

***SCHOOL DISTRICT  
OF  
EDISON TOWNSHIP***

***EDISON TOWNSHIP  
BOARD OF EDUCATION***

***COUNTY OF MIDDLESEX  
EDISON, NEW JERSEY***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2017***

**EDISON SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2017**

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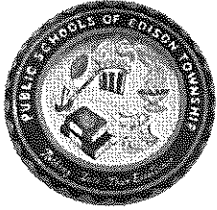
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# **INTRODUCTORY SECTION**



# Public Schools of Edison Township

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**Richard O'Malley, Ed.D**  
Superintendent of Schools

**Daniel P. Michaud**  
Business Administrator/Board Secretary

November 14, 2017

Honorable President and  
Members of the Board of Education  
Edison School District  
County of Middlesex, New Jersey

Dear Board Members:

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

The District has implemented Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This standard, issued in June 1999, created a new reporting model of financial information and disclosure, which represented a significant departure from the formerly used reporting model. The reader will notice that the two main basic financial statements created by this standard, the Statement of Net Assets and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund based financial statements of the past into statements which tend to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net assets should help the reader in answering that question.

Also required as part of "Required Supplementary Information" by GASB Statement No. 34 is a "Management's Discussion and Analysis" (MD&A) which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year. The comparative data which is available from the prior year with respect to the reporting of the Statement of Net Assets and Statement of Activities under GASB No. 34, allows for the inclusion of comparative data for both statements in the MD&A section of this report.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance)*; the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. Reporting Entity and its Services: Edison School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Edison Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Preschool through 12. These include regular, vocational, bilingual as well as special education for educationally handicapped youngsters.

The District operated the 2016-2017 fiscal year with an average daily enrollment (ADE) of 15,532 students, which is above the previous year's ADE. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	15,532	2.89%
2015-2016	15,096	2.71%
2014-2015	14,697	1.38%
2013-2014	14,497	0.90%
2012-2013	14,367	1.06%
2011-2012	14,217	0.16%
2010-2011	14,194	0.01%
2009-2010	14,181	(0.00%)
2008-2009	14,194	0.01%
2007-2008	14,184	(1.98%)

2. Board of Education Policy Statement: The Public Schools of Edison Township holds as its foremost mission the continuation of its tradition of graduating students with the highest level of academic preparation. Within this context, the Public Schools of Edison Township provide each student with an opportunity to acquire the knowledge and skills needed to become responsible and productive citizens in our democratic and fast changing society and where there is nothing less than excellence.
3. Major Initiatives: Students continue to score above the state and national averages on the Scholastic Achievement Test (SAT). The Edison School District class of 2017 senior's combined SAT scores averaged 1197. There were more than 25 National Merit Scholars for the 2016-17 school year. The National Merit Scholarship Program honors individual students who show exceptional academic ability and potential for success in rigorous college studies. In addition, during the 2016-2017 school year, students took a total of 2,358 Advanced Placement tests with 91% of students scoring 3 or higher.

Professional Development Activities: Edison's professional development program is a comprehensive system of professional learning geared at serving the district's teachers, supervisors, administrators, and support staff in a thorough and effective manner. All program services are predicated on teacher and program needs identified in analysis of student achievement data, focus group input, school level plans, and faculty and departmental meetings.

Components of the professional development program include mandated staff development for all non-tenured teachers, totaling ten full days of training and a minimum of four classroom observation and coaching visits over a four-year period. In addition, an intensive mentoring program is provided to all provisional first year teachers, with workshops and follow-up sessions for each mentor/protégé team. The District also provides Professional Development Institute (PDI), which offers certificated and non-certificated staff PDI hours, leading to salary increments, for their voluntary participation in an array of curriculum and instructionally relevant workshops offered after school and on weekends. More than 800 certificated and non-certificated staff took advantage of these after school programs during the 2016-2017 school year. All teachers, at the elementary level, have an added resource of coaching from the district's reading specialists, math specialists and gifted and talented teachers.

