

**DELAWARE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

**Prepared by
Delaware Township School District
Department of Administration**

**DELAWARE TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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**DELAWARE TOWNSHIP SCHOOL DISTRICT
501 ROSEMONT ROAD
RINGOES, NEW JERSEY 08557
Phone (609) 397-3179
Fax (609) 397-1485**

Richard Weiner
Chief School Administrator

Susan Joyce
Business Administrator/Board Secretary

December 5, 2017

Honorable President and
Members of the Board of Education
Delaware Township School District
Hunterdon County, New Jersey

The comprehensive annual financial report of the Delaware Township School District 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 Delaware Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report of 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

Delaware Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Delaware Township School District and the school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. This includes regular, as well as special education for special need students. The district completed the 2016-2017 fiscal year with an enrollment of 388 students. The following details the changes in the student enrollment of the district over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	510.0	-2.70%
2008-2009	482.0	-5.49%
2009-2010	480.0	-0.42%
2010-2011	458.0	-4.58%
2011-2012	479.0	4.59%
2012-2013	432.0	-9.81%
2013-2014	408.0	-5.56%
2014-2015	411.0	0.74%
2015-2016	400.2	-2.63%
2016-2017	384.2	-4.16%

2) INTERNAL ACCOUNTING CONTROLS

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

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

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

3) 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 balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

4) ACCOUNTING SYSTEM AND REPORTS

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

5) FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management for the fiscal year ended June 30, 2017.

	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from Prior Year</u>	<u>% of Increase (Decrease)</u>
REVENUES				
Local Sources				
Tax Levy				
General	\$ 7,554,774	78.85%	\$ 226,074	3.08%
Debt Service	538,725	5.62%	11,437	2.17%
Other Revenues	162,303	1.70%	66,983	70.27%
State Aid	1,177,014	12.29%	(60,836)	-4.91%
Federal Aid	148,000	1.54%	(3,595)	-2.37%
Total	<u>\$ 9,580,816</u>	<u>100.00%</u>	<u>\$ 240,063</u>	<u>2.57%</u>
EXPENDITURES				
Current Expense	\$ 7,855,404	91.06%	\$ (317,269)	-3.88%
Capital Outlay	87,707	1.02%	(63,488)	-41.99%
Special Projects	148,360	1.72%	(4,335)	-2.84%
Debt Service				
Principal	435,000	5.04%	25,000	6.10%
Interest	99,863	1.16%	(17,424)	-14.86%
Total	<u>\$ 8,626,334</u>	<u>100.00%</u>	<u>\$ (377,516)</u>	<u>-4.19%</u>

Note: Excludes "on behalf" payments, lease purchase acquisitions and capital projects.

The funding formula from the State of New Jersey, Department of Education established the above maximum permitted net budget, dictated the amount of fund balance the district could maintain and reduced the amount of unrestricted state aid received. Within these constraints, the Delaware Township School District provided a thorough and efficient education in alignment with the emerging core curriculum standards.

6) DEBT ADMINISTRATION

At June 30, 2017 the District had outstanding debt issues of \$2,005,000 at an interest rate of 4.00% to 4.25%.

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 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protect from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted 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 Bedard, Kurowicki, and Co., CPA's, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

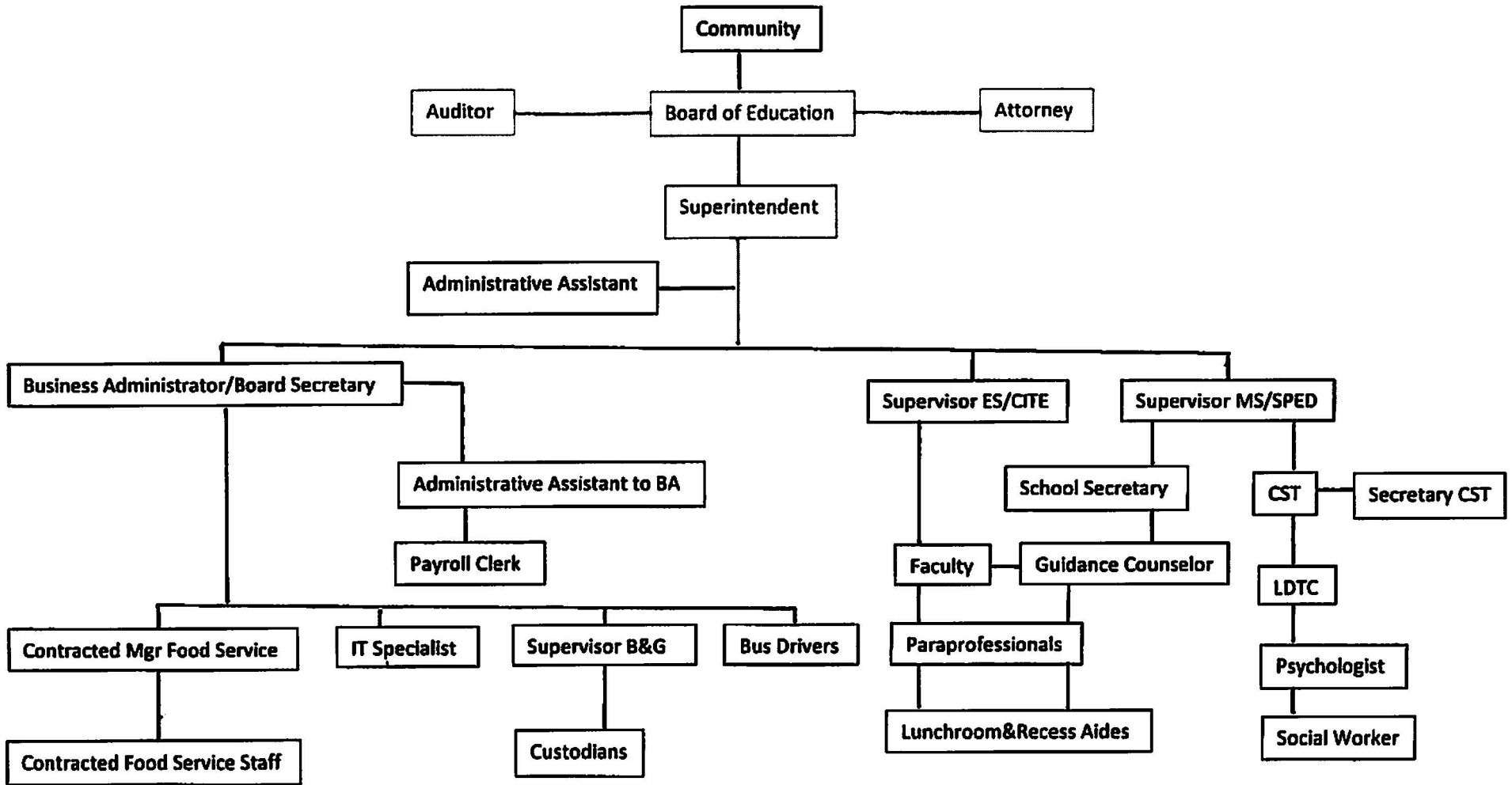
We would like to express our appreciation to the members of Delaware Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,


Richard Weiner
Chief School Administrator


Susan Joyce
Business Administrator / Board Secretary

Delaware Township Board of Education Organizational Chart



JUNE 2016

DELAWARE TOWNSHIP SCHOOL DISTRICT
Delaware, New Jersey
Roster of Officials
June 30, 2017

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Linda Ubry	President	2019
Kristen Devlin	Vice-President	2017
Lisa Thompson		2017
Michael Wintermute		2017
Tate Hoffman		2017
Stephanie Dunn		2018
Anne May		2018
Cathy Pouria		2019
David Cooper		2019

Other Officials

Dr. Richard Wiener	Superintendent
Susan Joyce	Board Secretary/School Business Administrator
Kathy Racile	Elementary and Child Study Team Supervisor
Patricia Prillon	Curriculum and Middle School Supervisor

DELAWARE TOWNSHIP SCHOOL DISTRICT
Delaware, New Jersey
Consultants and Advisors
June 30, 2017

FINANCIAL

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Certified Public Accountants, PC

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Independent Auditors' Report

Honorable President and
Members of the Board of Education
Delaware Township School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Delaware Township School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules, Schedules of the District's Proportionate Share of Net Pension Liability, and Schedules of the District's Pension Contributions, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of 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 have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

December 5, 2017
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

DELAWARE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017 Unaudited

The discussion and analysis of the Delaware Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position increased \$730,973 which represents a 11.75% increase from 2016.
- General revenues accounted for \$12,520,542, or 97.15% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$366,931 or 2.85% of total revenues of \$12,887,473.
- Total assets of governmental activities increased by \$199,526 as cash and cash equivalents increased by \$920,314 receivables and other assets decreased by \$80,834 and capital assets decreased by \$639,954.
- The School District had \$11,998,942 in expenses; only \$366,931 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,520,542 were adequate to provide for these programs.
- The General Fund had \$9,886,443 in revenues and \$8,935,823 in expenditures. The General Fund's balance increased \$950,620 over 2016.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Delaware Township School District as a financially whole operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Delaware Township School District, the General Fund is by far the most significant fund.

DELAWARE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017 Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016-2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business activities. Governmental activities are the activities where most of the School District's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Business activities are the services provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

DELAWARE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017 Unaudited

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2017 with net position comparisons to fiscal year 2016.

**Table 1
Net Position**

	6/30/2017	6/30/2016	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 3,162,447	\$ 2,330,696	\$ 831,751	35.69%
Capital Assets	8,378,507	9,019,098	(640,591)	-7.10%
Total Assets	<u>11,540,954</u>	<u>11,349,794</u>	<u>191,160</u>	1.68%
Deferred Outflows of Resources				
Deferred amount of pension activity	862,310	352,826	509,484	144.40%
Deferred amount of bonds	28,600	34,215	(5,615)	-16.41%
Total deferred outflows of resources	<u>890,910</u>	<u>387,041</u>	<u>503,869</u>	130.18%
LIABILITIES				
Long Term Liabilities	5,040,261	5,214,823	(174,562)	-3.35%
Other Liabilities	61,517	187,151	(125,634)	-67.13%
Total Liabilities	<u>5,101,778</u>	<u>5,401,974</u>	<u>(300,196)</u>	-5.56%
Deferred Inflows of Resources	<u>378,789</u>	<u>114,537</u>	<u>264,252</u>	230.71%
NET POSITION				
Net Investment in Capital Assets	6,373,507	6,148,583	224,924	3.66%
Restricted	2,843,299	2,072,080	771,219	37.22%
Unrestricted	(2,265,509)	(2,000,339)	(265,170)	13.26%
Total Net Position	<u>\$ 6,951,297</u>	<u>\$ 6,220,324</u>	<u>\$ 730,973</u>	11.75%

Total assets increased by \$191,160. Cash and cash equivalents increased by \$911,453 receivables and other assets decreased by \$79,702 and capital assets decreased by \$640,591. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, decreased by \$265,170 primarily due to increase in the District's PERS net pension liability.

DELAWARE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited**

The negative balance in unrestricted net assets is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position from fiscal year 2017.

**Table 2
Changes in Net Position**

	6/30/2017	6/30/2016	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 192,290	\$ 135,704	\$ 56,586	41.70%
Operating Grants & Contributions	174,641	451,095	(276,454)	-61.29%
General Revenues:				
Property Taxes	8,093,499	7,855,988	237,511	3.02%
Unrestricted Grants	4,381,767	1,874,340	2,507,427	133.78%
Other	45,276	186,255	(140,979)	-75.69%
Total Revenues	<u>12,887,473</u>	<u>10,503,382</u>	<u>2,384,091</u>	22.70%
PROGRAM EXPENSES				
Instruction:				
Regular	5,939,544	4,109,371	1,830,173	44.54%
Special	1,725,236	1,631,135	94,101	5.77%
Other	101,586	137,040	(35,454)	-25.87%
Support Services:				
Tuition	270,350	193,850	76,500	39.46%
Student & Instructional Related Services	1,492,196	1,503,586	(11,390)	-0.76%
General & Business Administration	959,197	705,619	253,578	35.94%
School Administration	130,321	62,135	68,186	109.74%
Maintenance	735,182	950,577	(215,395)	-22.66%
Transportation	407,802	410,373	(2,571)	-0.63%
Food Service	112,976	101,005	11,971	11.85%
Capital Outlay	-	214,237	(214,237)	-100.00%
Unallocated depreciation	-	26,549	(26,549)	-100.00%
Interest on Long Term Debt	124,552	113,329	11,223	9.90%
Total Expenses	<u>11,998,942</u>	<u>10,158,806</u>	<u>1,840,136</u>	18.11%
Increase (decrease) in net position	<u>\$ 888,531</u>	<u>\$ 344,576</u>	<u>\$ 543,955</u>	157.86%

DELAWARE TOWNSHIP SCHOOL DISTRICT

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited**

Governmental Activities

Property taxes made up 62.80% of revenues for governmental activities for the Delaware Township School District for fiscal year 2017.

Instruction comprises 64.73% of district expenses. Support services expenses make up 35.27% of district expenses.

