services							
Instructional equipment			3,328				3,328
Supplies and Materials							
Total facilities acquisition and const. serv.:			3,328				3,328
Total Expenditures	33,210	21,147	9,540	9,988	1,410	1,150	76,445
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Projects Fund
Detail Statements

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2017

Revenues and Other Financing Sources:

Proceeds of Serial Bonds	\$	-
Interest earned on investments		9,862
		9,862
Total revenues and other financing sources		9,862

Expenditures and Other Financing (Uses):

Purchased professional services	\$	107,264
Construction services		501,000
Equipment		-
Other Objects		220,884
Transfer to Debt Service Fund		9,862
Total expenditures and other financing (uses)		839,010
Excess (deficiency) or revenues over (under) expenditures		(829,148)
Fund Balance - July 1, 2016		1,126,772
Fund Balance - June 30, 2017	\$	297,624

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 40,048,000	\$ -	\$ 40,048,000	\$ 40,048,000
Total revenues	<u>40,048,000</u>	<u> </u>	<u>40,048,000</u>	<u>40,048,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services	\$ 4,039,549	\$ 107,264	\$ 4,146,813	\$ 4,146,813
Construction services	34,159,881	501,000	34,660,881	34,660,881
Equipment	576,010		576,010	576,010
Other Objects	145,788	220,884	366,672	366,672
	<u>38,921,228</u>	<u>829,148</u>	<u>39,750,376</u>	<u>39,750,376</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,126,772</u>	<u>\$ (829,148)</u>	<u>\$ 297,624</u>	<u>\$ 297,624</u>
Additional project information:				
Bond Authorization Date	09/30/14			
Bonds Authorized	\$ 40,048,000			
Bonds Issued	\$ 40,048,000			
Original Authorized Cost	\$ 40,048,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 40,048,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	10.00%			
Original target completion date	12/31/16			
Revised target completion date	12/31/16			

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
 Summary Statement of Project Expenditures
 Year Ended June 30, 2017

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfers</u>	<u>Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Construction and Various Improvements to the District's Facilities	<u>\$ 40,048,000</u>	<u>\$ 38,921,228</u>	<u>\$ 829,148</u>	<u>\$ -</u>	<u>\$ 297,624</u>
	<u><u>\$ 40,048,000</u></u>	<u><u>\$ 38,921,228</u></u>	<u><u>\$ 829,148</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 297,624</u></u>

Proprietary Funds

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2017

	Food Service Fund	School Age Child Care Program	School Store	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 139,089	\$ 580,394	\$ 8,891	\$ 728,374
Accounts receivable:				
State	294			294
Federal	7,453			7,453
Milk	102			102
Other	131			131
Inventories	13,259		8,441	21,700
Total current assets	<u>160,328</u>	<u>580,394</u>	<u>17,332</u>	<u>758,054</u>
Fixed assets:				
Equipment	461,787	29,123		490,910
Less Accumulated depreciation	<u>(393,860)</u>	<u>(16,746)</u>		<u>(410,606)</u>
Total fixed assets	<u>67,927</u>	<u>12,377</u>		<u>80,304</u>
Total assets	<u>\$ 228,255</u>	<u>\$ 592,771</u>	<u>\$ 17,332</u>	<u>\$ 838,358</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 24,661	\$ -	\$ -	\$ 24,661
Unearned revenue	10,561	31,335		41,896
Total current liabilities	<u>35,222</u>	<u>31,335</u>	<u>-</u>	<u>66,557</u>
NET POSITION				
Net investment in capital assets	67,927	12,377		80,304
Unrestricted	<u>125,106</u>	<u>549,059</u>	<u>17,332</u>	<u>691,497</u>
Total net position	<u>\$ 193,033</u>	<u>\$ 561,436</u>	<u>\$ 17,332</u>	<u>\$ 771,801</u>

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2017

	Food Service Fund	School Age Child Care Program	School Store	Total
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 314,595	\$ -	\$ -	\$ 314,595
Total-daily sales-reimbursable programs	314,595			314,595
Daily sales non-reimbursable programs:				
Adult and AlaCarte meals	164,673			164,673
Special functions	44,558			44,558
Sales			42,796	42,796
Program fees		408,140		408,140
Miscellaneous	236			236
Total operating revenue	524,062	408,140	42,796	974,998
OPERATING EXPENSES:				
Salaries	245,416	218,752		464,168
Employee benefits	55,791	51,126		106,917
Supplies and materials	25,759	2,186		27,945
Depreciation	6,850	1,456		8,306
Management fee	45,675			45,675
Direct expenses	9,805	1,766		11,571
Cost of sales - reimbursable programs	170,480			170,480
Cost of sales - non-reimbursable programs	113,511	7,194	48,425	169,130
Building usage		25,000		25,000
Other	6,409	18,437		24,846
Total operating expenses	679,696	325,917	48,425	1,054,038
Operating income (loss)	(155,634)	82,223	(5,629)	(79,040)
Non-operating revenues:				
State sources:				
State school lunch program	6,373			6,373
Federal sources:				
National school lunch program	163,896			163,896
Special milk program	1,789			1,789
U.S.D.A. commodities	70,189			70,189
Interest revenue	56	462	5	523
Total non-operating revenues	242,303	462	5	242,770
Change in net position	86,669	82,685	(5,624)	163,730
Net position - July 1	106,364	478,751	22,956	608,071
Net position - June 30	\$ 193,033	\$ 561,436	\$ 17,332	\$ 771,801

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2017

	Food Service Fund	School Age Child Care Program	School Store	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 531,146	\$ 407,805	\$ 42,796	\$ 981,747
Cash payments to employees for services	(284,134)	(269,878)		(554,012)
Cash payments to suppliers for goods and services	(342,661)	(54,582)	(45,293)	(442,536)
Net cash used by operating activities	<u>(95,649)</u>	<u>83,345</u>	<u>(2,497)</u>	<u>(14,801)</u>
Cash flows from noncapital financing activities:				
Donations				
Cash received from state and federal reimbursements	177,201			177,201
Net cash provided by noncapital financing activities	<u>177,201</u>			<u>177,201</u>
Cash flows from capital financing activities:				
Purchases of fixed assets	(37,071)			(37,071)
Net cash used by capital financing activities	<u>(37,071)</u>			<u>(37,071)</u>
Cash flows from investing activities:				
Interest on investments	56	462	5	523
Net cash provided by investing activities	<u>56</u>	<u>462</u>	<u>5</u>	<u>523</u>
Net increase (decrease) in cash and cash equivalents	44,537	83,807	(2,492)	125,852
Cash and cash equivalents, July 1	94,552	496,587	11,383	602,522
Cash and cash equivalents, June 30	<u>\$ 139,089</u>	<u>\$ 580,394</u>	<u>\$ 8,891</u>	<u>\$ 728,374</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (155,634)	\$ 82,223	\$ (5,629)	\$ (79,040)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	6,850	1,456		8,306
Federal commodities	70,189			70,189
Change in assets and liabilities:				
(Increase)/decrease in accounts receivable	6,267			6,267
(Increase)/decrease in inventory	(5,416)		3,133	(2,283)
Increase/(decrease) in accounts payable	(18,721)		(1)	(18,722)
Increase/(decrease) in unearned revenue	816	(334)		482
Net cash used by operating activities	<u>\$ (95,649)</u>	<u>\$ 83,345</u>	<u>\$ (2,497)</u>	<u>\$ (14,801)</u>

Fiduciary Funds

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
 Combining Statement of Net Position
 June 30, 2017

	Agency Funds		Private Purpose Trust Funds		Trust Funds		Total
	Student Activity	Payroll	Scholarship Fund	Organ Repair Fund	Flexible Benefits Program	Unemployment Compensation Insurance Trust	
ASSETS							
Cash and cash equivalents	\$ 360,497	\$ 1,429,647	\$ 46,961	\$ 11,843	\$ 13,222	\$ 348,333	\$ 2,210,503
Total assets	\$ 360,497	\$ 1,429,647	\$ 46,961	\$ 11,843	\$ 13,222	\$ 348,333	\$ 2,210,503
LIABILITIES							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,382	\$ 6,382
Payroll deductions and withholdings		409,453					409,453
Due to Cinnaminson Education Assoc.		117					117
Due to employees		1,017,603					1,017,603
Interfund payable		2,474			7		2,481
Due to student groups	360,497						360,497
Total liabilities	360,497	1,429,647			7	6,382	1,796,533
NET POSITION							
Reserved for private purpose trusts			46,961	11,843			58,804
Reserved for unemployment claims						341,951	341,951
Reserved for flexible benefits					13,215		13,215
Total net position	\$ -	\$ -	\$ 46,961	\$ 11,843	\$ 13,215	\$ 341,951	\$ 413,970