Building Projects-Renovations: During the 2016-2017 school year, the district's major improvements to the school buildings and sites included projects such as upgrades/renovations to existing classrooms and lavatories at numerous schools which included new floors, lighting, ceilings, fixtures and/or HVAC units. Additional lockers were installed to accommodate the growing enrollment at J.P. Stevens High School and locker replacements were installed in the boys and girls locker rooms at Thomas Jefferson Middle School. A generator was installed at J.P. Stevens High School to ensure that power can be maintained at this site as the largest school in the district, as well



deteriorated parking lots, playgrounds, sidewalks and curbing have been replaced or repaved. The total cost for the building and site improvements was \$975,927.

The project that had the biggest impact during 2016-2017 was the completion of the new James Monroe School. The original 1963, 41,000 square foot building was destroyed by fire in March, 2014. The new 67,775 square foot school was opened on January 3, 2017. The new school features a gymnasium, a full kitchen and cafeteria and is fully air conditioned.

Another important project completed during the 2016-2017 school year was the 19,235 square foot addition at the Menlo Park Elementary School. The Menlo Park Elementary School, with a current enrollment of nearly 900 students, was in dire need of additional instructional space. This addition provided additional classrooms, a gymnasium, a full kitchen and a cafeteria. The addition is also fully air conditioned.

One on-going project is an addition at the Woodbrook Elementary School. This school, with an enrollment of nearly 1,000 students, is severely overcrowded and in need of additional classrooms and core facilities. The 28,750 square foot addition will provide additional classrooms, a gymnasium, a full kitchen, a cafeteria and will be fully air conditioned. This addition is anticipated to be ready for the 2018-2019 school year.

Multi-Year Equity Plan: Our schools continue to promote a positive, supportive environment for learning. Middle schools continue to focus on bully and harassment prevention training by emphasizing student skill development in conflict resolution, active listening and empathy awareness. High Schools address multi-cultural and peer leadership program with elementary schools stressing a broader array of skills encompassed in the Character Counts and Positive Behavior Support In Schools Programs.

The 2016-2019 Comprehensive Equity Plan was approved by the Board on March 21, 2016, for submission to the County Superintendent. This three-year plan, based upon self-study, incorporates equity training, affirmative action, equality in education, staff development, minority staff-recruitment, and desegregation mandates.

The District's Equity Plan for 2016-2019 focused on equality and equity in school and classroom procedures, prohibiting harassment, annual training for certified and non-certified staff, narrowing the achievement gap and lowering the numbers of at-risk African-American and Hispanic students referred to the I&RS Committee and from I&RS Committee to child study teams.

The Comprehensive Plan features the Integrated Quality Education (IQE) component. Through an outdoor environmental education program, fifth graders have the opportunity to develop positive attitudes towards people of different origins and cultures.

Elementary schools utilize the framework Character Counts to develop grade-level projects which utilized class readings and student activities to promote cultural understanding, fairness, responsibility, respect, citizenship and trust.

Middle level students participate programs to ensure equity and a positive school climate, supportive guidance counseling services, and co-curricular programs for all students. The District continues to serve as a model for collaborative teaching. This past year, building-level teams of teachers, led by their principals, participated in several professional development sessions to coordinate school level achievement planning with building-based in-service workshop offerings.

The district has continued its efforts to recruit faculty/staff to increase the representation of qualified minorities in the Edison Public Schools.

**Technology:** The Chief Technology Officer (CTO) is the district's chief technologist. Charged with identifying and promoting innovative technology that best serve's the district's complex and progressive teaching and learning environment, the role of the CTO is both multifaceted and ever expanding.

The 2016-2017 school year earmarks another successful technology-driven school year. The district's 1:1 technology initiative is in full-swing. The cross-departmental synergy between technology – curriculum – professional development is strong and has proven to be a key component to our continued success.