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the district’s taxpayers by each of these functions.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Instruction	\$ 7,766,366	\$ 5,877,546	\$ 7,593,839	\$ 5,549,437
Support Services:				
Tuition	270,350	193,850	218,350	193,850
Student & Instructional Staff	1,492,196	1,503,586	1,492,196	1,503,586
General & Business Administration	959,197	705,619	921,197	705,619
School Administration	130,321	62,135	130,321	62,135
Plant Operations & Maintenance	735,182	950,577	732,682	950,577
Pupil Transportation	407,802	410,373	407,802	242,594
Food Service	112,976	101,005	11,072	10,094
Capital Outlay	-	214,237	-	214,237
Unallocated depreciation	-	26,549	-	26,549
Interest on Long-Term Debt	124,552	113,329	124,552	113,329
	<u>\$ 11,998,942</u>	<u>\$10,158,806</u>	<u>\$ 11,632,011</u>	<u>\$ 9,572,007</u>

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

Pupils and instructional related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

DELAWARE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017 Unaudited

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

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

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

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

The dependence upon tax revenue is apparent. For all activities general revenue support is 97.15%. The communities, as a whole, are the primary support for the Delaware Township School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$10,573,528 and expenditures of \$9,619,046.

General Fund Budgeting Highlights

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

The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. During the course of the fiscal year 2017, the School District amended its General Fund budget as needed for tuition revenue and expenditures of specific special education programs as allowed by law.

For the General Fund, budget revenue and other financing sources was \$8,894,939, \$19,724 over original budgeted estimates of \$8,875,215. This difference was due primarily to additional tuition from individuals and other miscellaneous revenues.

DELAWARE TOWNSHIP SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited**

Capital Assets

At the end of the fiscal year 2017, the School District had \$8,378,507 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

**Table 4
Capital Assets at Year End (Net of Depreciation)**

	6/30/2017	6/30/2016	Variance	
			Dollars	Percent
Land	\$ 20,000	\$ 20,000	\$ -	0.00%
Land Improvements	331,081	360,602	(29,521)	-8.19%
Buildings & Improvements	7,853,336	8,259,373	(406,037)	-4.92%
Machinery & Equipment	113,139	148,895	(35,756)	-24.01%
Vehicles	60,951	72,033	(11,082)	-15.38%
	<u>\$ 8,378,507</u>	<u>\$ 8,860,903</u>	<u>\$ (482,396)</u>	<u>-5.44%</u>

Overall capital assets decreased \$482,396 from fiscal year 2016 to fiscal year 2017. Increases in capital assets of \$55,295 were offset by depreciation expenses of 537,691 for the year. A complete fixed asset inventory report was completed for the entire district in 2016.

Long-term liabilities

At June 30, 2017, the School District had \$5,040,261 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2017, the legal debt limit is \$26,736,820. General obligation debt at June 30, 2017 is \$2,005,000 resulting in a legal debt margin of \$24,731,820.

**Table 5
Long-Term Liabilities at Year End**

	6/30/2017	6/30/2016	Variance	
			Dollars	Percent
General obligation Bonds	\$ 2,005,000	\$ 2,440,000	\$ (435,000)	-17.83%
Compensated absences	100,938	105,368	(4,430)	-4.20%
PERS Liability	2,934,323	2,669,455	264,868	9.92%
	<u>\$ 5,040,261</u>	<u>\$ 5,214,823</u>	<u>\$ (174,562)</u>	<u>-3.35%</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017 Unaudited

For the Future

It is the opinion of the Superintendent and Business Administrator that the Delaware Township School District is presently in good financial condition. However, future finances are not without challenges as the state continues to impose unfunded mandates on schools while simultaneously restricting the ability to fiscally manage school budgets.

In conclusion, the Delaware Township School District has committed itself to an excellent system for financial planning, budgeting and internal financial controls. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Susan Joyce, School Business Administrator at the Delaware Township Board of Education, 501 Rosemont Road Ringoes, New Jersey 08557 or email at joycesusan@dtsk8.org.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 283,194	\$ 11,292	\$ 294,486
Receivables, net	26,483	1,041	27,524
Inventory	-	1,001	1,001
Restricted assets	2,839,436	-	2,839,436
Capital assets, net			
Land	20,000	-	20,000
Other capital assets, net of depreciation	8,358,507	-	8,358,507
Total assets	<u>11,527,620</u>	<u>13,334</u>	<u>11,540,954</u>
Deferred outflows of resources			
Deferred amount on bonds	28,600	-	28,600
Deferred amount on pension activity	862,310	-	862,310
Total deferred outflows of resources	<u>890,910</u>	<u>-</u>	<u>890,910</u>
Liabilities			
Accounts payable	19,824	-	19,824
Accrued interest	37,297	-	37,297
Unearned revenue	1,690	2,706	4,396
Long-term liabilities			
Due within one year	470,000	-	470,000
Due beyond one year	4,570,261	-	4,570,261
Total liabilities	<u>5,099,072</u>	<u>2,706</u>	<u>5,101,778</u>
Deferred inflows of resources			
Deferred amount on pension liability	378,789	-	378,789
Net position			
Net investment in capital assets	6,373,507	-	6,373,507
Restricted for			
Capital reserve	2,186,052	-	2,186,052
Emergency reserve	172,641	-	172,641
Maintenance reserve	463,150	-	463,150
Capital projects	17,593	-	17,593
Debt Service reserve	3,863	-	3,863
Unrestricted	<u>(2,276,137)</u>	<u>10,628</u>	<u>(2,265,509)</u>
Total net position	<u>\$ 6,940,669</u>	<u>\$ 10,628</u>	<u>\$ 6,951,297</u>

See accompanying notes to financial statements.

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

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,807,852	\$ 3,131,692	\$ 76,167	\$ 41,642	\$ -	\$ (5,821,735)	\$ -	\$ (5,821,735)
Special education	753,488	664,351	-	40,817	-	(1,377,022)	-	(1,377,022)
Other special education	142,513	164,884	-	13,901	-	(293,496)	-	(293,496)
Other instruction	87,915	13,671	-	-	-	(101,586)	-	(101,586)
Support services								
Tuition	270,350	-	-	52,000	-	(218,350)	-	(218,350)
Students & instruction related services	805,320	686,876	-	-	-	(1,492,196)	-	(1,492,196)
General & business administration services	462,223	496,974	38,000	-	-	(921,197)	-	(921,197)
School administration services	71,038	59,283	-	-	-	(130,321)	-	(130,321)
Plant operations & maintenance	656,934	78,248	2,500	-	-	(732,682)	-	(732,682)
Pupil transportation	379,310	28,492	-	-	-	(407,802)	-	(407,802)
Interest on long-term debt	124,552	-	-	-	-	(124,552)	-	(124,552)
Total governmental activities	<u>6,561,495</u>	<u>5,324,471</u>	<u>116,667</u>	<u>148,360</u>	<u>-</u>	<u>(11,620,939)</u>	<u>-</u>	<u>(11,620,939)</u>
Business-type activities								
Food service	112,976	-	75,623	26,281	-	-	(11,072)	(11,072)
Total business-type activities	<u>112,976</u>	<u>-</u>	<u>75,623</u>	<u>26,281</u>	<u>-</u>	<u>-</u>	<u>(11,072)</u>	<u>(11,072)</u>
Total primary government	<u>\$ 6,674,471</u>	<u>\$ 5,324,471</u>	<u>\$ 192,290</u>	<u>\$ 174,641</u>	<u>\$ -</u>	<u>(11,620,939)</u>	<u>(11,072)</u>	<u>(11,632,011)</u>
			General revenues, special items & transfers					
						7,554,774	-	7,554,774
						538,725	-	538,725
						4,381,767	-	4,381,767
						2,193	-	2,193
						43,083	-	43,083
						<u>12,520,542</u>	<u>-</u>	<u>12,520,542</u>
						899,603	(11,072)	888,531
						6,041,066	21,700	6,062,766
						<u>\$ 6,940,669</u>	<u>\$ 10,628</u>	<u>\$ 6,951,297</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 283,194	\$ -	\$ -	\$ -	\$ 283,194
Due from other funds	88,875	-	-	89,785	178,660
Receivables from other governments					
Local	3,150	-	-	-	3,150
State	16,590	-	-	-	16,590
Federal	-	2,993	-	-	2,993
Other accounts receivable	3,750	-	-	-	3,750
Restricted cash & cash equivalents	2,821,843	-	17,593	-	2,839,436
Total assets	\$ 3,217,402	\$ 2,993	\$ 17,593	\$ 89,785	\$ 3,327,773
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 89,785	\$ 2,953	\$ -	\$ 85,922	\$ 178,660
Accounts payable	19,824	-	-	-	19,824
Unearned revenue	1,650	40	-	-	1,690
Total liabilities	111,259	2,993	-	85,922	200,174

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital projects fund balance	\$ -	\$ -	\$ 17,593	\$ -	\$ 17,593
Excess surplus - current year	70,244	-	-	-	70,244
Capital reserve	2,186,052	-	-	-	2,186,052
Emergency reserve	172,641	-	-	-	172,641
Maintenance reserve	463,150	-	-	-	463,150
Committed fund balance					
Encumbrances	9,186	-	-	-	9,186
Assigned fund balance					
Debt service fund balance	-	-	-	3,863	3,863
Designated for subsequent year's expenditures	60,522	-	-	-	60,522
Unassigned fund balance	144,348	-	-	-	144,348
Total fund balances	3,106,143	-	17,593	3,863	3,127,599
Total liabilities and fund balances	\$ 3,217,402	\$ 2,993	\$ 17,593	\$ 89,785	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$16,354,874 and the accumulated depreciation is \$7,976,367.	8,378,507
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	512,121
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,040,261)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(37,297)
Total net position of governmental activities	\$ 6,940,669

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
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	\$ 7,554,774	\$ -	\$ -	\$ 538,725	\$ 8,093,499
Tuition charges					
Individuals	76,167	-	-	-	76,167
Interest on investments	2,193	-	-	-	2,193
Rents and royalties	2,500	-	-	-	2,500
Miscellaneous	81,083	360	-	-	81,443
	<u>7,716,717</u>	<u>360</u>	<u>-</u>	<u>538,725</u>	<u>8,255,802</u>
State sources	2,169,726	-	-	-	2,169,726
Federal sources	-	148,000	-	-	148,000
Total revenues	<u>9,886,443</u>	<u>148,360</u>	<u>-</u>	<u>538,725</u>	<u>10,573,528</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,766,210	41,642	-	-	2,807,852
Special education instruction	712,671	40,817	-	-	753,488
Other special instruction	128,612	13,901	-	-	142,513
Other instruction	87,915	-	-	-	87,915
Support service & undistributed costs					
Tuition	218,350	52,000	-	-	270,350
Student & instruction related services					
General & business administrative services	805,320	-	-	-	805,320
School administrative services	462,223	-	-	-	462,223
Plant operations & maintenance	71,038	-	-	-	71,038
Pupil transportation	656,934	-	-	-	656,934
Unallocated benefits	379,310	-	-	-	379,310
	2,559,533	-	-	-	2,559,533

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 55,295	\$ -	\$ -	\$ -	\$ 55,295
Debt service					
Principal	-	-	-	435,000	435,000
Interest & other charges	32,412	-	-	99,863	132,275
Total expenditures	<u>8,935,823</u>	<u>148,360</u>	<u>-</u>	<u>534,863</u>	<u>9,619,046</u>
Net change in fund balance	950,620	-	-	3,862	954,482
Fund balances, July 1	<u>2,155,523</u>	<u>-</u>	<u>17,593</u>	<u>1</u>	<u>2,173,117</u>
Fund balances, June 30	<u>\$ 3,106,143</u>	<u>\$ -</u>	<u>\$ 17,593</u>	<u>\$ 3,863</u>	<u>\$ 3,127,599</u>

See accompanying notes to financial statements.

DELAWARE 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 changes in fund balances - governmental fund (from B-2) \$ 954,482

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

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 55,295	
Depreciation expense	<u>(537,691)</u>	(482,396)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Debt principal payments	435,000
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In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.