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Changes in Fiduciary Net Position
for the Fiscal Year ended June 30, 2017

	Private Purpose Trust Fund		Trust Funds		Total
	Scholarship Fund	Organ Repair Fund	Flexible Benefits Program	Unemployment Compensation Insurance Trust Fund	
REVENUES:					
Local sources:					
Donations	\$ 7,662	\$ -	\$ -	\$ -	\$ 7,662
Employee withholdings			79,259	45,369	124,628
Interest on Investments	23	6		298	327
Total Revenues	<u>7,685</u>	<u>6</u>	<u>79,259</u>	<u>45,667</u>	<u>132,617</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Unemployment claims				20,915	20,915
Flexible benefit payments			81,817		81,817
Organ Repair payments		2,219			2,219
Scholarship payments	10,411				10,411
Total Expenditures	<u>10,411</u>	<u>2,219</u>	<u>81,817</u>	<u>20,915</u>	<u>115,362</u>
Excess (deficiency) of revenues over (under) expenditures)	(2,726)	(2,213)	(2,558)	24,752	17,255
Net Position July 1	<u>49,687</u>	<u>14,056</u>	<u>15,773</u>	<u>317,199</u>	<u>396,715</u>
Net Position June 30	<u>\$ 46,961</u>	<u>\$ 11,843</u>	<u>\$ 13,215</u>	<u>\$ 341,951</u>	<u>\$ 413,970</u>

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 for the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2017</u>	<u>Balance June 30, 2017</u>
JUNIOR/SENIOR HIGH SCHOOLS:					
Cinnaminson:					
Activities	\$ 287,811	\$ 641,921	\$ 630,989	\$ -	\$ 298,743
Athletic	<u>59,787</u>	<u>57,301</u>	<u>55,334</u>		<u>61,754</u>
Total	<u>\$ 347,598</u>	<u>\$ 699,222</u>	<u>\$ 686,323</u>	<u>\$ -</u>	<u>\$ 360,497</u>

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 1,341,897	\$ 37,949,755	\$ 37,862,005	\$ 1,429,647
Total assets	<u>\$ 1,341,897</u>	<u>\$ 37,949,755</u>	<u>\$ 37,862,005</u>	<u>\$ 1,429,647</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 379,605	\$ 19,642,167	\$ 19,612,319	\$ 409,453
Net payroll		17,078,202	17,078,202	
Due to employees	944,171	1,229,994	1,156,562	1,017,603
Due to Cinnaminson Education Assoc.	100	522	505	117
Interfund payable	<u>18,021</u>	<u>2,474</u>	<u>18,021</u>	<u>2,474</u>
Total liabilities	<u>\$ 1,341,897</u>	<u>\$ 37,953,359</u>	<u>\$ 37,865,609</u>	<u>\$ 1,429,647</u>

Long-Term Debt Schedules

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds	02/04/14	\$ 3,610,000	8/1/17	\$ 710,000	3.00%	\$ 2,130,000	\$ -	\$ 730,000	\$ 1,400,000
			8/1/18	690,000	4.00%				
2014 School Bonds	12/18/14	40,048,000	8/1/17	975,000	3.000%	40,048,000		903,000	39,145,000
			8/1/18	1,030,000	3.000%				
			8/1/19	1,550,000	3.000%				
			8/1/20	1,615,000	3.000%				
			8/1/21	1,675,000	3.000%				
			8/1/22	1,725,000	3.000%				
			8/1/23	1,775,000	3.000%				
			8/1/24	1,800,000	3.000%				
			8/1/25	1,800,000	3.000%				
			8/1/26	1,800,000	3.000%				
			8/1/27	1,800,000	3.000%				
			8/1/28	1,800,000	3.000%				
			8/1/29	1,800,000	3.000%				
			8/1/30	1,800,000	3.000%				
			8/1/31	1,800,000	3.125%				
			8/1/32	1,800,000	3.250%				
			8/1/33	1,800,000	3.250%				
			8/1/34	1,800,000	3.250%				
			8/1/35	1,800,000	3.375%				
			8/1/36	1,800,000	3.500%				
8/1/37	1,800,000	3.500%							
8/1/38	1,800,000	3.500%							
8/1/39	1,800,000	3.500%							
						<u>\$ 42,178,000</u>	<u>\$ -</u>	<u>\$ 1,633,000</u>	<u>\$ 40,545,000</u>

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2017

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2016	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2017
3 Buses, 1 Lawnmower, and 1 Gator	1.78%	285,000	\$ 58,001	\$ -	\$ 58,001	\$ -
4 Buses, 1 Cargo Van	1.21%	446,000	180,382		89,647	90,735
3 Buses, 1 Four Wheel Drive Pickup	1.44%	320,000	192,891		63,380	129,511
4 Buses	1.91%	350,000	275,730		66,923	208,807
3 Buses, 1 Van	1.78%	405,000	405,000		83,198	321,802
			<u>\$ 1,112,004</u>	<u>\$ -</u>	<u>\$ 361,149</u>	<u>\$ 750,855</u>

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,204,948	\$ -	\$ 2,204,948	\$ 2,204,948	\$ -
Miscellaneous					
Total revenues - local sources	<u>2,204,948</u>		<u>2,204,948</u>	<u>2,204,948</u>	
State sources:					
Debt service aid type II	<u>731,827</u>		<u>731,827</u>	<u>731,827</u>	
Total revenues - state sources	<u>731,827</u>		<u>731,827</u>	<u>731,827</u>	
Total Revenues	<u>2,936,775</u>		<u>2,936,775</u>	<u>2,936,775</u>	
EXPENDITURES:					
Regular debt service:					
Interest	1,307,000		1,307,000	1,306,245	755
Redemption of principal	<u>1,633,000</u>		<u>1,633,000</u>	<u>1,633,000</u>	
Total Expenditures	<u>2,940,000</u>		<u>2,940,000</u>	<u>2,939,245</u>	755
Excess (Deficiency) of revenues over (under) expenditures	(3,225)		(3,225)	(2,470)	755
Other Financing Sources (Uses):					
Transfer from Capital Projects Fund	<u>3,213</u>		<u>3,213</u>	<u>9,862</u>	<u>6,649</u>
Total Other Financing Sources (Uses)	<u>3,213</u>		<u>3,213</u>	<u>9,862</u>	<u>6,649</u>
Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(12)		(12)	7,392	7,404
Fund Balances, July 1	<u>13,066</u>		<u>13,066</u>	<u>13,066</u>	
Fund Balances, June 30	<u>\$ 13,054</u>	<u>\$ -</u>	<u>\$ 13,054</u>	<u>\$ 20,458</u>	<u>\$ 7,404</u>