#### Technology Infrastructure:

We continue to evaluate the district's technology infrastructure and plan upgrades accordingly based on equipment age, serviceability and performance demands.

The district continues to leverage Lightpath's Private Fiber Network connecting our buildings via 1GB links back to the district's (2) two datacenters. The datacenters are connected via 10Gb fiber link. Each datacenter houses their respective servers and Internet connections, below is a recap of the district's technology:

- Wireless Infrastructure to assure seamless wireless coverage.
- Network core data switches, firewalls and content filters which are continuously adjusted and monitored to optimize performance.
- Virtualized Servers for optimum performance and efficiency.
- Disaster recovery includes a local backup presence as well as a cloud-based service through Optimum Lightpath – the District Internet Server Provider.
- Creation of a redundant data center located at John P. Sevens High School. The site includes a virtualized server, content filter, firewall and a 1 GB Internet circuit for load balancing and redundancy.
- Redundant Fiber Network: A redundant 1Gb fiber optic network was created from our second data center to every location in addition to a 10Gb link between our 2 data centers. The redundant network provides load balancing and redundancy
- Main datacenter Internet connection is 2Gb to support the additional devices and the demand for Internet bandwidth.
- The district continues to leverage Google Apps for Education for staff & student email and data storage.

#### Technology Devices:

An essential element to the success has been the standardization of the district devices. The district standardizes the devices as follows: HP 14 Chromebooks, iPad Airs and MacBook Airs, in total, the Department of Technology distributed over 18000 devices to staff and students which includes 2500 iPads Airs, 12000 Chromebooks, 4600 MacBook Airs. In addition to the mobile devices, each school has PC labs for specialized applications and uses.

The following is a breakdown by grade:

##### Elementary Schools:

- Kindergarten and First Grade: Apple iPads
- Grades Two through Five: Hewlett Packard Chromebooks 14

##### Middle Schools:

- Grades Six through Eighth: Hewlett Packard Chromebooks 14

##### High Schools:

- Grades Nine – Twelve: Apple Air MacBook

In addition to the hardware and infrastructure components, each student receives a Google Apps for Education account to login for such services as email, document management and grade level specific applications.

As a responsible district, the Edison continues to invest in a multi-level student-safety plan, in addition to our traditional firewalls, Edison implements Lightspeed System's state-of-the-art content filtering system in conjunction with the Gaggle Safety Management Team.

#### Technology Phone System

In a multi-phase approach, the district upgraded their 15+ year old Nortel system with a Cisco System Communication Manager Voice-over-IP solution.

#### Promethean Boards/Projectors

Promethean Boards continue to be utilized in K-8 classrooms as an interactive/collaboration tool. The high schools are moving towards a 'college environment' for a projector solution. As the older projection units reach an 'end of life cycle,' a non-interactive Epson ultra-short throw projectors with HDMI and VGA options are being installed. This solution provides the teacher with flexibility regarding the device type that can be implemented for classroom

instruction. For classroom environments where interactivity is required, a Promethean interactive solution is installed.

#### Student information System & Learning Management System

Genesis continues to be the district's student information system with expanded features to all of the schools. Integration between the Genesis system and other learning and content delivery systems has expanded to over two dozen applications. In highlighting just a few, the Elementary level Learning Management System – Canvas is integrated, as well as Clever for its ability to deliver Single Sign On ability to students who simply sign in using their Google account information. In a District of more than 16,000 students there is nearly a 100% parent participation rate in the use of the Parent Portal. The 2016-17 school year opened with parents submitting student information forms electronically via the Genesis Parent Portal and High School students being provided a 'Student Portal' account where they are able to view their schedule, track assignments, grades and receive important information. The Genesis Parent Portal, district website, mobile app, and Parentlink telephone/email and messaging systems continue to provide a rapid multi-platform means of external communication to parents and the public. Google Classroom is fast becoming a primary means of delivering lesson plans and content as well as allowing for integration of content from such providers as Discovery Education and others. Google Classroom is providing students and teachers with a virtual means of interacting and collaborating that just a few years ago was unheard of and while students continue to head to class the brick and mortar of yesterday is being replaced with a limitless horizon of learning opportunities for students and teachers.