(5,615)

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(19,636)

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2017

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 a reconciling item. \$ 13,338

In the Statement of Activities, compensated absences & early retirement benefits 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. 4,430

Change in net position of governmental activities \$ 899,603

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

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 11,292
Receivables from other governments	
State	52
Federal	989
Inventory	1,001
Total current assets	<u>13,334</u>
Noncurrent assets	
Capital assets	141,960
Less: accumulated depreciation	<u>141,960</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>13,334</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	563
Unearned revenues - prepaid sales	<u>2,143</u>
Total liabilities	<u>2,706</u>
Net position	
Unrestricted	<u>10,628</u>
Total net position	<u><u>\$ 10,628</u></u>

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 43,912
Daily sales - non-reimbursable programs	31,711
Total operating revenues	75,623
Operating expenses	
Cost of sales - reimbursable programs	30,710
Cost of sales - non-reimbursable programs	16,212
Commodity food costs	10,294
Salaries	25,162
Support services - employee benefits	3,534
Purchased professional/technical services	1,834
Purchased property services	8,874
Other purchased services	
Insurance	2,633
Management fee	7,942
Supplies and materials	3,131
Depreciation	637
Miscellaneous expenditures	2,013
Total operating expenses	112,976
Operating income (loss)	(37,353)
Non-operating revenues (expenses)	
State sources	
State school lunch program	800
Federal sources	
National school lunch program	
Cash assistance	15,181
Non cash assistance (commodities)	10,294
Other sources	
Interest earned on investments	6
Total non-operating revenues (expenses)	26,281
Change in net position	(11,072)
Net position, beginning	21,700
Net position, ending	\$ 10,628

See accompanying notes to financial statements.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 77,765
Payments to Food Service Management Co.	(91,640)
Payments to vendors (net)	(10,842)
Net cash provided by (used for) operating activities	(24,717)
Cash flows from non-capital financing activities	
State sources	794
Federal sources	15,056
Net cash provided by (used for) noncapital financing activities	15,850
Cash flows from investing activities	
Interest earned on investment	6
Net increase (decrease) in cash and cash equivalents	(8,861)
Cash and cash equivalents, beginning	20,153
Cash and cash equivalents, ending	\$ 11,292
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (37,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	637
Federal food donation program	10,294
(Increase) decrease in inventory	(1,001)
Increase (decrease) in unearned revenue	2,706
Net cash provided by (used for) operating activities	\$ (24,717)

See accompanying notes to financial statements.

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash and cash equivalents	\$ 92,500	\$ 22,415	\$ 8,465
Total assets	\$ 92,500	\$ 22,415	\$ 8,465
Liabilities			
Due to student groups	\$ -	\$ 22,415	\$ -
FSA Section 125 Plan	-	-	8,327
Payroll deductions and withholdings	-	-	138
Total liabilities	-	\$ 22,415	\$ 8,465
Net position			
Held in trust for unemployment claims & other purposes	\$ 92,500		

See accompanying notes to financial statements.

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

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 7,889
Investment earnings - interest	<u>44</u>
Total additions	<u>7,933</u>
 Change in net position	 7,933
 Net position, beginning of the year	 <u>84,567</u>
 Net position, end of the year	 <u><u>\$ 92,500</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Board of Education (Board) of the Delaware Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2017 of 388 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its Governmental Funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted State Aids.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the 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, which are classified in the Capital Outlay sub-fund.

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

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the 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 District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal years 2016-2017 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The 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 District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

O. Fund balances - governmental funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Comparative data/reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. 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. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on refunding bond issue. 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2017, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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

N.J.S.A. 17:9-41 e.t. 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 Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks 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.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. 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 District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2017, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions	3,143,603
Total bank balances	<u>\$ 3,393,603</u>

Deposits at June 30, 2017 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 3,257,302</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental Funds, Balance Sheet	B-1	\$ 283,194
Enterprise Funds, Statement of Net Position	B-4	11,292
Fiduciary Funds, Statement of Net Position	B-7	123,380
Restricted cash and cash equivalents		
Governmental Funds, Balance Sheet	B-1	<u>2,839,436</u>
Total cash and cash equivalents		<u>\$ 3,257,302</u>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total	20,000	-	-	20,000
Capital assets, being depreciated				
Land improvements	599,925	-	-	599,925
Building & improvements	15,012,006	17,980	-	15,029,986
Furniture & equipment	578,992	37,315	-	616,307
Vehicles	88,656	-	-	88,656
Total	16,279,579	55,295	-	16,334,874
Accumulated depreciation				
Land improvements	239,323	29,521	-	268,844
Building & improvements	6,752,633	424,017	-	7,176,650
Furniture & equipment	430,097	73,071	-	503,168
Vehicles	16,623	11,082	-	27,705
Total	7,438,676	537,691	-	7,976,367
Total capital assets, being depreciated, net	8,840,903	(482,396)	-	8,358,507
Governmental activities capital assets, net	\$ 8,860,903	\$ (482,396)	\$ -	\$ 8,378,507
Business type activities				
Furniture & equipment	\$ 141,960	\$ -	\$ -	\$ 141,960
Less: accumulated depreciation	141,323	637	-	141,960
Business type activities capital assets, net	\$ 637	\$ (637)	\$ -	\$ -

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 287,238
Special education	77,081
Other special instruction	14,579
Other instruction	8,994
Support services	
Student & instruction	82,383
General & business administration	47,285
School administration	7,267
Plant maintenance	1,782
Transportation	11,082
Total depreciation expense, governmental activities	\$ 537,691

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 2,440,000	\$ -	\$ 435,000	\$ 2,005,000	\$ 470,000
Compensated absences payable	105,368	-	4,430	100,938	-
PERS net pension liability	2,669,455	264,868	-	2,934,323	-
Total governmental activities long-term liabilities	\$ 5,214,823	\$ 264,868	\$ 439,430	\$ 5,040,261	\$ 470,000

Payments on the general obligation bonds are made in the Debt Service Fund from property taxes and State Aid. The other long-term debts are paid in the current expenditures budget of the District's General Fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 470,000	\$ 81,375	\$ 551,375
2019	490,000	61,400	551,400
2020	510,000	41,800	551,800
2021	535,000	21,400	556,400
Total	\$ 2,005,000	\$ 205,975	\$ 2,210,975

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2017, with their outstanding balances are comprised of the following individual issues:

\$3,750,000 - 2005 refunding general obligation bonds, due in annual installments of \$90,000 to \$535,000, beginning January 15, 2010, through January 15, 2021, interest at 3.50% to 4.25%.	\$ 2,005,000
	\$ 2,005,000

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$26,736,820. General obligation debt at June 30, 2017 is \$2,005,000, resulting in a legal debt margin of \$24,731,820.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public employees' retirement systems (PERS)

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 years 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2016:

	2016
Total pension liability	\$ 4,901,716
Plan fiduciary net position	1,967,393
Net pension liability	\$ 2,934,323

Plan fiduciary net position as a percentage of the total pension liability	40.14%
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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 (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

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 beneficiaries of former members 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. 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.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (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 Investment 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 Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grad Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate

The discount rate used to measure the 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

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 2043, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	2016
At current discount rate (3.98%)	\$ 2,934,323
At a 1% lower rate (2.98%)	3,595,671
At a 1% higher rate (4.98%)	2,388,324

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,570	\$ -
Changes of assumptions	607,835	-
Net difference between projected and actual earnings on pension plan investments	111,888	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	378,789
District contributions subsequent to the measurement date	88,017	-
Total	\$ 862,310	\$ 378,789

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount 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) of \$88,017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 291,902	\$ 527,727	\$ 157,224	\$ 662,405
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	(35,758)	164,747	17,101	111,888
Net of deferred outflows	<u>\$ 256,144</u>	<u>\$ 692,474</u>	<u>\$ 174,325</u>	<u>\$ 774,293</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year Ending June 30,

2017	\$ 174,325
2018	174,325
2019	201,962
2020	169,677
2021	54,004
Total	<u>\$ 774,293</u>

Pension expense

For the year ended June 30, 2017, the District recognized net pension expense of \$209,890, which represents the District's proportionate share of allocable plan pension expense of \$280,146, less the net amortization of deferred amounts from changes in proportion of \$86,292, and plus other adjustments to the net pension liability of \$16,036. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (continued)

Service cost	\$	95,762
Interest on total pension liability		209,085
Member contributions		(49,634)
Administrative expense		1,584
Expected investment return net of investment expense		(150,665)
Pension expense related to specific liabilities of individual employers		(312)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		143,193
Amortization of expected versus actual experience		14,032
Amortization of projected versus actual investment earnings on pension plan investments		17,101
Pension expense	\$	280,146

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$298,048 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ending June 30, 2016 is as follows:

	2016
State's proportionate share of net pension liability	\$ 29,440,467
Employer pension expense and related revenue	2,212,041
Non-employer contribution	298,048
 Allocable proportionate percentage	 0.0374244644%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

Service cost	\$ 873,325
Interest on total pension liability	1,376,432
Member contributions	(283,759)
Administrative expense	5,129
Expected investment return net of investment expense	(704,670)
Pension expense related to specific liabilities of individual employers	(91)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	9,258
Amortization of expected versus actual experience	865,939
Amortization of projected versus actual investment earnings on pension plan investments	70,478
Pension expense	\$ 2,212,041

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2016 is as follows:

	2016
Total pension liability	\$ 37,903,503
Plan fiduciary net position	8,463,036
Net pension liability	\$ 29,440,467

Plan fiduciary net position as a percentage of the total pension liability	22.33%
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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	2.50%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	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 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 study for the period July 1, 2012 to June 30, 2015.

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 Investment 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:

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	.50%	2.87%
Hedge Funds - Multi-Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate

The discount rate used to measure the 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 will be made based on the rate in the most recent State fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plans 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.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 29,440,467
At a 1% lower rate (2.22%)	35,158,496
At a 1% higher rate (4.22%)	24,770,957

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2017 was \$12,169.

D. Other pension plan information

During the year ended June 30, 2017, the State of New Jersey contributed \$342,407 to the TPAF for post-retirement medical benefits, \$14,369 for non-contributory insurance premiums, and \$396,572 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$239,364 during the year ended June 30, 2017 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and 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. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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 eligible for 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 Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free 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. In fiscal year 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. 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 the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation

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

- AXA Equitable
- Variable Annuity Life Insurance Co.
- Vanguard
- Siracusa
- Metropolitan Life

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2017 is as follows:

	Receivable	Payable
General Fund	\$ 88,875	\$ 89,785
Special Revenue Fund	-	2,953
Debt Service	89,785	85,922
	\$ 178,660	\$ 178,660

The balance due from the General Fund to the Debt Service Fund of \$89,785 represents expenditures to be reimbursed by the General Fund. The balance due from the Special Revenue Fund to the General Fund of \$2,953 represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance due from the Debt Service Fund to the General Fund of \$85,922 results from tax revenues not yet transferred to the debt service fund.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2017 consisted of the following:

Food	\$ 696
Supplies	305
Total	\$ 1,001

Note 11 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities (continued)

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Trust Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 - 2017	\$ -	\$ 44	\$ 7,889	\$ -	\$ 92,500
2015 - 2016	-	-	32,930	-	84,567
2014 - 2015	-	-	7,976	9,037	51,637

Note 13 - Legal reserve accounts

A Capital Reserve Account was established by the 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 Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts (continued)

A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRF.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$250,000 to their Maintenance Reserve Account by Board Resolution in June 2017 as summarized in the following schedule. The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,550,838	\$ 634,000	\$ 1,214	\$ -	-	\$ 2,186,052
Emergency	172,506	-	135	-	-	172,641
Maintenance	212,983	250,000	167	-	-	463,150
Total	<u>\$ 1,936,327</u>	<u>\$ 884,000</u>	<u>\$ 1,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,821,843</u>

Note 14 - Fund balances - budgetary basis

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the General fund balance on June 30, 2017 is as follows:

	2017
Restricted	
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 70,244
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,186,052
Emergency Reserve Account - Represents funds accumulated to finance unanticipated General Fund expenditures required for a thorough and efficient education.	172,641
Maintenance Reserve Account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	463,150
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	9,186
Assigned	
Designated surplus - Designated for Subsequent Year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	60,552
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	254,176
Total fund balance	\$ 3,216,001

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

- Note 15 - Calculation of excess surplus
In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$70,244.
- Note 16 - Subsequent events
The District has evaluated subsequent events through December 5, 2017, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.
- Note 17 - Recent accounting pronouncements not yet effective
The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting:
- In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.
- In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is expected to have a material impact on the District's financial reporting.
- Note 18 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2017 of (\$2,276,137) on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Restatement of prior year net position

During the fiscal year ending June 30, 2017, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital asset inventory and the timing of the inventory report, adjustments to the inventory report value are necessary. The following is a summary of the District's restatement of net position as of June 30, 2017:

	Governmental Activities
Net position, June 30, 2016	\$ 6,198,624
Subtract: net decrease in capital assets	(157,558)
Net position, June 30, 2016 as restated	\$ 6,041,066