Statistical Section

Cinnaminson Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

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	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 1,905,765	\$ 2,730,965	\$ 3,963,662	\$ 4,986,609	\$ 5,745,469	\$ 7,122,078	\$ 7,963,105	\$ (26,887,966)	\$ (2,659,793)	\$ 10,604,836
Restricted for:										
Special Revenue										
Capital projects	113,733	114,822	315,135	510,142	581,025	743,241	855,544	37,155,985	2,371,104	1,717,648
Debt service	(206,088)	(143,866)	(115,838)	(112,672)	-	-	-	-	-	-
Other purposes	2,601,779	2,939,974	1,639,161	3,007,035	4,449,208	5,075,534	4,695,490	5,263,199	6,267,406	6,585,998
Unrestricted	(808,163)	(758,962)	(827,109)	(998,228)	(1,132,236)	(1,419,159)	(1,385,252)	(14,988,324)	(15,164,205)	(17,442,026)
Total governmental activities net position	<u>\$ 3,607,026</u>	<u>\$ 4,882,933</u>	<u>\$ 4,975,011</u>	<u>\$ 7,392,886</u>	<u>\$ 9,643,466</u>	<u>\$ 11,521,694</u>	<u>\$ 12,128,887</u>	<u>\$ 542,894</u>	<u>\$ (9,185,488)</u>	<u>\$ 1,466,456</u>
Business-type activities:										
Net investment in capital assets	\$ 128,920	\$ 82,380	\$ 73,275	\$ 64,170	\$ 55,285	\$ 51,718	\$ 59,817	\$ 57,279	\$ 51,539	\$ 80,304
Unrestricted	92,869	97,912	100,276	101,296	234,570	238,233	315,412	421,250	556,532	691,497
Total business-type activities net position	<u>\$ 221,789</u>	<u>\$ 180,292</u>	<u>\$ 173,551</u>	<u>\$ 165,466</u>	<u>\$ 289,855</u>	<u>\$ 289,951</u>	<u>\$ 375,229</u>	<u>\$ 478,529</u>	<u>\$ 608,071</u>	<u>\$ 771,801</u>
District-wide:										
Net investment in capital assets	\$ 2,034,685	\$ 2,813,345	\$ 4,036,937	\$ 5,050,779	\$ 5,800,754	\$ 7,173,796	\$ 8,022,922	\$ (26,830,687)	\$ (2,608,254)	\$ 10,685,140
Restricted:										
Special Revenue										
Capital projects	113,733	114,822	315,135	510,142	581,025	743,241	855,544	37,155,985	2,371,104	1,717,648
Debt service	(206,088)	(143,866)	(115,838)	(112,672)	-	-	-	-	-	-
Other purposes	2,601,779	2,939,974	1,639,161	3,007,035	4,449,208	5,075,534	4,695,490	5,263,199	6,267,406	6,585,998
Unrestricted	(715,294)	(661,050)	(726,833)	(896,932)	(897,666)	(1,180,926)	(1,069,840)	(14,567,074)	(14,607,673)	(16,750,529)
Total district net position	<u>\$ 3,828,815</u>	<u>\$ 5,063,225</u>	<u>\$ 5,148,562</u>	<u>\$ 7,558,352</u>	<u>\$ 9,933,321</u>	<u>\$ 11,811,645</u>	<u>\$ 12,504,116</u>	<u>\$ 1,021,423</u>	<u>\$ (8,577,417)</u>	<u>\$ 2,238,257</u>

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

Exhibit J-2

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 11,630,460	\$ 11,607,549	\$ 11,656,571	\$ 11,064,621	\$ 11,210,740	\$ 11,352,752	\$ 12,159,632	\$ 12,652,594	\$ 12,346,152	\$ 13,294,163
Special education	2,679,369	2,974,615	3,003,294	2,968,563	2,725,307	3,159,224	2,826,077	3,140,913	3,470,172	3,616,797
Other instruction	2,476,863	2,738,823	2,702,239	2,821,195	2,925,373	2,909,802	2,913,515	2,891,834	3,107,318	3,225,899
Support Services:										
Tuition	2,568,556	3,080,967	2,935,790	2,782,561	2,863,718	3,003,117	3,321,908	2,499,099	2,285,604	1,882,993
Student & instruction related services	4,145,179	4,243,068	4,750,880	4,376,300	4,365,579	4,400,336	5,086,763	5,197,664	5,225,208	5,277,983
School administrative services	1,645,622	1,458,109	1,500,461	1,431,621	1,410,755	1,428,134	1,460,267	1,496,302	1,552,664	1,618,073
General and business administrative services	1,498,613	1,501,287	1,565,765	1,489,836	1,501,991	1,533,957	1,659,560	1,673,010	1,596,552	1,739,843
Plant operations and maintenance	2,754,206	2,604,075	3,091,532	2,682,572	3,137,268	2,909,064	3,172,548	3,031,481	14,559,553	(8,108,950)
Pupil transportation	1,910,558	1,906,611	2,068,803	2,218,903	2,306,343	2,407,476	2,806,684	2,702,043	2,635,508	2,804,092
Unallocated employee benefits	8,836,787	7,378,067	8,328,843	8,466,699	9,094,095	9,967,476	9,747,330	10,226,329	11,528,287	14,671,819
Special schools	21,507	22,942	25,599	460				21	11,466	
Charter Schools				15,459	27,988	11,480	-	-		22,932
Interest on long-term debt	484,536	395,548	323,547	282,809	243,579	198,110	138,902	744,238	1,357,660	1,285,833
Unallocated depreciation	77,293	75,901	87,983	69,316	69,021	41,414	53,443	46,703	7,944	31,448
Total governmental activities expenses	<u>40,729,549</u>	<u>39,987,562</u>	<u>42,041,307</u>	<u>40,670,915</u>	<u>41,881,757</u>	<u>43,322,342</u>	<u>45,346,629</u>	<u>46,302,231</u>	<u>59,684,088</u>	<u>41,362,925</u>
Business-type activities:										
Food service	748,401	671,924	654,289	623,309	574,047	637,598	666,236	696,434	671,559	679,696
School age child care program	321,452	341,590	329,504	301,250	250,227	255,008	296,114	305,109	321,170	325,917
Employment orientation program/School store	51,782	37,304	48,895	22,723	23,835	20,433	24,141	30,938	28,962	48,425
Total business-type activities expense	<u>1,121,635</u>	<u>1,050,818</u>	<u>1,032,688</u>	<u>947,282</u>	<u>848,109</u>	<u>913,039</u>	<u>986,491</u>	<u>1,032,481</u>	<u>1,021,691</u>	<u>1,054,038</u>
Total district expenses	<u>\$ 41,851,184</u>	<u>\$ 41,038,380</u>	<u>\$ 43,073,995</u>	<u>\$ 41,618,197</u>	<u>\$ 42,729,866</u>	<u>\$ 44,235,381</u>	<u>\$ 46,333,120</u>	<u>\$ 47,334,712</u>	<u>\$ 60,705,779</u>	<u>\$ 42,416,963</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	5,166,028	3,761,287	4,128,834	3,850,827	4,085,218	4,837,817	4,334,604	4,944,119	5,888,700	6,579,952
Total governmental activities program revenues	<u>5,166,028</u>	<u>3,761,287</u>	<u>4,128,834</u>	<u>3,850,827</u>	<u>4,085,218</u>	<u>4,837,817</u>	<u>4,334,604</u>	<u>4,944,119</u>	<u>5,888,700</u>	<u>6,579,952</u>
Business-type activities:										
Charges for services:										
Food service	521,561	527,779	495,958	479,568	486,018	453,695	456,210	483,538	492,150	524,062
School age child care program	329,352	335,176	333,518	305,613	306,881	326,318	372,734	406,655	417,758	408,140
School store	60,792	35,394	35,345	20,974	25,845	22,931	26,841	28,004	32,623	42,796
Operating grants and contributions	130,018	136,801	159,302	131,147	151,826	187,085	197,505	217,164	208,265	242,247
Capital grants and contributions										
Total business type activities program revenues	<u>1,041,723</u>	<u>1,035,150</u>	<u>1,024,123</u>	<u>937,302</u>	<u>970,570</u>	<u>990,029</u>	<u>1,053,290</u>	<u>1,135,361</u>	<u>1,150,796</u>	<u>1,217,245</u>
Total district program revenues	<u>\$ 6,207,751</u>	<u>\$ 4,796,437</u>	<u>\$ 5,152,957</u>	<u>\$ 4,788,129</u>	<u>\$ 5,055,788</u>	<u>\$ 5,827,846</u>	<u>\$ 5,387,894</u>	<u>\$ 6,079,480</u>	<u>\$ 7,039,496</u>	<u>\$ 7,797,197</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (35,563,521)	\$ (36,226,275)	\$ (37,912,473)	\$ (36,820,088)	\$ (37,796,539)	\$ (38,484,525)	\$ (41,012,025)	\$ (41,358,112)	\$ (53,795,388)	\$ (34,782,973)
Business-type activities	(79,912)	(15,668)	(8,565)	(9,980)	122,461	76,990	66,799	102,880	129,105	163,207
Total district-wide net expense	<u>\$ (35,643,433)</u>	<u>\$ (36,241,943)</u>	<u>\$ (37,921,038)</u>	<u>\$ (36,830,068)</u>	<u>\$ (37,674,078)</u>	<u>\$ (38,407,535)</u>	<u>\$ (40,945,226)</u>	<u>\$ (41,255,232)</u>	<u>\$ (53,666,283)</u>	<u>\$ (34,619,766)</u>