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 7,554,774	\$ -	\$ 7,554,774	\$ 7,554,774	\$ -
Tuition from individuals	51,000	-	51,000	76,167	25,167
Rents and royalties	-	-	-	2,500	2,500
Unrestricted miscellaneous revenues	69,700	-	69,700	81,760	12,060
Interest earned on current expense emergency reserve	75	-	75	135	60
Interest earned on maintenance reserve	120	-	120	167	47
Interest earned on capital reserve funds	500	-	500	1,214	714
Total	<u>7,676,169</u>	<u>-</u>	<u>7,676,169</u>	<u>7,716,717</u>	<u>40,548</u>
State sources					
School choice aid	301,806	-	301,806	301,806	-
Categorical transportation aid	167,383	-	167,383	167,383	-
Extraordinary aid	25,000	-	25,000	-	(25,000)
Categorical special education aid	267,084	-	267,084	267,084	-
Categorical security aid	34,010	-	34,010	34,010	-
Adjustment aid	392,423	-	392,423	392,423	-
PARCC readiness aid	3,800	-	3,800	3,800	-
Per pupil growth aid	3,800	-	3,800	3,800	-
Professional learning community aid	3,740	-	3,740	3,740	-
Other state aids	-	-	-	4,176	4,176
TPAF pension (on-behalf)	-	-	-	410,941	410,941
TPAF social security (reimbursed)	-	-	-	239,364	239,364
TPAF post retirement benefits	-	-	-	342,407	342,407
Total	<u>1,199,046</u>	<u>-</u>	<u>1,199,046</u>	<u>2,170,934</u>	<u>971,888</u>
Total Revenues	<u>\$ 8,875,215</u>	<u>\$ -</u>	<u>\$ 8,875,215</u>	<u>\$ 9,887,651</u>	<u>\$ 1,012,436</u>
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 32,950	\$ 81,400	\$ 114,350	\$ 112,833	\$ 1,517
Kindergarten	202,480	-	202,480	193,395	9,085
Grades 1-5	1,408,327	(6,000)	1,402,327	1,358,278	44,049
Grades 6-8	913,123	(2,500)	910,623	872,394	38,229
Home instruction					
Salaries of teacher	10,000	2,500	12,500	4,553	7,947
Regular programs - undistributed instruction					
Other salaries for instruction	175,703	(151,900)	23,803	-	23,803
Other purchased services	-	3,610	3,610	565	3,045
General supplies	165,320	42,035	207,355	182,378	24,977
Textbooks	35,000	580	35,580	35,390	190
Other objects	22,500	(14,825)	7,675	6,424	1,251
Total	<u>2,965,403</u>	<u>(45,100)</u>	<u>2,920,303</u>	<u>2,766,210</u>	<u>154,093</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Multiple disabilities					
Salaries of teachers	\$ 65,210	\$ (65,210)	\$ -	\$ -	\$ -
General supplies	500	(500)	-	-	-
Total	<u>65,710</u>	<u>(65,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource room/resource center					
Salaries of teachers	528,424	6,024	534,448	525,275	9,173
Other salaries for instruction	41,500	140,100	181,600	178,864	2,736
General supplies	5,000	3,000	8,000	4,602	3,398
Total	<u>574,924</u>	<u>149,124</u>	<u>724,048</u>	<u>708,741</u>	<u>15,307</u>
Preschool disabilities - part-time					
Salaries of teachers	27,530	(27,530)	-	-	-
Other salaries for instruction	30,204	(30,204)	-	-	-
General supplies	2,500	(2,375)	125	99	26
Total	<u>60,234</u>	<u>(60,109)</u>	<u>125</u>	<u>99</u>	<u>26</u>
Home instruction					
Salaries of teachers	-	5,000	5,000	1,248	3,752
Purchased professional-educational services	-	5,000	5,000	2,583	2,417
Total	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>3,831</u>	<u>6,169</u>
Total special education	<u>700,868</u>	<u>33,305</u>	<u>734,173</u>	<u>712,671</u>	<u>21,502</u>
Basic skills/remedial					
Salaries of teachers	187,916	(51,780)	136,136	127,074	9,062
General supplies	5,000	-	5,000	1,538	3,462
Total	<u>192,916</u>	<u>(51,780)</u>	<u>141,136</u>	<u>128,612</u>	<u>12,524</u>
Bilingual education - instruction					
General supplies	250	-	250	-	250
Total	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>
School-sponsored co/extra curricular activities-instruction					
Salaries	51,200	(1,200)	50,000	40,720	9,280
Purchased services	-	3,000	3,000	2,510	490
Supplies and materials	5,000	(2,630)	2,370	1,037	1,333
Other objects	-	830	830	781	49
Total	<u>56,200</u>	<u>-</u>	<u>56,200</u>	<u>45,048</u>	<u>11,152</u>
School-sponsored athletics - instruction					
Salaries	36,000	1,375	37,375	31,413	5,962
Purchased services	9,680	(1,375)	8,305	5,221	3,084
Supplies and materials	10,000	-	10,000	5,633	4,367
Other objects	2,500	-	2,500	600	1,900
Total	<u>58,180</u>	<u>-</u>	<u>58,180</u>	<u>42,867</u>	<u>15,313</u>
Total instruction regular	<u>\$ 3,973,817</u>	<u>\$ (63,575)</u>	<u>\$ 3,910,242</u>	<u>\$ 3,695,408</u>	<u>\$ 214,834</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 70,000	\$ (52,050)	\$ 17,950	\$ 15,197	\$ 2,753
Tuition to cssd & regional day schools	69,800	35,050	104,850	104,845	5
Tuition to priv. school for the disabled w/i state	89,352	34,500	123,852	98,308	25,544
Total	<u>229,152</u>	<u>17,500</u>	<u>246,652</u>	<u>218,350</u>	<u>28,302</u>
Undistributed expenditures - health services					
Salaries	90,712	-	90,712	90,411	301
Purchased professional and technical services	5,000	6,000	11,000	10,892	108
Supplies and materials	2,000	1,000	3,000	2,241	759
Total	<u>97,712</u>	<u>7,000</u>	<u>104,712</u>	<u>103,544</u>	<u>1,168</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	69,990	-	69,990	68,490	1,500
Purchased professional - educational services	70,000	(6,850)	63,150	22,558	40,592
Supplies and materials	2,500	-	2,500	2,312	188
Other objects	250	-	250	-	250
Total	<u>142,740</u>	<u>(6,850)</u>	<u>135,890</u>	<u>93,360</u>	<u>42,530</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	-	25,325	25,325	25,322	3
Total	<u>-</u>	<u>25,325</u>	<u>25,325</u>	<u>25,322</u>	<u>3</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	95,542	-	95,542	95,386	156
Supplies and materials	500	-	500	261	239
Other objects	150	-	150	-	150
Total	<u>96,192</u>	<u>-</u>	<u>96,192</u>	<u>95,647</u>	<u>545</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	100,403	48,850	149,253	139,711	9,542
Salaries of secretarial and clerical assistants	43,239	-	43,239	42,684	555
Purchased professional - educational services	27,500	(7,525)	19,975	7,680	12,295
Other purchased professional & technical services	10,000	525	10,525	10,513	12
Other purchased services	500	7,000	7,500	100	7,400
Supplies and materials	5,000	1,150	6,150	5,614	536
Other objects	1,000	-	1,000	820	180
Total	<u>187,642</u>	<u>50,000</u>	<u>237,642</u>	<u>207,122</u>	<u>30,520</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	42,500	46,500	89,000	82,000	7,000
Salaries of other professional staff	82,000	(46,500)	35,500	3,788	31,712
Salaries of secretarial & clerical assist	32,988	-	32,988	25,488	7,500
Purchased professional - educational services	5,000	-	5,000	540	4,460
Other purchased services	300	-	300	300	-
Supplies and materials	4,400	-	4,400	2,881	1,519
Other objects	3,200	-	3,200	909	2,291
Total	<u>170,388</u>	<u>-</u>	<u>170,388</u>	<u>115,906</u>	<u>54,482</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 94,671	\$ 16,625	\$ 111,296	\$ 91,213	\$ 20,083
Salaries of technology coordinators	66,625	(66,625)	-	-	-
Purchased professional and technical services	157,500	(16,280)	141,220	26,919	114,301
Other purchased services	41,300	-	41,300	30,715	10,585
Supplies and materials	5,000	9,280	14,280	8,811	5,469
Other objects	500	-	500	150	350
Total	<u>365,596</u>	<u>(57,000)</u>	<u>308,596</u>	<u>157,808</u>	<u>150,788</u>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	11,240	(10,005)	1,235	1,235	-
Other purchased services	500	10,005	10,505	5,019	5,486
Supplies and materials	500	-	500	357	143
Total	<u>12,240</u>	<u>-</u>	<u>12,240</u>	<u>6,611</u>	<u>5,629</u>
Undistributed expend. - support service - general admin.					
Salaries	220,000	2,050	222,050	222,022	28
Legal services	12,000	7,200	19,200	14,852	4,348
Audit fees	19,500	-	19,500	17,700	1,800
Architectural/engineering services	17,500	(17,500)	-	-	-
Other purchased professional services	19,250	8,050	27,300	18,249	9,051
Communications/telephone	14,950	-	14,950	13,415	1,535
BOE other purchased services	2,250	(2,250)	-	-	-
Misc purch services	33,000	2,450	35,450	20,652	14,798
General supplies	2,900	-	2,900	956	1,944
Miscellaneous expenditures	3,000	-	3,000	2,410	590
BOE membership dues and fees	7,700	(500)	7,200	4,551	2,649
Total	<u>352,050</u>	<u>(500)</u>	<u>351,550</u>	<u>314,807</u>	<u>36,743</u>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	42,500	-	42,500	42,500	-
Salaries of secretarial and clerical assistants	25,488	2,500	27,988	27,830	158
Other purchased services	250	(25)	225	190	35
Supplies and materials	500	25	525	518	7
Total	<u>68,738</u>	<u>2,500</u>	<u>71,238</u>	<u>71,038</u>	<u>200</u>
Undistributed expenditures - central services					
Salaries	157,000	(2,000)	155,000	125,759	29,241
Purchased professional services	16,500	-	16,500	15,020	1,480
Miscellaneous purchased services	5,500	-	5,500	4,064	1,436
Supplies and materials	3,700	-	3,700	2,320	1,380
Other objects	2,925	-	2,925	253	2,672
Total	<u>185,625</u>	<u>(2,000)</u>	<u>183,625</u>	<u>147,416</u>	<u>36,209</u>
Undistributed expend. - required maint. for school facilities					
Salaries	61,500	(9,750)	51,750	48,247	3,503
Cleaning, repair, and maintenance services	95,760	13,425	109,185	87,557	21,628
General supplies	11,500	5,825	17,325	17,196	129
Other objects	2,000	-	2,000	166	1,834
Total	<u>170,760</u>	<u>9,500</u>	<u>180,260</u>	<u>153,166</u>	<u>27,094</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 223,000	\$ (36,500)	\$ 186,500	\$ 171,549	\$ 14,951
Salaries of non-instructional aides	8,500	-	8,500	5,754	2,746
Purchased professional and technical services	-	10,000	10,000	9,801	199
Cleaning, repair, and maintenance service	11,500	-	11,500	10,205	1,295
Other purchased property services	36,000	-	36,000	34,920	1,080
Insurance	30,000	28,500	58,500	57,992	508
General supplies	26,750	-	26,750	21,505	5,245
Energy (electricity)	135,000	(1,500)	133,500	113,676	19,824
Energy (oil)	75,000	(24,400)	50,600	46,220	4,380
Energy (gasoline)	-	750	750	258	492
Other objects	750	250	1,000	80	920
Total	<u>546,500</u>	<u>(22,900)</u>	<u>523,600</u>	<u>471,960</u>	<u>51,640</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	17,135	-	17,135	12,146	4,989
General supplies	5,250	-	5,250	736	4,514
Total	<u>22,385</u>	<u>-</u>	<u>22,385</u>	<u>12,882</u>	<u>9,503</u>
Undistributed expenditures - security					
Salaries	18,000	-	18,000	16,794	1,206
Cleaning, repair, and maintenance service	-	3,000	3,000	1,564	1,436
General supplies	4,250	(3,000)	1,250	568	682
Total	<u>22,250</u>	<u>-</u>	<u>22,250</u>	<u>18,926</u>	<u>3,324</u>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	3,750	(1,000)	2,750	2,077	673
Salaries for pupil trans (between home & school) - reg.	25,000	(25,000)	-	-	-
Salaries for pupil trans (between home & school) - sp ed	-	28,000	28,000	25,826	2,174
Management fee - esc & ctsa trans. program	-	2,500	2,500	857	1,643
Cleaning, repair, & maint. services	3,000	-	3,000	111	2,889
Contract service-aid in lieu pymts-non-public schools	31,000	(2,000)	29,000	21,216	7,784
Contract serv-aid in lieu pymts-choice school students	7,072	-	7,072	3,536	3,536
Contr service (oth. than between home & school) - vend	36,200	-	36,200	13,376	22,824
Contr service (between home & school) - joint agreements	260,000	6,625	266,625	266,399	226
Contract service (sp ed stds) - vendors	-	14,400	14,400	11,840	2,560
Contract service (sp ed stds) - joint agreements	56,350	(38,525)	17,825	-	17,825
Contract service (spl. ed. students) - escs & ctsas	35,000	15,000	50,000	27,457	22,543
Miscellaneous purchased services - transportation	5,000	-	5,000	3,461	1,539
General supplies	150	-	150	-	150
Transportation supplies	5,000	(5,000)	-	-	-
Fuel costs funded by advertising revenue	-	5,000	5,000	3,104	1,896
Other objects	1,130	-	1,130	50	1,080
Total	<u>468,652</u>	<u>-</u>	<u>468,652</u>	<u>379,310</u>	<u>89,342</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Unallocated benefits-employee benefits					
Social security contributions	\$ 100,000	\$ 12,500	\$ 112,500	\$ 106,879	\$ 5,621
Other retirement contributions - PERS	100,000	(4,000)	96,000	89,748	6,252
Other retirement contributions - regular	10,000	6,475	16,475	16,428	47
Workmen's compensation	75,000	5,200	80,200	80,179	21
Health benefits	1,430,092	(16,950)	1,413,142	1,232,686	180,456
Tuition reimbursement	43,043	(12,500)	30,543	16,743	13,800
Other employee benefits	-	22,575	22,575	12,497	10,078
Unused sick payment to terminated/retired staff	25,000	(13,300)	11,700	11,661	39
Total	<u>1,783,135</u>	<u>-</u>	<u>1,783,135</u>	<u>1,566,821</u>	<u>216,314</u>
On-behalf TPAF pension contribution	-	-	-	410,941	(410,941)
On-behalf TPAF post retirement medical benefits	-	-	-	342,407	(342,407)
Reimbursed TPAF social security contribution	-	-	-	239,364	(239,364)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,712</u>	<u>(992,712)</u>
Total undistributed expenditures	<u>\$ 4,921,757</u>	<u>\$ 22,575</u>	<u>\$ 4,944,332</u>	<u>\$ 5,152,708</u>	<u>\$ (208,376)</u>
Total current	<u>\$ 8,895,574</u>	<u>\$ (41,000)</u>	<u>\$ 8,854,574</u>	<u>\$ 8,848,116</u>	<u>\$ 6,458</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 27,600	\$ 27,600	\$ 32,070	\$ (4,470)
Undistributed expend. - required maint. for school facilities	10,000	(10,000)	-	-	-
Undistributed expenditures - custodial services	-	10,000	10,000	9,825	175
Undistributed expenditures - security	-	13,400	13,400	13,400	-
Total equipment	<u>10,000</u>	<u>41,000</u>	<u>51,000</u>	<u>55,295</u>	<u>(4,295)</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	32,412	-	32,412	32,412	-
Total facilities acquisition and construction service	<u>32,412</u>	<u>-</u>	<u>32,412</u>	<u>32,412</u>	<u>-</u>
Total capital outlay	<u>\$ 42,412</u>	<u>\$ 41,000</u>	<u>\$ 83,412</u>	<u>\$ 87,707</u>	<u>\$ (4,295)</u>
Total expenditures	<u>\$ 8,937,986</u>	<u>\$ -</u>	<u>\$ 8,937,986</u>	<u>\$ 8,935,823</u>	<u>\$ 2,163</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (62,771)	\$ -	\$ (62,771)	\$ 951,828	\$ 1,014,599
Fund balances, July 1	2,264,173	-	2,264,173	2,264,173	-
Fund balances, June 30	<u>\$ 2,201,402</u>	<u>\$ -</u>	<u>\$ 2,201,402</u>	<u>\$ 3,216,001</u>	<u>\$ 1,014,599</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (17,295)	\$ -	\$ (17,295)	\$ (17,295)	\$ -
Increase in capital reserve	-	634,000	634,000	634,000	-
Interest deposit to capital reserve	500	-	500	1,214	714
Interest earned on emergency reserve	75	-	75	135	60
Increase in maintenance reserve	-	250,000	250,000	250,000	-
Interest earned on maintenance reserve	120	-	120	167	47
Withdrawal from maintenance reserve	(46,171)	-	(46,171)	-	46,171
Budgeted fund balance	-	(884,000)	(884,000)	83,607	967,607
Total	\$ (62,771)	\$ -	\$ (62,771)	\$ 951,828	\$ 1,014,599
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 70,244	
Capital reserve				2,186,052	
Emergency reserve				172,641	
Maintenance reserve				463,150	
Committed fund balance					
Year-end encumbrances				9,186	
Assigned fund balance					
Designated for subsequent year's expenditures				60,552	
Unassigned fund balance				<u>254,176</u>	
Fund balance per budgetary basis				3,216,001	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(109,858)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,106,143</u>	