(Continued)

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 25,112,486	\$ 25,470,077	\$ 26,735,855	\$ 28,233,854	\$ 28,462,848	\$ 28,836,344	\$ 29,413,071	\$ 30,251,332	\$ 31,187,085	\$ 32,036,557
Taxes levied for debt service	1,333,387	1,330,560	1,311,807	1,345,156	1,292,152	1,269,753	1,079,150	964,150	1,544,360	2,204,948
Unrestricted grants and contributions	9,150,859	9,860,671	9,042,887	8,788,322	9,252,210	9,315,425	9,563,014	9,421,278	9,438,297	9,479,077
State aid restricted for capital projects	-	-	-	-	-	-	-	-	-	-
Tuition revenue	61,264	61,629	115,415	92,044	94,682	105,182	176,702	166,274	369,140	173,954
Transportation revenue	486,650	542,656	561,603	563,503	744,284	772,982	1,185,061	1,263,898	1,182,154	1,319,598
Miscellaneous revenue	230,842	236,589	236,984	215,074	200,943	152,168	202,220	215,015	345,970	220,783
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>36,375,488</u>	<u>37,502,182</u>	<u>38,004,551</u>	<u>39,237,953</u>	<u>40,047,119</u>	<u>40,451,854</u>	<u>41,619,218</u>	<u>42,281,947</u>	<u>44,067,006</u>	<u>45,434,917</u>
Business-type activities:										
Miscellaneous income	21,480	2,170	1,824	1,895	1,928	544	275	420	437	523
Contributed capital	-	29,123	-	-	-	-	18,204	-	-	-
Retirement of Fixed Assets	-	(57,122)	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>21,480</u>	<u>(25,829)</u>	<u>1,824</u>	<u>1,895</u>	<u>1,928</u>	<u>544</u>	<u>18,479</u>	<u>420</u>	<u>437</u>	<u>523</u>
Total district-wide	<u>\$ 36,396,968</u>	<u>\$ 37,476,353</u>	<u>\$ 38,006,375</u>	<u>\$ 39,239,848</u>	<u>\$ 40,049,047</u>	<u>\$ 40,452,398</u>	<u>\$ 41,637,697</u>	<u>\$ 42,282,367</u>	<u>\$ 44,067,443</u>	<u>\$ 45,435,440</u>
Change in Net Position:										
Governmental activities	\$ 811,967	\$ 1,275,907	\$ 92,078	\$ 2,417,865	\$ 2,250,580	\$ 1,967,329	\$ 607,193	\$ 923,835	\$ (9,728,382)	\$ 10,651,944
Business-type activities	(58,432)	(41,497)	(6,741)	(8,085)	124,389	77,534	85,278	103,300	129,542	163,730
Total district-wide	<u>\$ 753,535</u>	<u>\$ 1,234,410</u>	<u>\$ 85,337</u>	<u>\$ 2,409,780</u>	<u>\$ 2,374,969</u>	<u>\$ 2,044,863</u>	<u>\$ 692,471</u>	<u>\$ 1,027,135</u>	<u>\$ (9,598,840)</u>	<u>\$ 10,815,674</u>

Cinnaminson Township School District
Fund Balances, Governmental Funds,
Last Ten Years
(modified accrual basis of accounting)

Exhibit J-3

		Fiscal Year Ending June 30,									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:											
Reserved for:											
Encumbrances	\$ 117,006	\$ 92,341	\$ 61,796	\$ 279,781	\$ 18,135	\$ 76,090	\$ 76,357	\$ 84,291	\$ 91,342	\$ 115,516	
Capital reserve	113,733	114,822	315,135	510,142	581,025	743,241	855,544	1,233,534	1,244,332	1,420,024	
Maintenance reserve			100,000	250,000	501,569	603,390	818,557	1,122,255	1,362,256	1,537,231	
Emergency reserve			300,000	194,922	194,922	194,922	194,922	194,922			
Other purposes								7,493			
Excess surplus	868,681	1,247,633	109,575	1,282,332	2,248,582	1,952,549	1,467,318	1,992,060	2,704,700	2,122,726	
Excess surplus - designated for subsequent year's expenditures	1,465,776	874,057	794,709	109,575	1,282,332	2,248,582	1,952,549	1,467,318	1,992,060	2,704,700	
Unreserved											
Undesignated	478,831	725,943	273,081	196,346	203,668	-	201,633	(12,950)	3,481	168,606	
Designated for subsequent year's expenditures	150,316	315,226	455,409	890,425	113,291	74,241	182,574	331,635	103,982	85,367	
Total general fund	<u>\$ 3,194,343</u>	<u>\$ 3,370,022</u>	<u>\$ 2,409,705</u>	<u>\$ 3,713,523</u>	<u>\$ 5,143,524</u>	<u>\$ 5,893,015</u>	<u>\$ 5,749,454</u>	<u>\$ 6,420,558</u>	<u>\$ 7,502,153</u>	<u>\$ 8,154,170</u>	
All Other Governmental Funds											
Reserved:											
Encumbrances								\$ 34,671,640	\$ 739,450	\$ 150,925	
Unreserved, reported in:											
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,250,811	387,332	146,699	
Capital projects fund								63,225	13,066	20,458	
Debt service fund	1,631	1,140	20,179	5,879	-	1	3,213				
Total all other governmental funds	<u>\$ 1,631</u>	<u>\$ 1,140</u>	<u>\$ 20,179</u>	<u>\$ 5,879</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3,213</u>	<u>\$ 35,985,676</u>	<u>\$ 1,139,848</u>	<u>\$ 318,082</u>	

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Cinnaminson Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 26,445,873	\$ 26,800,637	\$ 28,047,662	\$ 29,579,010	\$ 29,755,000	\$ 30,106,097	\$ 30,492,221	\$ 31,215,482	\$ 32,731,445	\$ 34,241,505
Tuition charges	61,264	61,629	115,415	92,044	94,682	105,182	176,702	166,274	369,140	173,954
Transportation charges	486,650	542,656	561,603	563,503	744,284	772,982	1,185,061	1,263,898	1,182,154	1,319,598
Interest earnings	146,009	67,787	56,842	58,601	60,976	23,729	7,777	995	1,073	1,719
Miscellaneous	100,074	190,590	211,923	187,839	165,041	170,972	212,199	244,935	364,184	248,806
State sources	13,596,709	12,891,144	10,685,343	11,515,277	12,414,759	13,343,349	13,126,777	13,525,312	14,462,636	15,252,496
Federal sources	704,937	709,026	2,454,597	1,092,516	897,595	767,360	753,085	809,170	845,074	776,791
Total revenue	<u>41,541,516</u>	<u>41,263,469</u>	<u>42,133,385</u>	<u>43,088,790</u>	<u>44,132,337</u>	<u>45,289,671</u>	<u>45,953,822</u>	<u>47,226,066</u>	<u>49,955,706</u>	<u>52,014,869</u>
Expenditures										
Instruction										
Regular Instruction	10,870,632	10,803,638	11,116,491	10,310,362	10,497,646	10,951,301	11,422,501	11,876,872	11,770,893	12,297,518
Special education instruction	2,679,369	2,974,615	3,010,571	2,968,563	2,725,307	3,159,224	2,826,077	3,140,913	3,470,172	3,616,797
Other instruction	2,476,863	2,738,823	2,702,239	2,821,195	2,925,373	2,909,802	2,913,515	2,891,834	3,107,318	3,225,899
Support Services:										
Tuition	2,568,556	3,080,967	2,935,790	2,782,561	2,863,718	3,003,117	3,321,908	2,499,099	2,285,604	1,882,993
Student & instruction related services	4,145,179	4,243,068	4,743,603	4,376,300	4,365,579	4,400,336	5,086,763	5,197,664	5,225,208	5,277,983
School administrative services	1,645,622	1,458,109	1,500,461	1,431,621	1,410,755	1,428,134	1,460,267	1,496,302	1,552,664	1,618,073
General and business admin. services	1,498,613	1,411,731	1,565,765	1,489,836	1,501,991	1,533,957	1,659,560	1,673,010	1,596,552	1,739,843
Plant operations and maintenance	3,016,472	3,057,149	3,093,434	3,009,577	3,078,190	2,986,630	3,198,265	3,467,819	3,397,695	3,570,625
Pupil transportation	1,818,216	1,906,611	1,916,397	2,081,134	2,169,457	2,283,233	2,676,356	2,561,933	2,488,529	2,586,600
Employee benefits	8,836,787	7,378,067	8,328,843	8,466,699	9,094,095	9,967,476	9,747,330	10,111,786	11,090,735	12,190,146
Special Schools	21,507	22,942	25,599	460						
Charter school				15,459	27,988	11,480		21	11,466	22,932
Capital outlay	340,070	359,299	557,934	412,510	847,841	217,800	796,491	4,721,251	36,250,855	1,215,954
Debt service:										
Principal	1,370,000	1,420,000	1,500,000	1,500,000	1,465,000	1,470,000	1,260,000	1,200,000	735,000	1,633,000
Interest and other charges	513,275	525,169	332,536	300,275	260,275	217,689	231,255	101,995	1,492,258	1,306,245
Total expenditures	<u>41,801,161</u>	<u>41,380,188</u>	<u>43,329,663</u>	<u>41,966,552</u>	<u>43,233,215</u>	<u>44,540,179</u>	<u>46,600,288</u>	<u>50,940,499</u>	<u>84,474,949</u>	<u>52,184,608</u>