See independent auditors' report.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 450	\$ -	\$ 450	\$ 360	\$ (90)
Federal sources	185,298	(33,667)	151,631	148,075	(3,556)
Total revenues	<u>\$ 185,748</u>	<u>\$ (33,667)</u>	<u>\$ 152,081</u>	<u>\$ 148,435</u>	<u>\$ (3,646)</u>
Expenditures					
Instruction					
Supplies	\$ 80,177	\$ (33,667)	\$ 46,510	\$ 44,297	\$ 2,213
Total	<u>80,177</u>	<u>(33,667)</u>	<u>46,510</u>	<u>44,297</u>	<u>2,213</u>
Support services					
Tuition	52,000	-	52,000	52,000	-
Purchased professional & technical services	44,661	-	44,661	44,661	-
Other purchased services	5,910	337	6,247	4,814	1,433
Supplies	3,000	(337)	2,663	2,663	-
Total	<u>105,571</u>	<u>-</u>	<u>105,571</u>	<u>104,138</u>	<u>1,433</u>
Total expenditures	<u>\$ 185,748</u>	<u>\$ (33,667)</u>	<u>\$ 152,081</u>	<u>\$ 148,435</u>	<u>\$ 3,646</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budgetary Comparison Schedule

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 9,887,651	\$ 148,435
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances prior year	-	-
Adjustment to prior year encumbrances	-	(75)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	108,650	-
State aid receivable current year	(109,858)	-
Total revenues (GAAP Basis)	<u>\$ 9,886,443</u>	<u>\$ 148,360</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,935,823	\$ 148,435
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding encumbrances prior year	-	-
Adjustment to prior year encumbrances	-	(75)
Total expenditures (GAAP Basis)	<u>\$ 8,935,823</u>	<u>\$ 148,360</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.9907520800%	0.0114863728%	0.0121027105%	0.0123869317%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,934,323	\$ 2,669,455	\$ 2,367,389	\$ 2,265,958	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	N/A	996,564	1,087,006	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	N/A	267.87%	217.79%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 89,748	\$ 102,237	\$ 99,773	\$ 93,934	\$ 95,919	\$ 96,087	\$ 88,576	\$ 91,498	\$ 75,217	\$ 47,718
Contributions in relation to the contractually required contribution	(89,748)	(102,237)	(99,773)	(93,934)	(95,919)	(96,087)	(88,576)	(91,498)	(75,217)	(47,718)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 549,574	N/A	\$ 996,564	\$ 1,087,006	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	16.33%	N/A	10.01%	8.64%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	29,440,467	23,838,298	20,866,554	20,218,196	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 29,440,467	\$ 23,838,298	\$ 20,866,554	\$ 20,218,196	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	N/A	\$ 3,859,796	\$ 3,808,662	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 410,941	\$ 656,417	\$ 527,611	\$ 435,966	\$ 550,788	\$ 376,011	\$ 271,911	\$ 236,383	\$ 235,044	\$ 508,565
Contributions in relation to the contractually required contribution	(410,941)	(656,417)	(527,611)	(435,966)	(550,788)	(376,011)	(271,911)	(236,383)	(235,044)	(508,565)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,443,374	N/A	\$ 3,859,796	\$ 3,808,662	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	11.93%	N/A	13.67%	11.45%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2017

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

Note 2 - Changes in assumptions - TPAF

The discount rate decreased from 4.13% in State fiscal year 2015 to 3.22% in State fiscal year 2016. The inflation rate was 2.50% for State fiscal years 2015 and 2016.

Note 3 - Changes in assumptions - PERS

The discount rate decreased from 4.90% in State fiscal year 2015 to 3.98% in State fiscal year 2016. The inflation rate increased from 3.04% for State fiscal year 2015 to 3.08% for State fiscal year 2016.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>NCLB Title IA</u>	<u>NCLB Title IIA</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>REAP</u>	<u>Local Grants</u>	<u>Total</u>
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360	\$ 360
Federal sources	13,901	7,240	86,642	6,175	34,117	-	148,075
Total revenues	<u>\$ 13,901</u>	<u>\$ 7,240</u>	<u>\$ 86,642</u>	<u>\$ 6,175</u>	<u>\$ 34,117</u>	<u>\$ 360</u>	<u>\$ 148,435</u>
Expenditures							
Instruction							
Supplies	\$ 13,664	\$ -	\$ 4,642	\$ -	\$ 25,631	\$ 360	\$ 44,297
Total	<u>13,664</u>	<u>-</u>	<u>4,642</u>	<u>-</u>	<u>25,631</u>	<u>360</u>	<u>44,297</u>
Support services							
Tuition	-	-	52,000	-	-	-	52,000
Purchased professional and technical services	-	-	30,000	6,175	8,486	-	44,661
Other purchased services	237	4,577	-	-	-	-	4,814
Supplies	-	2,663	-	-	-	-	2,663
Total	<u>237</u>	<u>7,240</u>	<u>82,000</u>	<u>6,175</u>	<u>8,486</u>	<u>-</u>	<u>104,138</u>
Total expenditures	<u>\$ 13,901</u>	<u>\$ 7,240</u>	<u>\$ 86,642</u>	<u>\$ 6,175</u>	<u>\$ 34,117</u>	<u>\$ 360</u>	<u>\$ 148,435</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

Revenues		
Local sources	\$	-
Total revenues		-
Expenditures		
Construction services		-
Total expenditures		-
Other financing sources (uses)		
Transfer to other funds		-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		-
Fund balance - beginning of year		17,593
Fund balance - ending of year	\$	17,593

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 11,292
Receivables from other governments	
State	52
Federal	989
Inventory	1,001
Total current assets	<u>13,334</u>
Noncurrent assets	
Capital assets	141,960
Less: accumulated depreciation	141,960
Total noncurrent assets	<u>-</u>
Total assets	<u>13,334</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	563
Unearned revenues - prepaid sales	2,143
Total liabilities	<u>2,706</u>
Net position	
Unrestricted	<u>10,628</u>
Total net position	<u>\$ 10,628</u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 43,912
Daily sales - non-reimbursable programs	31,711
Total operating revenues	<u>75,623</u>
Operating expenses	
Cost of sales - reimbursable programs	30,710
Cost of sales - non-reimbursable programs	16,212
Commodity food costs	10,294
Salaries	25,162
Support services - employee benefits	3,534
Purchased professional/technical services	1,834
Purchased property services	8,874
Other purchased services	
Insurance	2,633
Management fee	7,942
Supplies and materials	3,131
Depreciation	637
Miscellaneous expenditures	2,013
Total operating expenses	<u>112,976</u>
Operating income (loss)	<u>(37,353)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	800
Federal sources	
National school lunch program	
Cash assistance	15,181
Non-cash assistance (commodities)	10,294
Interest earned on investments	6
Total non-operating revenues (expenses)	<u>26,281</u>
Change in net position	(11,072)
Net position, beginning	<u>21,700</u>
Net position, ending	<u><u>\$ 10,628</u></u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 77,765
Payments to Food Service Management Co.	(91,640)
Payments to vendors (net)	<u>(10,842)</u>
Net cash provided by (used for) operating activities	<u>(24,717)</u>
Cash flows from non-capital financing activities	
State sources	794
Federal sources	<u>15,056</u>
Net cash provided by (used for) non-capital financing activities	<u>15,850</u>
Cash flows from investing activities	
Interest earned on investments	<u>6</u>
Net cash provided by (used for) investing activities	<u>6</u>
Net increase in cash and cash equivalents	(8,861)
Cash and cash equivalents, July 1	<u>20,153</u>
Cash and cash equivalents, June 30	<u>\$ 11,292</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (37,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	637
Federal food donation program	10,294
(Increase) decrease in inventory	(1,001)
Increase (decrease) in unearned revenue	<u>2,706</u>
Net cash provided by (used for) operating activities	<u>\$ (24,717)</u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

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

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 92,500	\$ 22,415	\$ 8,465	\$ 123,380
Total assets	\$ 92,500	\$ 22,415	\$ 8,465	\$ 123,380
Liabilities				
Due to students groups	\$ -	\$ 22,415	\$ -	\$ 22,415
FSA Section 125 Plan	-	-	8,327	8,327
Payroll deductions & withholdings	-	-	138	138
Total liabilities	-	\$ 22,415	\$ 8,465	30,880
Net position				
Held in trust for unemployment claims & other purposes	\$ 92,500			\$ 92,500

See independent auditors' report.