Continued

Cinnaminson Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-4

Excess (Deficiency) of revenues over (under) expenditures	\$ (259,645)	\$ (116,719)	\$ (1,196,278)	\$ 1,122,238	\$ 899,122	\$ 749,492	\$ (646,466)	\$ (3,714,433)	\$(34,519,243)	\$ (169,739)
Other Financing sources (uses)										
Proceeds from borrowing		2,776,180	-	-	-	-	3,805,818	40,368,000		
Payment to refunding bond escrow		(2,709,273)	-	-	-	-	(3,745,701)	-		
Contracts payable cancelled		-	-	-	-	-	-	-		
Capital leases	164,508	225,000	255,000	167,280	525,000	-	446,000	-	755,000	
Transfers in	29,487							65,219	87,812	9,862
Transfers out	(29,487)							(65,219)	(87,812)	(9,862)
Total other financing sources (uses)	<u>164,508</u>	<u>291,907</u>	<u>255,000</u>	<u>167,280</u>	<u>525,000</u>	<u>-</u>	<u>506,117</u>	<u>40,368,000</u>	<u>755,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (95,137)</u>	<u>\$ 175,188</u>	<u>\$ (941,278)</u>	<u>\$ 1,289,518</u>	<u>\$ 1,424,122</u>	<u>\$ 749,492</u>	<u>\$ (140,349)</u>	<u>\$ 36,653,567</u>	<u>\$(33,764,243)</u>	<u>\$ (169,739)</u>
Debt service as a percentage of noncapital expenditures	4.54%	4.74%	4.28%	4.33%	4.07%	3.81%	3.26%	2.82%	4.62%	5.77%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Cinnaminson Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-5

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Fiscal Year Ending June 30,	Interest on Investments	Program Fees	Tuition	Transportation	Prior Year Refunds	Other Refunds	Rentals	Technology Services	Miscellaneous	Total
2008	\$ 144,870	\$ 43,385	\$ 61,264	\$ 486,650	\$ 12,791	\$ 2,666	\$ 19,505	\$ -	\$ 6,486	\$ 777,617
2009	67,787	43,069	61,629	542,656	36,319	54,699	21,632		13,083	840,874
2010	56,528	48,280	115,415	561,603	57,325	24,980	19,000	18,626	11,931	913,688
2011	58,601	19,870	92,044	563,503	28,983	61,193	19,600	17,528	9,299	870,621
2012	60,976	25,670	94,682	744,284	30,394	24,452	19,800	25,393	13,927	1,039,578
2013	23,729	28,140	105,182	772,982	25,346	31,021	18,000	14,401	11,020	1,029,821
2014	7,777	33,994	176,702	1,185,061	75,086	32,883	18,150	16,803	17,527	1,563,983
2015	6,098	44,440	166,274	1,263,898	22,240	18,284	25,000	22,464	15,486	1,584,184
2016	6,331	49,080	369,140	1,182,154	83,668	13,984	25,000	32,928	46,094	1,808,379
2017	7,193	46,995	173,954	1,319,598	45,595	67,879	25,000	6,000	10,540	1,702,754
	<u>\$ 439,890</u>	<u>\$ 382,923</u>	<u>\$ 1,416,286</u>	<u>\$ 8,622,389</u>	<u>\$ 417,747</u>	<u>\$ 332,041</u>	<u>\$ 210,687</u>	<u>\$ 154,143</u>	<u>\$ 155,393</u>	<u>\$ 12,131,499</u>

Source: District records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2008 r	\$ 27,748,600	\$1,602,469,900	\$ 1,740,700	\$ 96,600	\$ 197,684,400	\$ 129,724,100	\$ 167,600	\$1,959,631,900	\$ 4,261,200	\$1,963,893,100	\$ 113,086,600	\$ 1.365	\$ 1,844,075,346
2009	29,059,800	1,606,252,700	1,740,700	99,400	197,062,000	129,004,100	167,600	1,963,386,300	4,348,334	1,967,734,634	123,655,800	1.425	2,014,147,220
2010	26,962,500	1,620,131,100	1,740,700	99,400	199,498,700	128,545,000	167,600	1,977,145,000	4,411,918	1,981,556,918	138,962,200	1.493	2,025,084,518
2011	27,842,700	1,620,167,000	1,228,300	99,400	193,249,100	118,277,300	167,600	1,961,031,400	3,977,202	1,965,008,602	143,657,300	1.514	1,965,008,602
2012	26,201,200	1,615,500,900	1,082,800	99,400	188,598,200	117,756,700	4,478,600	1,953,716,900	3,898,491	1,957,615,391	144,779,100	1.538	1,912,252,925
2013	25,135,700	1,595,334,100	1,082,800	99,400	183,786,300	113,721,800	12,501,600	1,931,661,700	3,297,345	1,934,959,045	149,158,900	1.576	1,748,080,645
2014 r	14,956,000	1,322,157,500	999,500	107,600	146,036,500	87,468,100	16,876,800	1,588,602,000	2,765,241	1,591,367,241	144,628,700	1.961	1,736,176,256
2015	16,383,100	1,324,813,300	721,900	103,000	145,010,300	86,052,500	19,289,500	1,592,373,600	2,593,872	1,594,967,472	143,746,800	2.052	1,753,305,792
2016	14,131,900	1,338,267,300	721,900	103,000	144,414,500	86,175,800	19,289,500	1,603,103,900	2,447,128	1,605,551,028	143,746,800	2.133	1,801,221,799
2017	14,473,600	1,339,755,800	721,900	103,000	140,694,800	86,175,800	19,289,500	1,601,214,400	2,466,783	1,603,681,183	146,214,000	2.182	1,807,811,735

Source: Municipal Tax Assessor

Note:

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

r - Reassessment occurs when ordered by the County Board of Taxation.

a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100.

c Information not available.

**Cinnaminson Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Cinnaminson School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Cinnaminson	Municipal Open Space	Fire District	Burlington County	
2008	c \$ 1.297	\$ 0.068	\$ 1.365	\$ 0.327	\$ 0.017	\$ 0.134	\$ 0.374	\$ 2.217
2009	1.358	0.067	1.425	0.350	0.017	0.140	0.389	2.321
2010	1.425	0.068	1.493	0.397	0.017	0.139	0.388	2.434
2011	1.448	0.066	1.514	0.411	0.017	0.140	0.369	2.451
2012	1.473	0.065	1.538	0.429	0.017	0.141	0.369	2.494
2013	1.520	0.056	1.576	0.460	0.017	0.142	0.338	2.533
2014	c 1.900	0.061	1.961	0.585	0.016	0.172	0.413	3.147
2015	1.956	0.096	2.052	0.607	0.017	0.175	0.454	3.305
2016	1.996	0.137	2.133	0.627	0.017	0.181	0.455	3.413
2017	2.045	0.137	2.182	0.616	0.017	0.188	0.458	3.461

Source: Municipal Tax Collector

Note:

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Reassessment.