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

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee withholdings	\$ 7,889
Investment earnings - interest	<u>44</u>
Total additions	7,933
Deductions	
Unemployment claims	<u>-</u>
Change in net position	7,933
Net position, beginning of the year	<u>84,567</u>
Net position, end of the year	<u><u>\$ 92,500</u></u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 18,707	\$ 31,332	\$ 27,624	\$ 22,415
Total assets	\$ 18,707	\$ 31,332	\$ 27,624	\$ 22,415
Liabilities				
Due to student groups	\$ 18,707	\$ 31,332	\$ 27,624	\$ 22,415
Total liabilities	\$ 18,707	\$ 31,332	\$ 27,624	\$ 22,415

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DELAWARE TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 4,174	\$ 5,050,974	\$ 5,046,683	\$ 8,465
Total assets	\$ 4,174	\$ 5,050,974	\$ 5,046,683	\$ 8,465
Liabilities				
FSA Section 125 Plan	\$ 3,827	\$ 22,700	\$ 18,200	\$ 8,327
Payroll deductions and withholdings	347	2,016,664	2,016,873	138
Net payroll	-	3,011,610	3,011,610	-
Total liabilities	\$ 4,174	\$ 5,050,974	\$ 5,046,683	\$ 8,465

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/16	Issued	Retired	Balance 06/30/17
			Date	Amount					
School refunding bonds, 2005 series	7/15/2005	\$ 3,750,000	1/15/18	\$ 470,000	4.25%	\$ 2,440,000	\$ -	\$ 435,000	\$ 2,005,000
			1/15/19	490,000	4.00%	-	-	-	-
			1/15/20	510,000	4.00%	-	-	-	-
			1/15/21	535,000	4.00%	-	-	-	-
								<u>\$ 2,440,000</u>	<u>\$ -</u>

See independent auditors' report.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 538,725	\$ -	\$ 538,725	\$ 538,725	\$ -
Total revenues	<u>538,725</u>	<u>-</u>	<u>538,725</u>	<u>538,725</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	435,000	-	435,000	435,000	-
Interest	99,863	-	99,863	99,863	-
Total expenditures	<u>534,863</u>	<u>-</u>	<u>534,863</u>	<u>534,863</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	3,862	-	3,862	3,862	-
Fund balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,863</u>	<u>\$ -</u>	<u>\$ 3,863</u>	<u>\$ 3,863</u>	<u>\$ -</u>

See independent auditors' report.

Statistical Section

DELAWARE TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 2,448,553	\$ 6,137,965	\$ 5,906,790	\$ 5,909,755	\$ 5,771,417	\$ 5,583,276	\$ 5,496,804	\$ 5,483,699	\$ 6,147,946	\$ 6,373,507
Restricted	4,475,545	547,159	943,512	1,113,474	1,567,616	1,765,666	1,660,770	2,663,077	2,072,080	2,843,299
Unrestricted	26,031	60,121	138,542	40,475	(27,552)	144,749	963,253	(2,303,030)	(2,021,402)	(2,276,137)
Total governmental activities	<u>\$ 6,950,129</u>	<u>\$ 6,745,245</u>	<u>\$ 6,988,844</u>	<u>\$ 7,063,704</u>	<u>\$ 7,311,481</u>	<u>\$ 7,493,691</u>	<u>\$ 8,120,827</u>	<u>\$ 5,843,746</u>	<u>\$ 6,198,624</u>	<u>\$ 6,940,669</u>
Business-type activities										
Net investment in capital assets	\$ 67,973	\$ 59,556	\$ 51,139	\$ 42,722	\$ 34,305	\$ 25,888	\$ 17,471	\$ 9,054	\$ 637	\$ -
Unrestricted	19,411	17,192	17,013	28,951	20,523	23,132	44,678	33,030	21,063	10,628
Total business-type activities	<u>\$ 87,384</u>	<u>\$ 76,748</u>	<u>\$ 68,152</u>	<u>\$ 71,673</u>	<u>\$ 54,828</u>	<u>\$ 49,020</u>	<u>\$ 62,149</u>	<u>\$ 42,084</u>	<u>\$ 21,700</u>	<u>\$ 10,628</u>
District-wide										
Net investment in capital assets	\$ 2,516,526	\$ 6,197,521	\$ 5,957,929	\$ 5,952,477	\$ 5,805,722	\$ 5,609,164	\$ 5,514,275	\$ 5,492,753	\$ 6,148,583	\$ 6,373,507
Restricted	4,475,545	547,159	943,512	1,113,474	1,567,616	1,765,666	1,660,770	2,663,077	2,072,080	2,843,299
Unrestricted	45,442	77,313	155,555	69,426	(7,029)	167,881	1,007,931	(2,270,000)	(2,000,339)	(2,265,509)
Total district-wide	<u>\$ 7,037,513</u>	<u>\$ 6,821,993</u>	<u>\$ 7,056,996</u>	<u>\$ 7,135,377</u>	<u>\$ 7,366,309</u>	<u>\$ 7,542,711</u>	<u>\$ 8,182,976</u>	<u>\$ 5,885,830</u>	<u>\$ 6,220,324</u>	<u>\$ 6,951,297</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,509,160	\$ 3,448,415	\$ 3,683,468	\$ 3,764,894	\$ 3,797,348	\$ 3,737,507	\$ 3,610,264	\$ 3,873,541	\$ 4,109,371	\$ 5,939,544
Special education	1,054,973	1,011,913	1,020,595	978,285	1,084,197	1,324,589	1,255,885	1,315,217	1,369,853	1,417,839
Other special education	283,058	296,418	284,335	240,963	266,080	292,872	271,614	235,204	261,282	307,397
Other instruction	168,231	98,629	102,595	108,532	109,623	118,437	117,193	102,928	137,040	101,586
Support services										
Tuition	73,527	184,945	96,705	112,101	104,569	63,464	217,694	150,925	193,850	270,350
Student & instruction related services	1,137,694	1,203,725	1,156,621	1,160,774	1,283,246	1,242,360	1,425,450	1,749,006	1,503,586	1,492,196
General & business administrative services	482,857	554,574	576,933	587,836	646,129	603,686	726,632	865,452	705,619	959,197
School administration	272,169	268,544	277,629	256,023	262,937	275,631	56,447	-	62,135	130,321
Plant operations & maintenance	853,707	828,280	815,506	903,124	845,003	916,089	1,023,246	914,316	950,577	735,182
Pupil transportation	499,934	456,409	344,971	404,384	406,583	388,412	489,737	435,242	410,373	407,802
Capital outlay	69,944	245,230	55,066	327,452	295,889	275,747	679,898	(57,232)	214,237	-
Interest on long-term debt	378,735	284,865	178,549	168,551	157,784	143,741	130,825	121,617	113,329	124,552
Unallocated depreciation	17,456	26,333	26,549	26,549	26,549	26,549	26,549	26,549	26,549	-
Total governmental activities expenses	<u>8,801,445</u>	<u>8,908,280</u>	<u>8,619,522</u>	<u>9,039,468</u>	<u>9,285,937</u>	<u>9,409,084</u>	<u>10,031,434</u>	<u>9,732,765</u>	<u>10,057,801</u>	<u>11,885,966</u>
Business-type activities										
Food services	141,027	136,325	136,634	136,647	153,065	109,464	92,303	113,979	101,005	112,976
Total business-type activities	<u>141,027</u>	<u>136,325</u>	<u>136,634</u>	<u>136,647</u>	<u>153,065</u>	<u>109,464</u>	<u>92,303</u>	<u>113,979</u>	<u>101,005</u>	<u>112,976</u>
Total district expenses	<u>\$ 8,942,472</u>	<u>\$ 9,044,605</u>	<u>\$ 8,756,156</u>	<u>\$ 9,176,115</u>	<u>\$ 9,439,002</u>	<u>\$ 9,518,548</u>	<u>\$ 10,123,737</u>	<u>\$ 9,846,744</u>	<u>\$ 10,158,806</u>	<u>\$ 11,998,942</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services	\$ 20,800	\$ 34,375	\$ 54,176	\$ 71,107	\$ 77,807	\$ 65,476	\$ 40,133	\$ 49,800	\$ 63,000	\$ 116,667
Operating grants & contributions	428,584	371,822	406,571	422,994	414,023	442,023	435,294	432,874	432,888	148,360
Total governmental activities program revenues	449,384	406,197	460,747	494,101	491,830	507,499	475,427	482,674	495,888	265,027
Business-type activities										
Charges for services										
Food service	124,746	111,637	111,582	120,955	116,527	90,015	86,531	76,649	72,704	75,623
Operating grants & contributions	15,773	14,052	16,456	19,211	19,694	13,640	18,903	17,189	18,207	26,281
Total business-type activities program revenues	140,519	125,689	128,038	140,166	136,221	103,655	105,434	93,838	90,911	101,904
Total district - program revenues	<u>\$ 589,903</u>	<u>\$ 531,886</u>	<u>\$ 588,785</u>	<u>\$ 634,267</u>	<u>\$ 628,051</u>	<u>\$ 611,154</u>	<u>\$ 580,861</u>	<u>\$ 576,512</u>	<u>\$ 586,799</u>	<u>\$ 366,931</u>
Net (expense) revenues										
Governmental activities	\$ (8,352,061)	\$ (8,502,083)	\$ (8,158,775)	\$ (8,545,367)	\$ (8,794,107)	\$ (8,901,585)	\$ (9,556,007)	\$ (9,250,091)	\$ (9,561,913)	\$ (11,620,939)
Business-type activities	(508)	(10,636)	(8,596)	3,519	(16,844)	(5,809)	13,131	(20,141)	(10,094)	(11,072)
Total district-wide net expenses	<u>\$ (8,352,569)</u>	<u>\$ (8,512,719)</u>	<u>\$ (8,167,371)</u>	<u>\$ (8,541,848)</u>	<u>\$ (8,810,951)</u>	<u>\$ (8,907,394)</u>	<u>\$ (9,542,876)</u>	<u>\$ (9,270,232)</u>	<u>\$ (9,572,007)</u>	<u>\$ (11,632,011)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 6,035,994	\$ 6,276,426	\$ 6,527,483	\$ 6,923,540	\$ 7,044,281	\$ 7,185,108	\$ 7,185,000	\$ 7,185,000	\$ 7,328,700	\$ 7,554,774
Taxes levied for debt service	396,379	456,733	439,578	434,253	477,341	479,291	510,802	320,575	527,288	538,725
Federal and State aid not restricted	1,690,851	1,370,057	1,415,038	1,145,814	1,457,953	1,413,789	1,942,680	1,729,346	1,874,340	438,176
Investment earnings	195,302	160,014	5,901	3,561	3,333	3,240	3,137	1,993	2,049	2,193
Miscellaneous income	10,402	33,969	14,374	113,059	58,976	2,368	4,115	82,382	30,271	43,083
Transfers in (out)	-	-	-	-	-	-	537,410	(78,671)	154,144	-
Total governmental activities	<u>8,328,928</u>	<u>8,297,199</u>	<u>8,402,374</u>	<u>8,620,227</u>	<u>9,041,884</u>	<u>9,083,796</u>	<u>10,183,144</u>	<u>9,240,625</u>	<u>9,916,792</u>	<u>12,520,542</u>
Business-type activities										
Miscellaneous income	-	-	-	-	-	-	-	74	15	-
Transfers	-	-	-	-	-	-	-	-	(224)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>(209)</u>	<u>-</u>
Total district-wide	<u>\$ 8,328,928</u>	<u>\$ 8,297,199</u>	<u>\$ 8,402,374</u>	<u>\$ 8,620,227</u>	<u>\$ 9,041,884</u>	<u>\$ 9,083,796</u>	<u>\$ 10,183,144</u>	<u>\$ 9,240,699</u>	<u>\$ 9,916,583</u>	<u>\$ 12,520,542</u>
Change in net position										
Governmental activities	\$ (23,133)	\$ (204,884)	\$ 243,599	\$ 74,860	\$ 247,777	\$ 182,211	\$ 627,137	\$ (9,466)	\$ 354,879	\$ 899,603
Business-type activities	(508)	(10,636)	(8,596)	3,519	(16,844)	(5,809)	13,131	(20,067)	(10,303)	(11,072)
Total district	<u>\$ (23,641)</u>	<u>\$ (215,520)</u>	<u>\$ 235,003</u>	<u>\$ 78,379</u>	<u>\$ 230,933</u>	<u>\$ 176,402</u>	<u>\$ 640,268</u>	<u>\$ (29,533)</u>	<u>\$ 344,576</u>	<u>\$ 888,531</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 577,430	\$ 431,619	\$ 564,418	\$ 1,082,770	\$ 1,433,004	\$ 1,754,990	\$ 1,639,568	\$ 1,767,689	\$ 1,936,326	\$ 2,892,087
Committed	165,123	115,540	334,093	30,704	134,612	94,915	21,202	70,092	17,295	9,186
Assigned	-	-	-	-	-	-	-	-	-	60,552
Unassigned	197,491	145,225	135,577	178,811	160,586	173,029	151,063	213,655	201,902	144,318
Total general fund	<u>\$ 940,044</u>	<u>\$ 692,384</u>	<u>\$ 1,034,088</u>	<u>\$ 1,292,285</u>	<u>\$ 1,728,202</u>	<u>\$ 2,022,934</u>	<u>\$ 1,811,833</u>	<u>\$ 2,051,436</u>	<u>\$ 2,155,523</u>	<u>\$ 3,106,143</u>
All other governmental funds										
Restricted, reported in										
Debt service reserve	\$ 3,701,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	31,881	-	-	-	-	-	825,296	20,645	-	17,593
Assigned, reported in										
Debt service fund	-	-	45,001	2	2	-	-	-	1	3,863
Total all other governmental funds	<u>\$ 3,732,992</u>	<u>\$ -</u>	<u>\$ 45,001</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 825,296</u>	<u>\$ 20,645</u>	<u>\$ 1</u>	<u>\$ 21,456</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 6,432,373	\$ 6,733,159	\$ 6,967,061	\$ 7,357,793	\$ 7,521,622	\$ 7,664,399	\$ 7,695,802	\$ 7,505,575	\$ 7,855,988	\$ 8,093,499
Tuition charges	20,800	34,375	54,176	71,107	77,807	65,476	40,133	49,800	63,000	76,167
Interest earnings	195,302	160,014	5,901	3,561	3,333	3,240	3,137	1,993	2,049	2,193
Rents and royalties	-	-	-	-	-	-	-	-	-	2,500
Miscellaneous	10,402	33,969	14,374	113,059	58,976	2,368	4,115	82,382	30,271	81,443
State sources	1,932,374	1,623,317	1,642,988	1,400,054	1,591,033	1,687,075	2,183,400	2,008,197	2,155,633	2,169,726
Federal sources	187,061	118,562	178,621	168,754	280,943	168,737	194,574	154,023	151,595	148,000
Total revenues	8,778,312	8,703,396	8,863,121	9,114,328	9,533,714	9,591,295	10,121,161	9,801,970	10,258,536	10,573,528
Expenditures										
Instruction										
Regular instruction	2,332,754	2,398,642	2,549,097	2,557,595	2,522,970	2,416,083	2,368,660	2,505,340	2,622,188	2,766,210
Special education instruction	743,445	744,008	740,601	697,502	751,280	894,437	862,204	887,509	907,768	712,671
Other special instruction	202,322	219,288	210,342	173,287	186,254	200,631	187,410	159,881	174,488	128,612
Other instruction	128,553	75,668	78,305	81,561	80,296	83,870	86,401	74,182	96,169	87,915
Support services										
Tuition	73,527	184,945	96,705	112,101	104,569	63,464	217,694	150,925	193,850	218,350
Student & inst related services	919,320	951,646	894,247	918,932	1,002,375	926,936	1,101,262	1,367,410	1,122,877	805,320
General administration	439,463	456,782	445,561	452,659	436,684	427,562	518,365	565,113	491,603	462,223
School administration services	193,873	199,468	201,904	183,339	183,440	187,931	39,922	-	41,100	71,038
Plant operations & maintenance	633,856	596,276	576,893	658,958	592,263	649,672	752,098	634,232	663,821	656,934
Pupil transportation	360,142	371,696	291,536	343,301	344,846	335,094	425,403	415,877	397,360	379,310
Employee benefits	1,956,807	1,725,228	1,841,880	1,915,191	2,119,590	2,355,845	2,207,157	2,362,208	2,531,927	2,559,533
Capital outlay	194,405	524,881	106,961	327,452	295,889	275,747	229,588	923,766	387,061	87,707
Special revenue funds	-	-	-	-	-	-	-	-	-	148,360
Debt service										
Principal	249,751	3,860,280	256,864	305,724	314,782	329,151	373,739	195,000	410,000	435,000
Interest & other charges	381,281	371,221	182,713	173,528	162,559	150,142	137,063	125,575	117,287	99,863
Total expenditures	8,809,499	12,680,029	8,473,609	8,901,130	9,097,797	9,296,565	9,506,966	10,367,018	10,157,499	9,619,046

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ (31,187)	\$ (3,976,633)	\$ 389,512	\$ 213,198	\$ 435,917	\$ 294,730	\$ 614,195	\$ (565,048)	\$ 101,037	\$ 954,482
Net change in fund balances	<u>\$ (31,187)</u>	<u>\$ (3,976,633)</u>	<u>\$ 389,512</u>	<u>\$ 213,198</u>	<u>\$ 435,917</u>	<u>\$ 294,730</u>	<u>\$ 614,195</u>	<u>\$ (565,048)</u>	<u>\$ 101,037</u>	<u>\$ 954,482</u>
Debt service as a percentage of non-capital expenditures	7.90%	53.40%	5.55%	5.92%	5.73%	5.61%	5.83%	3.51%	5.70%	5.95%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest income	\$ 57,347	\$ 22,894	\$ 5,901	\$ 3,561	\$ 3,333	\$ 3,240	\$ 3,137	\$ 1,993	\$ 2,049	\$ 2,193
Tuition	20,800	34,375	54,176	71,107	77,807	65,476	40,133	49,800	63,000	76,167
Prior year refunds	-	-	-	-	-	-	-	-	-	32,644
Miscellaneous	10,402	33,969	14,374	113,059	58,976	2,368	4,115	63,541	29,171	888
Shared service	-	-	-	-	-	-	-	-	-	38,000
Facility rentals	-	-	-	-	-	-	-	-	-	2,500
E-rate	-	-	-	-	-	-	-	-	-	9,521
Book fees	-	-	-	-	-	-	-	-	-	30
Annual totals	<u>\$ 88,549</u>	<u>\$ 91,238</u>	<u>\$ 74,451</u>	<u>\$ 187,727</u>	<u>\$ 140,116</u>	<u>\$ 71,084</u>	<u>\$ 47,385</u>	<u>\$ 115,334</u>	<u>\$ 94,220</u>	<u>\$ 161,943</u>

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	N/A	N/A	N/A	N/A	N/A	\$ 8,649,620	\$ 8,135,620	\$ 6,913,420	\$ 7,096,320	\$ 6,357,320
Residential	N/A	N/A	N/A	N/A	N/A	515,755,700	525,352,300	536,516,600	537,945,200	537,507,700
Farm regular	N/A	N/A	N/A	N/A	N/A	229,195,800	225,358,900	217,293,700	217,854,300	219,692,500
Q farm	N/A	N/A	N/A	N/A	N/A	6,632,300	6,516,700	6,486,910	6,454,510	6,501,710
Commercial	N/A	N/A	N/A	N/A	N/A	17,203,300	17,196,100	17,273,600	17,745,400	17,968,600
Industrial	N/A	N/A	N/A	N/A	N/A	7,270,600	7,270,600	7,270,600	7,270,600	7,270,600
Apartment	N/A	N/A	N/A	N/A	N/A	939,500	939,500	939,500	939,500	939,500
Total assessed value	891,389,319	896,606,420	903,131,420	904,532,341	909,300,020	785,646,820	790,769,720	792,694,330	795,305,830	796,237,930
Public utilities (a)	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Net valuation taxable	\$ 891,389,319	\$ 896,606,420	\$ 903,131,420	\$ 904,532,341	\$ 909,300,020	\$ 785,646,820	\$ 790,769,720	\$ 792,694,330	\$ 795,305,830	\$ 796,237,930
Estimated actual county equalized value	\$ 1,049,784,418	\$ 1,041,475,688	\$ 1,002,365,616	\$ 1,007,832,796	\$ 1,006,096,927	\$ 956,408,133	\$ 821,549,020	\$ 828,840,956	\$ 880,978,900	\$ 882,054,987
Percentage of net valuation to estimated actual equalized value	N/A	N/A	N/A	N/A	N/A	82.15%	96.25%	95.64%	90.28%	90.27%
Total direct school tax rate (b)	\$0.78	\$0.81	\$0.84	\$0.84	\$0.85	\$0.98	\$0.97	\$0.99	\$1.02	\$ 1.05

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. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipments of telephone and messenger system companies
- (b) Tax rates are per \$100

- * Revalued/Reassessed
- * Limited exemptions and abatements

N/A - Not Available

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
2008	\$ 0.733	\$ 0.048	\$ 0.781	\$ 0.581	\$ 0.240	\$ 0.366	\$ 1.97	
2009	0.751	0.055	0.806	0.581	0.291	0.348	2.03	
2010	0.788	0.053	0.841	0.540	0.303	0.352	2.04	
2011	0.789	0.050	0.839	0.546	0.303	0.340	2.03	
2012	0.795	0.054	0.849	0.636	0.368	0.381	2.23	
2013	0.922	0.061	0.983	0.636	0.368	0.381	2.37	
2014	0.907	0.065	0.972	0.667	0.408	0.416	2.46	
2015	0.949	0.042	0.991	0.686	0.429	0.414	2.52	
2016	0.950	0.068	1.018	0.604	0.438	0.428	2.49	
2017	0.978	0.070	1.048	0.596	0.453	0.411	2.51	

Sources: Municipal Tax Collector

NOTE: N.J.S.A. 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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget 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.

* Revalued/Reassessed

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2017			2008		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Texas Eastern Transmission Corp.	\$ 3,426,400	1	0.43%	\$ 3,984,900	1	0.45%
Trap Rock Industries, Inc.	3,173,800	2	0.40%	3,752,600	2	0.42%
Holly Farm Partners	2,720,900	3	0.34%	-	-	-
Sentinel Self Storage LLC	2,467,700	4	0.31%	-	-	-
Cane Poultry Farm, Inc.	2,442,700	5	0.31%	3,028,600	3	0.34%
Individual Property Owner	2,222,000	6	0.28%	2,537,100	4	0.28%
Individual Property Owner	2,092,900	7	0.26%	2,380,400	5	0.27%
Individual Property Owner	1,921,900	8	0.24%	2,257,600	6	0.25%
Individual Property Owner	1,902,400	9	0.24%	2,009,100	7	0.23%
Individual Property Owner	1,788,800	10	0.22%	1,946,500	8	0.22%
Individual Property Owner	-	-	-	1,877,300	9	0.21%
Individual Property Owner	-	-	-	1,667,800	10	0.19%
	<u>\$ 24,159,500</u>		<u>3.03%</u>	<u>\$ 25,441,900</u>		<u>2.85%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2007	\$ 18,370,000	\$ 18,160,970	98.86%
2008	18,647,744	18,435,074	98.86%
2009	18,706,104	16,466,104	88.03%
2010	18,887,078	18,422,195	97.54%
2011	18,850,610	18,465,116	97.96%
2012	19,188,246	18,796,219	97.96%
2013	19,004,642	18,649,706	98.13%
2014	19,547,863	19,186,609	98.15%
2015	20,039,700	19,764,316	98.63%
2016	19,861,875	19,573,620	98.55%

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.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2008	\$ 8,485,542	\$ -	\$ -	\$ -	\$ 12,967	\$ 8,498,509	2.65%	\$ 1,807
2009	4,625,261	-	-	-	-	4,625,261	1.42%	983
2010	4,368,397	-	-	-	-	4,368,397	1.41%	928
2011	4,062,673	-	-	-	-	4,062,673	1.34%	890
2012	3,747,890	-	-	-	-	3,747,890	1.17%	825
2013	3,418,739	-	-	-	-	3,418,739	1.01%	756
2014	3,045,000	-	-	-	-	3,045,000	0.91%	674
2015	3,000,000	-	-	-	-	3,000,000	0.85%	665
2016	2,440,000	-	-	-	-	2,440,000	0.67%	543
2017	2,005,000	-	-	-	-	2,005,000	N/A	450

NOTES: (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-14 for personal income and population data.
These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding.

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 8,485,542	\$ -	\$ 8,485,542	0.95%	\$ 1,807
2009	4,625,261	-	4,625,261	0.52%	983
2010	4,368,397	-	4,368,397	0.48%	928
2011	4,062,673	-	4,062,673	0.45%	890
2012	3,747,890	-	3,747,890	0.41%	825
2013	3,418,739	-	3,418,739	0.44%	756
2014	3,045,000	-	3,045,000	0.39%	674
2015	3,000,000	-	3,000,000	0.38%	665
2016	2,440,000	-	2,440,000	0.31%	543
2017	2,005,000	-	2,005,000	0.25%	450

NOTES: 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.