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

Exhibit J-8

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
National Keystone Property	\$ 23,302,300	1.45%	Whitesell Enterprises	\$ 39,709,200	2.02%
Camelot at Cinnaminson Harbour, LLC	19,157,900	1.19%	Progida, LLC	26,851,400	1.37%
Whitesell Enterprises	7,039,000	0.44%	Hoeganaes Corp.	12,872,500	0.66%
New Plan Cinnaminson Urban Renewal	6,095,400	0.38%	Riverton Country Club	8,998,400	0.46%
Progida, LLC	5,500,000	0.34%	Progida (Merion)	8,071,800	0.41%
1 Sea Box Drive, LLC	5,272,300	0.33%	New Plan (Shops @ Cinnaminson)	7,015,100	0.36%
Main Line Shopping Center, LLC	5,053,600	0.32%	Kimco Corp.	6,779,800	0.35%
Hoeganaes Spircorp.	4,588,000	0.29%	Acme/Albertsons	5,471,900	0.28%
Riverton Country Club	4,507,200	0.28%	Cheskin Rheta	5,100,900	0.26%
Hobros Cinnaminson Urban Renew, LLC	4,485,100	0.28%	Health Resources of Cinnaminson	3,560,200	0.18%
Total	\$ 85,000,800	5.30%		\$ 124,431,200	6.34%

Source: Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 26,445,873	\$ 26,445,873	100.00%	-
2009	26,800,637	26,800,637	100.00%	-
2010	28,047,662	28,047,662	100.00%	-
2011	29,579,010	29,579,010	100.00%	-
2012	29,755,000	29,755,000	100.00%	-
2013	30,106,097	30,106,097	100.00%	-
2014	30,492,221	30,492,221	100.00%	-
2015	31,215,482	31,215,482	100.00%	-
2016	32,731,445	32,731,445	100.00%	-
2017	34,241,505	34,241,505	100.00%	-

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

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a 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.

Cinnaminson Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	\$ 12,745,000	\$ -	\$ 590,684	\$ -	\$ -	\$ 13,335,684	1.82%	\$ 869
2009	11,380,000	-	553,894	-	-	11,933,894	1.61%	769
2010	9,880,000	-	344,751	-	-	10,224,751	1.36%	656
2011	8,380,000	-	284,185	-	-	8,664,185	1.09%	544
2012	6,915,000	-	735,471	-	-	7,650,471	0.91%	467
2013	5,445,000	-	496,807	-	-	5,941,807	0.70%	360
2014	4,065,000	-	661,772	-	-	4,726,772	0.53%	284
2015	42,913,000	-	689,118	-	-	43,602,118	4.74%	2,619
2016	42,178,000	-	1,112,004	-	-	43,290,004	c	2,619
2017	40,545,000	-	750,855	-	-	41,295,855	c	c

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

- a Based on Per Capita Income for Burlington County.
- b Based on School District Population as of July 1.
- c Not available

Cinnaminson Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 12,745,000	\$ -	\$ 12,745,000	0.65%	\$ 830
2009	11,380,000	-	11,380,000	0.58%	733
2010	9,880,000	-	9,880,000	0.50%	633
2011	8,380,000	-	8,380,000	0.43%	526
2012	6,915,000	-	6,915,000	0.35%	422
2013	5,445,000	-	5,445,000	0.28%	330
2014	4,065,000	-	4,065,000	0.26%	245
2015	42,913,000	-	42,913,000	2.69%	2,577
2016	42,178,000	-	42,178,000	2.63%	2,551
2017	40,545,000	-	40,545,000	2.53%	c

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit J-6 for property tax data.
b Population data can be found in Exhibit J-14.

Cinnaminson Township School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2016

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Cinnaminson	\$ 23,356,754	100.00%	\$ 23,356,754
Burlington County General Obligation Debt	282,131,755	3.830%	<u>10,805,646</u>
Subtotal, overlapping debt			34,162,400
Cinnaminson Township School District Direct Debt			<u>40,545,000</u>
Total direct and overlapping debt			<u><u>\$ 74,707,400</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

Note: Debt outstanding data provided by each governmental unit.
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cinnaminson. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Cinnaminson Township School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2014	\$ 1,734,092,348
	2015	1,776,211,489
	2016	1,797,604,732
	[A]	<u>\$ 5,307,908,569</u>
Average equalized valuation of taxable property	[A/3]	\$ 1,769,302,856
Debt limit (4% of average equalized valuation)	[B]	70,772,114 ^a
Net bonded school debt	[C]	40,545,000
Legal debt margin	[B-C]	<u>\$ 30,227,114</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 68,380,818	\$ 74,372,857	\$ 77,873,320	\$ 77,878,320	\$ 77,445,586	\$ 74,187,358	\$ 71,598,361	\$ 69,380,814	\$ 69,744,720	\$ 70,772,114
Total net debt applicable to limit	<u>12,745,000</u>	<u>11,380,000</u>	<u>9,880,000</u>	<u>8,380,000</u>	<u>6,915,000</u>	<u>5,445,000</u>	<u>4,065,000</u>	<u>42,913,000</u>	<u>42,178,000</u>	<u>40,545,000</u>
Legal debt margin	<u>\$ 55,635,818</u>	<u>\$ 62,992,857</u>	<u>\$ 67,993,320</u>	<u>\$ 69,498,320</u>	<u>\$ 70,530,586</u>	<u>\$ 68,742,358</u>	<u>\$ 67,533,361</u>	<u>\$ 26,467,814</u>	<u>\$ 27,566,720</u>	<u>\$ 30,227,114</u>
Total net debt applicable to the limit as a percentage of debt limit	18.64%	15.30%	12.69%	10.76%	8.93%	7.34%	5.68%	61.85%	60.47%	57.29%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
 Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	15,351	\$ 734,023,416	\$ 47,816	5.1%
2009	15,524	739,703,076	47,649	8.8%
2010	15,597	749,389,059	48,047	9.4%
2011	15,930	795,783,150	49,955	9.1%
2012	16,386	842,076,540	51,390	9.5%
2013	16,490	853,934,650	51,785	7.2%
2014	16,623	893,436,381	53,747	5.5%
2015	16,651	919,584,777	55,227	4.4%
2016	16,532	e	e	3.8%
2017	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income for Cinnaminson Township.
- ^c Per Capita for Burlington County.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Not available.

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

Exhibit J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	190.9	187.5	174.4	169.9	173.6	178.9	182.5	177.7	175.0	185.9
Special education	55.3	57.2	54.9	41.6	39.6	42.8	42.9	42.1	42.9	51.9
Other special education	22.6	22.6	22.6	20.4	22.4	26.7	30.3	45.0	46.2	51.7
Vocational									3.1	3.1
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	31.5	32.5	33.4	28.9	28.2	29.7	30.7	31.8	31.8	31.0
School administrative services	25.9	26.4	24.4	23.1	21.0	21.9	20.8	21.0	21.0	23.6
General administrative services	4.4	4.4	4.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Plant operations and maintenance	40.0	40.0	46.0	39.9	30.0	27.5	28.4	28.5	28.5	28.2
Pupil transportation	47.0	47.0	52.0	55.5	59.0	55.5	55.5	55.5	58.5	58.5
Business and other support services	14.5	14.5	12.4	12.4	12.4	12.4	12.4	12.4	13.4	13.4
Special Schools										
Food Service										
Child Care	21.0	19.0	21.0	15.0	17.0	16.0	16.0	16.0	13.0	16.0
Total	<u>453.1</u>	<u>451.1</u>	<u>445.1</u>	<u>409.8</u>	<u>406.3</u>	<u>414.5</u>	<u>422.6</u>	<u>433.1</u>	<u>436.5</u>	<u>466.4</u>

Source: District Personnel Records

Cinnaminson Township School District
 Operating Statistics,
 Last Ten Fiscal Years

Exhibit J-17

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	2,469	\$ 39,577,816	\$ 16,030	8.72%	227	1:11	1:10	1:11	2,459.9	2,337.7	-2.43%	95.03%
2009	2,420	39,075,720	16,147	0.73%	211	1:11	1:9	1:11	2,385.7	2,272.1	-2.43%	95.24%
2010	2,407	40,939,193	17,008	5.33%	208	1:12	1:10	1:12	2,419.8	2,299.5	1.43%	95.03%
2011	2,326	39,753,767	17,091	0.48%	211	1:12	1:10	1:12	2,338.6	2,241.3	-3.36%	95.84%
2012	2,350	40,660,099	17,302	1.23%	213	1:12	1:10	1:12	2,354.9	2,261.4	0.70%	96.03%
2013	2,345	42,634,690	18,181	5.08%	222	1:12	1:10	1:12	2,360.2	2,258.3	0.23%	95.68%
2014	2,354	44,312,542	18,824	3.53%	225	1:12	1:10	1:12	2,363.1	2,258.8	0.12%	95.59%
2015	2,412	44,917,253	18,622	-1.07%	220	1:12	1:10	1:12	2,412.6	2,300.6	0.12%	95.36%
2016	2,441	45,996,836	18,843	1.19%	207	1:13	1:10	1:12	2,439.1	2,321.9	1.10%	95.19%
2017	2,475	48,029,409	19,406	2.99%	207	1:13	1:10	1:12	2,474.5	2,364.7	1.45%	95.56%

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Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

Exhibit J-18

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District Building										
Elementary										
New Albany Elementary (1966)										
Square Feet	47,966	47,966	47,966	47,966	47,966	47,966	47,966	47,966	47,966	47,966
Capacity (students)	470	470	470	470	470	470	470	470	470	470
Enrollment	527	487	517	513	503	520	531	524	549	558
Rush Elementary (1962)										
Square Feet	50,248	50,248	50,248	50,248	50,248	50,248	50,248	50,248	50,248	50,248
Capacity (students)	505	505	505	505	505	505	505	505	505	505
Enrollment	507	531	544	538	537	547	535	503	536	543
Middle School (1968)										
Square Feet	118,434	118,434	118,434	118,434	118,434	118,434	118,434	118,434	118,434	118,434
Capacity (students)	704	704	704	704	704	704	704	704	704	704
Enrollment	554	516	536	555	580	577	579	554	579	583
High School (1961)										
Square Feet	148,668	148,668	148,668	148,668	148,668	148,668	148,668	148,668	148,668	148,668
Capacity (students)	810	810	810	810	810	810	810	810	810	810
Enrollment	872	852	823	733	735	716	718	719	775	790
Other										
Central Administration (1959)										
Square Feet	27,965	27,965	27,965	27,965	27,965	27,965	27,965	27,965	27,965	27,965
Number of Schools at June 30, 2017										
Elementary =	2									
Middle School =	1									
Senior High School =	1									
Other =	1									

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Cinnaminson Township School District
 Schedule of Required Maintenance
 Last Ten Years

Exhibit J-19

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

* School Facilities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Cinnaminson School District											
New Albany Elementary	\$ 55,640	\$ 61,109	\$ 62,926	\$ 50,486	\$ 49,080	\$ 44,209	\$ 48,783	\$ 45,064	\$ 49,852	\$ 43,615	\$ 510,764
Rush Intermediate	56,650	54,475	55,707	53,318	50,074	45,998	55,656	52,921	54,007	42,841	521,647
Middle School	79,418	77,941	87,148	75,042	80,965	84,777	108,082	112,661	124,632	83,877	914,543
High School	118,756	110,102	122,049	111,503	116,516	167,332	199,436	273,096	157,867	391,010	1,767,667
Central Office	70,406	47,590	56,811	41,491	105,743	91,383	50,099	41,128	29,081	46,538	580,270
Total School Facilities	<u>\$ 380,870</u>	<u>\$ 351,217</u>	<u>\$ 384,641</u>	<u>\$ 331,840</u>	<u>\$ 402,378</u>	<u>\$ 433,699</u>	<u>\$ 462,056</u>	<u>\$ 524,870</u>	<u>\$ 415,439</u>	<u>\$ 607,881</u>	<u>\$ 4,294,891</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

**Cinnaminson Township School District
Insurance Schedule
June 30, 2017**

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property - Blanket Buildings and Contents	\$ 82,025,873	\$ 2,500
General and Auto Liability	15,000,000	1,000
Boiler and Machinery	100,000,000	2,500
Cyber Liability	2,000,000	10,000
Pollution Liability	1,000,000	10,000
Blanket Dishonesty Bond	500,000	1,000
Money and Securities	50,000	1,000
School Board Legal Liability (1)	15,000,000	5,000
Workers Compensation (1)	Statutory	
Excess Liability (1)	5,000,000	
Student Accident - (2)	1,000,000	
Surety Bonds (3)		
Treasurer	300,000	
Board Secretary	100,000	

- (1) School Alliance Insurance Fund.
- (2) National Union
- (3) Selective Insurance Company.

Source: District records

Single Audit Section

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**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
 Cinnaminson Township School District
 County of Burlington
 Cinnaminson, New Jersey

Report on Compliance for Each Major Federal and State Program

I have audited Cinnaminson Township School District's (School District), in the County of Burlington, 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, 2017. 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

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 Office of School 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 I 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 School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Cinnaminson Township School District, in the County of Burlington, 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, 2017.

Report on Internal Control Over Compliance

Management of the Cinnaminson Township School District, in the County of Burlington, 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 my audit of compliance, I 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, I do not express an opinion on the effectiveness of the Cinnaminson Township School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2016			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Adjustment	Balance at June 30, 2017		
						Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover (Walkover) Amount					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
General Fund:															
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	\$ 19,989	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ 18,476	\$ (18,476)	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	19,236	7/1/15 - 6/30/16	(781)			781						
ARRA SEMI	93.778	1705NJ5MAP	N/A	1,513	4/9/09 - 12/31/09				1,513	(1,513)					
Total General Fund						(781)	-	-	20,770	(19,989)	-	-	-	-	-
Special Revenue Fund:															
No Child Left Behind (N.C.L.B)															
Title I - Current Year	84.010	S010A160030	NCLB-0840-17	206,361	7/1/16 - 6/30/17				107,953	(136,056)			(28,103)		
Title I - Prior Year	84.010	S010A150030	NCLB-0840-16	192,167	7/1/15 - 6/30/16	(31,188)			30,180		(1,008)				
Title II - A - Current Year	84.367	S367A160029	NCLB-0840-17	61,149	7/1/16 - 6/30/17				34,657	(44,589)			(9,932)		
Title II - A - Prior Year	84.367	S367A150029	NCLB-0840-16	61,517	7/1/15 - 6/30/16	(11,013)			11,013				-		
Title III - Current Year	84.365	S365A160030	NCLB-0840-17	10,187	7/1/16 - 6/30/17				5,994	(8,820)			(2,826)		
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic Current Year	84.027	H027A160100	IDEA-0840-17	608,269	7/1/16 - 6/30/17				488,517	(542,899)			(54,382)		
Part B - Basic Prior Year	84.027	H027A150100	IDEA-0840-16	666,186	7/1/15 - 6/30/16	(101,766)			101,766				-		
Part B - Preschool Current Year	84.173	H173A160114	IDEA-0840-17	24,438	7/1/16 - 6/30/17				24,438	(24,438)			-		
Part B - Preschool Prior Year	84.173	H173A150114	IDEA-0840-16	24,368	7/1/15 - 6/30/16	(1,918)			1,918				-		
Total Special Revenue Fund						(145,885)	-	-	806,436	(756,802)	-	(1,008)	(95,243)	-	-
NJDEP Pass through Rutgers															
Capital Projects Fund															
Pompeston Creek Watershed Imp. Plan	66.460	N/A	SNJ-DEP-RP09-066	132,000	4/1/15-12/31/15	(24,750)			24,750				-		
Total Capital Projects Fund						(24,750)	-	-	24,750	-	-	-	-	-	-
U.S. Department of Agriculture															
Enterprise Fund:															
Food Distribution Program	10.555	171NJ304N1099	N/A	70,189	7/1/16 - 6/30/17				70,189	(70,189)			-		
National School Lunch Program	10.555	171NJ304N1099	N/A	163,896	7/1/16 - 6/30/17				156,443	(163,896)			(7,453)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	158,047	7/1/15 - 6/30/16	(12,300)			12,300				-		
Special Milk Program	10.556	171NJ304N1099	N/A	1,789	7/1/16 - 6/30/17				1,687	(1,789)			(102)		
Special Milk Program	10.556	16161NJ304N1099	N/A	2,174	7/1/15 - 6/30/16	(196)			196				-		
Total Enterprise Fund						(12,496)	-	-	240,815	(235,874)	-	-	(7,555)	-	-
Total Federal Awards						\$ (183,912)	\$ -	\$ -	\$ 1,092,771	\$ (1,012,665)	\$ -	\$ (1,008)	\$ (102,798)	\$ -	\$ -