* Revalued/Reassessed

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 8,015,571	100.00%	\$ 8,015,571
Regional High School	10,025,000	9.67%	969,458
County general obligation debt	75,793,752	4.23%	<u>3,203,811</u>
Subtotal, overlapping debt			12,188,840
School district direct debt			<u>2,005,000</u>
Total direct and overlapping debt			<u><u>\$ 14,193,840</u></u>

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

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

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2008	4,705	\$ 324,908,480	\$ 69,056	3.1%
2009	4,708	310,398,440	65,930	N/A
2010	4,564	303,127,188	66,417	7.6%
2011	4,543	319,341,099	70,293	5.2%
2012	4,523	337,515,306	74,622	5.9%
2013	4,517	335,875,086	74,358	5.0%
2014	4,511	351,605,384	77,944	4.1%
2015	4,492	362,769,428	80,759	3.4%
2016	4,460	N/A	N/A	3.4%
2017	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2017

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2008

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	36.0	36.0	36.0	35.0	35.0	34.0	34.0	35.0	35.0	36.5
Special education	6.0	8.0	8.0	7.0	7.0	7.0	7.0	10.0	9.0	10.0
Other special education	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9
Support services										
Student and instruction related services	9.0	14.0	14.0	13.0	13.0	13.0	13.0	10.0	10.0	10.7
General administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School administration services	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	1.0
Plant operations and maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.6
Transportation services	8.0	8.0	7.0	6.0	6.0	6.0	6.0	1.0	1.0	0.6
Total	<u>74.0</u>	<u>82.0</u>	<u>81.0</u>	<u>77.0</u>	<u>77.0</u>	<u>75.0</u>	<u>75.0</u>	<u>71.0</u>	<u>70.0</u>	<u>71.2</u>

Source: District Personnel Records

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal		Operating	Cost				Average Daily	Average Daily	% Change in	Student
Year	Enrollment	Expenditures	Per	Percentage	Teaching	Teacher	Enrollment	Attendance	Average Daily	Attendance
		(a)	Pupil	Change	Staff (b)	Ratio	(ADE) (c)	(ADA) (c)	Enrollment	Percentage
2008	480	\$ 7,984,062	16,633	9.37%	83.0	N/A	510.0	500.0	-2.49%	98.04%
2009	458	7,923,647	17,301	4.01%	83.0	1:10	482.0	-	-5.49%	0.00%
2010	477	7,927,071	16,619	-3.94%	89.0	1:10	480.0	-	-0.41%	0.00%
2011	463	8,094,426	17,483	5.20%	86.0	1:10	458.0	458.0	-4.58%	100.00%
2012	432	8,324,567	19,270	10.22%	43.0	1:19	479.0	439.0	4.59%	91.65%
2013	410	8,541,525	20,833	8.11%	45.0	1:19	432.0	456.0	-9.81%	105.56%
2014	411	8,766,576	21,330	2.39%	48.0	1:18	408.0	424.0	-5.56%	103.92%
2015	389	9,122,677	23,452	9.95%	45.0	1:18	411.0	396.0	0.74%	96.35%
2016	404	9,243,151	22,879	-2.44%	49.0	1:18	400.2	380.8	-2.64%	95.16%
2017	388	8,996,476	23,187	1.34%	49.0	1:14	384.2	367.3	-3.99%	95.60%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Delaware Township Elementary										
Square feet	91,575	91,575	91,575	91,575	91,575	91,575	91,575	91,575	91,575	97,575
Capacity (students)	620.0	620.0	620.0	620.0	620.0	620.0	620.0	620.0	620.0	620
Enrollment	482	480	458	477	463	432	410	389	379	384
Garage (2013)										
Square feet	N/A	N/A	N/A	N/A	N/A	1,200	1,200	1,200	1,200	1,200
Number of Schools at June 30, 2017										
Elementary	1									
Other	1									

Source: District Facilities Office

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
2008	\$ 173,875	\$ 173,875
2009	153,952	153,952
2010	182,142	182,142
2011	209,042	209,042
2012	197,766	197,766
2013	222,999	222,999
2014	266,920	266,920
2015	173,899	173,899
2016	212,079	212,079
2017	153,166	153,166
 Total school facilities	 <u>\$ 1,945,840</u>	 <u>\$ 1,945,840</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

DELAWARE TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commerical Package - School Alliance Insurance Fund		
Property - Blanket Building and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
Automobile Physical Damage	5,000,000	1,000
Electronic Data Processing Equipment	In Blanket Limit	-
Excess Liability (excludes School Board legal liability)	5,000,000	-
Crime - Blanket Employee Dishonesty	400,000	1,000
School Leaders Liability - School Alliance Insurance Fund	500,000	5,000
Environmental Impairment Liability - School Alliance Insurance Fund	1,000,000	100,000
Workers' Compensation - School Alliance Insurance Fund	Statutory limits	-
Supplemental Worker's Compensation	Additional 30%	-
Public Employees' Faithful Performance Blanket Position Bond - Board Secretary - Susan Joyce	180,000	-

Source: District Records

See independent auditors' report.



**Independent Auditors' 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**

Honorable President and
Members of the Board of Education
Delaware Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Delaware Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency as findings number 2017-001 to 2017-002.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 2017-001 to 2017-002.


Response to Findings

Delaware Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

December 5, 2017
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major State Program
and on Internal Control Over Compliance Required by New Jersey OMB Circular Letter 15-08**

Honorable President and
Members of the Board of Education
Delaware Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major State Program

We have audited the Delaware Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular Letter 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. Delaware Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Delaware Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

December 5, 2017
Flemington, New Jersey

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Federal		Project Number	Program or Award Amount	Grant Period		Balance 06/30/16	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2017		
	CFDA Number	FAIN Number			From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
Title I A	84.010A	S010S170030	NCLB-1040-17	\$ 16,787	07/01/16	06/30/17	\$ -	\$ -	\$ 13,941	\$ 13,901	\$ -	\$ -	\$ -	\$ 40	\$ -
Title I A	84.010A	S010S160030	NCLB-1040-16	16,770	07/01/15	06/30/16	(11,576)	-	11,576	-	-	-	-	-	-
Title II A	84.367A	S367A170029	NCLB-1040-17	7,410	07/01/16	06/30/17	-	-	4,972	7,240	-	-	(2,268)	-	-
Title II A	84.367A	S367A160029	NCLB-1040-16	7,769	07/01/15	06/30/16	(436)	-	436	-	-	-	-	-	-
IDEA basic	84.027	H027A160100	IDEA-1040-17	87,142	07/01/16	06/30/17	-	-	85,842	86,642	-	-	(800)	-	-
IDEA preschool	84.173	H173S160114	IDEA-1040-17	6,175	07/01/16	06/30/17	-	-	6,175	6,175	-	-	-	-	-
Rural education achievement program	84.358A	S358B183030	IDEA-1040-17	34,117	07/01/16	06/30/17	-	-	34,117	34,117	-	-	-	-	-
Total special revenue fund							<u>(12,012)</u>	<u>-</u>	<u>157,059</u>	<u>148,075</u>	<u>-</u>	<u>-</u>	<u>(3,068)</u>	<u>40</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child Nutrition Center															
National school lunch program non-cash assistance (commodities)	10.555	16161NJ304N1099	N/A	2,509	07/01/15	06/30/16	2,509	-	-	2,509	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	8,348	10/01/16	09/30/17	-	-	8,348	7,785	-	-	-	563	-
National school lunch program cash assistance	10.555	16161NJ304N1099	N/A	17,331	07/01/15	06/30/16	(864)	-	864	-	-	-	-	-	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	15,181	10/01/16	09/30/17	-	-	14,192	15,181	-	-	(989)	-	-
Total enterprise fund							<u>1,645</u>	<u>-</u>	<u>23,404</u>	<u>25,475</u>	<u>-</u>	<u>-</u>	<u>(989)</u>	<u>563</u>	<u>-</u>
Total federal financial assistance							<u><u>\$(10,367)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 180,463</u></u>	<u><u>\$ 173,550</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,057)</u></u>	<u><u>\$ 603</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Cash Received	Budgetary Expenditure	Adjustment Repayments	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	17-495-034-5120-089	\$ 267,084	07/01/16	06/30/17	\$ -	\$ -	\$ 242,092	\$ 267,084	\$ -	\$ -	\$ -	\$ -	\$ 24,992	\$ 267,084
School choice aid	17-495-034-5120-068	301,806	07/01/16	06/30/17	-	-	273,566	301,806	-	-	-	-	28,240	301,806
Security aid	17-495-034-5120-084	34,010	07/01/16	06/30/17	-	-	30,828	34,010	-	-	-	-	3,182	34,010
Adjustment aid	17-495-034-5120-085	392,423	07/01/16	06/30/17	-	-	355,703	392,423	-	-	-	-	36,720	392,423
Transportation aid	17-495-034-5120-014	167,383	07/01/16	06/30/17	-	-	151,721	167,383	-	-	-	-	15,662	167,383
PARCC readiness aid	17-495-034-5120-098	3,800	07/01/16	06/30/17	-	-	3,444	3,800	-	-	-	-	356	3,800
Per pupil growth aid	17-495-034-5120-097	3,800	07/01/16	06/30/17	-	-	3,444	3,800	-	-	-	-	356	3,800
Professional learning community aid	17-495-034-5120-101	3,740	07/01/16	06/30/17	-	-	3,390	3,740	-	-	-	-	350	3,740
Extraordinary aid	16-100-034-5120-473	65,073	07/01/15	06/30/16	(65,073)	-	65,073	-	-	-	-	-	-	65,073
Non-public transportation aid	17-495-034-5120-014	4,176	07/01/16	06/30/17	-	-	-	4,176	-	(4,176)	-	-	-	4,176
Non-public transportation aid	16-495-034-5120-014	5,048	07/01/15	06/30/16	(5,048)	-	5,048	-	-	-	-	-	-	5,048
On behalf TPAF pension contribution -														
Teachers' pension & annuity fund	17-495-034-5094-002	396,572	07/01/16	06/30/17	-	-	396,572	396,572	-	-	-	-	-	396,572
On behalf TPAF pension contribution - non-contributory insurance														
	17-495-034-5094-004	14,369	07/01/16	06/30/17	-	-	14,369	14,369	-	-	-	-	-	14,369
On behalf TPAF pension contribution - post retirement medical														
	17-495-034-5094-001	342,407	07/01/16	06/30/17	-	-	342,407	342,407	-	-	-	-	-	342,407
Reimbursed TPAF social security contribution														
	17-495-034-5094-003	239,364	07/01/16	06/30/17	-	-	239,364	239,364	-	-	-	-	-	239,364
Total general fund					<u>(70,121)</u>	<u>-</u>	<u>2,127,021</u>	<u>2,170,934</u>	<u>-</u>	<u>(4,176)</u>	<u>-</u>	<u>-</u>	<u>109,858</u>	<u>2,241,055</u>
State Department of Agriculture														
Enterprise fund														
State school lunch program	16-100-010-3350-023	876	07/01/15	06/30/16	(46)	-	46	-	-	-	-	-	-	876
State school lunch program	17-100-010-3350-023	800	07/01/16	06/30/17	-	-	748	800	-	(52)	-	-	-	800
Total enterprise fund					<u>(46)</u>	<u>-</u>	<u>794</u>	<u>800</u>	<u>-</u>	<u>(52)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>
Total State financial assistance					<u>\$ (70,167)</u>	<u>\$ -</u>	<u>\$2,127,815</u>	<u>2,171,734</u>	<u>\$ -</u>	<u>\$ (4,228)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$109,858</u>	<u>\$2,242,731</u>
Less: On behalf TPAF pension system contributions								<u>(753,348)</u>						
Total for state financial assistance - major program determination								<u>\$1,418,386</u>						

See independent auditors' report.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2017

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented 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. This basis of accounting is described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis with the exception of the revenue recognition of the last State Aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred and recording of the last State Aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,208 for the General Fund and \$75 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2017

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	\$ 2,169,726	\$ 2,169,726
Special Revenue Fund	148,000	-	148,000
Food Service Fund	25,475	800	26,275
	\$ 173,475	\$ 2,170,526	\$ 2,344,001

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contribution 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.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
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. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes No

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No

2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? _____

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

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes ___ No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? ___ Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? ___ Yes X No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<i>17-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>17-495-034-5120-084</i>	<i>Special Education Categorical Aid</i>
<i>17-495-034-5120-085</i>	<i>Security Aid</i>
<i>17-495-034-5120-068</i>	<i>Adjustment Aid</i>
<i>17-495-034-5120-097</i>	<i>School Choice Aid</i>
<i>17-495-034-5120-098</i>	<i>Per Pupil Growth Aid</i>
<i>17-495-034-5120-101</i>	<i>PARCC Readiness Aid</i>
<i>17-495-034-5120-101</i>	<i>Professional Learning Community Aid</i>
<i>17-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contribution</i>

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings

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

Finding 2017-001

Criteria

The Treasurer (or Board designee other than the Board Secretary if there is no treasurer) did not perform cash reconciliations for the general operating account, payroll account, or payroll agency account (N.J.S.A. 18A:17-9).

Condition

The Treasurer or Reconciler of Accounts did not perform cash reconciliations for the general operating account, payroll account, or payroll agency account (N.J.S.A. 18A:17-9). Reconciliations were not performed by the appointed person and appear to be prepared by a combination of employees, including the Board Secretary.

Context

As part of our audit procedures it was noted cash reconciliations were not always performed by the Board designated person and in a timely manner. It was also noted the appointed reconciler of account created a lack of segregation of duties.

Cause

Unknown

Effect

The District did not comply with procedures for monthly reconciliation of bank account statements requirements.

Recommendation

The District should appoint an appropriate person as Treasurer or Reconciler of Accounts where there will be no conflict of segregation of duties. Each month, the Treasurer should determine cash balances by performing cash reconciliations for the general operating account, payroll account, and the payroll agency account. The District should review their segregation of job duties to prevent staff members from reconciling the accounts they maintain records for.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

DELAWARE TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2017

Finding 2017-002

Criteria

N.J.S.A. 18A:17-9states:

“The Chief School Administrator or Board designee other than the Secretary shall prepare the monthly reconciliation of bank account statements and in conjunction with the Secretary take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the Secretary's monthly report .”

Condition

Reconciliations of the Treasurer or Reconciler of Accounts did not agree with the Board Secretary’s Reports.

Context

As part of our audit procedures it was noted cash reconciliations were not in agreement with the records of the Board Secretary and were not in agreement within a timely manner.

Cause

Unknown

Effect

The District did not comply with procedures for monthly reconciliation of bank account statements requirements.

Recommendation

The Treasurer or Reconciler of Accounts should reconcile their cash records with the reconciled bank statements and the cash records of the Board Secretary and in a timely manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2017.

**DELAWARE TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior-year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017**

Status of Prior Year Findings

There were no prior year findings or questioned costs.