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

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2016		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		
				Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education												
<u>General Fund:</u>												
Nonpublic Transportation Aid	17-103190	\$ 16,509	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ (16,509)	\$ -	\$ (16,509)	\$ -	\$ -
Nonpublic Transportation Aid	16-103190	15,312	7/1/15 - 6/30/16	(15,312)			15,312					
Extraordinary Aid	17-495-034-5120-044	392,534	7/1/16 - 6/30/17					(392,534)		(392,534)		
Extraordinary Aid	16-495-034-5120-044	407,749	7/1/15 - 6/30/16	(407,749)			407,749					
Equalization Aid	17-495-034-5120-078	7,371,587	7/1/16 - 6/30/17				6,686,131	(7,371,587)		(685,456)		
Equalization Aid	16-495-034-5120-078	7,388,894	7/1/15 - 6/30/16	(689,052)			689,052			-		
Special Education Categorical Aid	17-495-034-5120-089	1,367,802	7/1/16 - 6/30/17				1,240,615	(1,367,802)		(127,187)		
Special Education Categorical Aid	16-495-034-5120-089	1,345,009	7/1/15 - 6/30/16	(125,429)			125,429			-		
Security Aid	17-495-034-5120-085	57,475	7/1/16 - 6/30/17				52,131	(57,475)		(5,344)		
Security Aid	16-495-034-5120-085	50,849	7/1/15 - 6/30/16	(4,742)			4,742			-		
Transportation Aid	17-495-034-5120-014	185,546	7/1/16 - 6/30/17				168,293	(185,546)		(17,253)		
Transportation Aid	16-495-034-5120-014	164,548	7/1/15 - 6/30/16	(15,345)			15,345			-		
PARCC Readiness Aid	17-495-034-5120-098	23,210	7/1/16 - 6/30/17				21,052	(23,210)		(2,158)		
PARCC Readiness Aid	16-495-034-5120-098	23,210	7/1/15 - 6/30/16	(2,164)			2,164			-		
Per Pupil Growth Aid	17-495-034-5120-097	23,210	7/1/16 - 6/30/17				21,052	(23,210)		(2,158)		
Per Pupil Growth Aid	16-495-034-5120-097	23,210	7/1/15 - 6/30/16	(2,164)			2,164			-		
Professional Learning Community Aid	17-495-034-5120-101	23,955	7/1/16 - 6/30/17				21,727	(23,955)		(2,228)		
Host District Support Aid	17-495-034-5120-102	163	7/1/16 - 6/30/17				148	(163)		(15)		
On Behalf TPAF Pension Contributions	17-495-034-5094-002	1,924,653	7/1/16 - 6/30/17				1,924,653	(1,924,653)		-		
On Behalf TPAF Post Retirement Medical	17-495-034-5094-001	1,603,674	7/1/16 - 6/30/17				1,603,674	(1,603,674)		-		
On Behalf TPAF Pension LTDI	17-495-034-5094-004	2,504	7/1/16 - 6/30/17				2,504	(2,504)		-		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,338,153	7/1/16 - 6/30/17				1,272,154	(1,338,153)		(65,999)		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,236,441	7/1/15 - 6/30/16	(62,688)			62,688			-		
Total General Fund				(1,324,645)	-	-	14,338,779	(14,330,975)	-	(1,316,841)	-	-
<u>Special Revenue Fund</u>												
N.J. Nonpublic Aid:												
Textbook Aid	17-100-034-5120-064	21,154	7/1/16 - 6/30/17				21,154	(21,147)				7
Textbook Aid	16-100-034-5120-064	22,327	7/1/15 - 6/30/16			320			(320)			-
Technology Aid	17-100-034-5120-373	9,542	7/1/16 - 6/30/17				9,542	(9,540)				2
Technology Aid	16-100-034-5120-373	10,166	7/1/15 - 6/30/16			85			(85)			-
Nursing Aid	17-100-034-5120-070	33,210	7/1/16 - 6/30/17				33,210	(33,210)				-
Security Aid	17-100-034-5120-509	18,450	7/1/16 - 6/30/17				18,450	(9,988)				8,462
Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	76,143	7/1/16 - 6/30/17				76,143	(52,225)				23,918
Compensatory Education	16-100-034-5120-067	54,992	7/1/15 - 6/30/16			4,993			(4,993)			-
Home Instruction	17-100-034-5120-067	1,642	7/1/16 - 6/30/17				3,341	(1,642)		(1,642)		-
Home Instruction	16-100-034-5120-067	3,341	7/1/15 - 6/30/16	(3,341)						-		-
Handicapped Services:												
Examination & Classification	17-100-034-5120-066	28,461	7/1/16 - 6/30/17				28,461	(25,212)				3,249
Examination & Classification	16-100-034-5120-066	19,444	7/1/15 - 6/30/16			2,384			(2,384)			-
Corrective Speech	17-100-034-5120-066	27,389	7/1/16 - 6/30/17				27,389	(22,529)				4,860
Corrective Speech	16-100-034-5120-066	26,252	7/1/15 - 6/30/16			667			(667)			-
Supplemental Instruction	17-100-034-5120-066	22,756	7/1/16 - 6/30/17				22,756	(15,694)				7,062
Supplemental Instruction	16-100-034-5120-066	20,792	7/1/15 - 6/30/16			742			(742)			-
State Department of Environmental Protection												
N.J. Wet Grant	NJ03084003	1,385	7/1/16 - 6/30/17				1,385	(1,385)				-
N.J. Wet Grant	NJ03084003	1,385	7/1/15 - 6/30/16	25				(25)				-
Total Special Revenue Fund				(3,316)	9,191	-	241,831	(192,597)	(9,191)	(1,642)	-	47,560

(Continued)

CINNAMINSON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2016		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		
				Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
Debt Service Fund												
Debt Service Aid Type II	17-100-034-5120-017	\$ 731,827	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ 731,827	\$ (731,827)	\$ -	\$ -	\$ -	\$ -
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	6,373	7/1/16 - 6/30/17				6,079	(6,373)		(294)	-	-
State School Lunch Program	16-100-010-3350-023	6,164	7/1/15 - 6/30/16	(495)			495			-		-
Total Enterprise Fund				(495)	-	-	6,574	(6,373)	-	(294)	-	-
Total State Financial Assistance				\$ (1,328,456)	\$ 9,191	\$ -	\$ 15,319,011	\$ (15,261,772)	\$ (9,191)	\$ (1,318,777)	\$ -	\$ 47,560
Less: State Financial Expenditures Not Subject to Major Program Determination												
On-Behalf TPAF Contribution - Pension (Non-Budgeted)								(1,924,653)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)								(1,603,674)				
On Behalf TPAF Pension LTDI								(2,504)				
Total State Financial Expenditures Subject to Major Program Determination								\$ (11,730,941)				

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

**Cinnaminson Township School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017**

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Cinnaminson Township School District (“School District”). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when the 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 of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$2,903) in the general fund and \$-0- in 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.

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 19,989	\$ 14,328,072	\$ 14,348,061
Special Revenue	756,802	192,597	949,399
Debt Service		731,827	731,827
Food Service	235,874	6,373	242,247
	<u>\$ 1,012,665</u>	<u>\$ 15,258,869</u>	<u>\$ 16,271,534</u>

**Cinnaminson Township School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017
(Continued)**

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.

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

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

	<u>Federal</u>	<u>State</u>
Cancellation of Receivable	\$ <u>1,008</u>	\$ <u>-</u>

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the 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>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Part B - Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

State Awards Section

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

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

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weakness? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-102</u>	<u>Host District Aid</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 Office of School Finance, Department of Education, State of New Jersey.

No findings identified.

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section 3 -- Schedule of Federal Awards and 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 federal and state 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) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

**CINNAMINSON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *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 New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.