The Edison Township Public School district understands the importance of technology in the education process. Through strategic planning and responsible fiscal investments, the Edison Public Schools is rapidly becoming New Jersey's premier district in technology integration and while demonstrating its leadership and commitment to the education of students, staff, and all of the stakeholders in the community, the Edison Public Schools is a greener and richer learning environment.

Innovative Programs: The Edison schools actively pursue collaborative relationships with various agencies, ranging from local community organizations, including The Edison Municipal Alliance, JFK Hospital and Rutgers University. A summer Literacy and Math Academy ensures identified at-risk students in grades 1-4 students' benefit from an extended school year. A highly successful ESL program for parents continued during the summer of 2016-2017 and was open to parents from throughout the District.

Special Education: For the 2017-2018 school year, the Edison Township Public School district provided twenty-five autistic classes located across several elementary schools, three middle schools, and one high school. Also, the district has six multiple disabilities classes: three multiple disabilities classes located at Menlo Park Elementary School, two multiple disabilities class at John Adams Middle School and two multiple disabilities classes located at John P. Stevens High School. The district has six Learning Language Disabilities Classes from Kindergarten thru 12<sup>th</sup> grade located at Lindeneau Elementary School, Herbert Hoover Middle School and Edison High School. Additionally, the district has twelve half-day pre-school disabled classes, four integrated half-day classes, and twelve full-day pre-school disabled classes. All of these classes incorporate several daily inclusive programming opportunities. These classes are located at Menlo Park and James Madison Primary Schools, as well as the Edison Early Learning Center and the Franklin D. Roosevelt Preschool. The district provides both in-class and pull-out resource programs and individual supplemental aides and services, which helps students to remain in their home schools in their least restrictive environment. Finally, several elementary and middle schools use PBSIS as part of Character Education. The district continues to address the quality of instruction delivered to students by providing teachers with in-service training. These in-service activities are organized and implemented to improve and reinforce the skills and knowledge for effective classroom teaching and learning (e.g. Phonics First, High Scope Curriculum, social skills; instructional techniques based on the philosophy of applied behavior analysis (ABA), *Crisis Prevention Institute (CPI)* training, differentiated instruction, and multi-sensory instruction). Lastly, the district provides a variety of transitional opportunities and services through its Community Based Instruction (CBI) activities and Structured Learning Experiences (SLE) (e.g. onsite ShopRite at Edison High School, onsite Farm Stand at John P. Steven High School, off site supervised career exploration and job training thru local township business partners).

The district provides a variety of services and training opportunities for parents. Parent training workshops and specialized parent clinics are presented by the district Behaviorists and other Child Study Team members in collaboration with the special education teachers and related service providers. These workshops and parent clinics provide support and teach skills to parents who need additional assistance and are focused on helping students generalize skills outside of the school setting. The district has a Special Education Advisory Council and a separate

Parent Advisory Committee, which meets regularly. The district provides additional supports for parents and teachers through web-based training modules at Rethink ([www.rethinkd.com](http://www.rethinkd.com)). Finally, the district directs parents to and assists them in accessing appropriate community-based and state level resources and supports.

Community Involvement: Throughout the year, active community involvement is planned, fostered, and carried out. Students host various activities for neighborhood senior citizens. K-12 school students, with the support of teachers and community members, participate in the CARE Walk. Students in all of our schools engage in community service and charitable work.

Program Enhancement and Enrichment: The district continues to prioritize academic achievement for all learners in a productive school climate given the following initiatives:

#### Elementary Schools

- 2016-2017 - 1:1 Chromebook initiative continued, resulting in increased technology integration in classrooms as curriculum was delivered digitally through our new LMS Clever
- Early intervention support provided to identified at-risk students through before and after school tutorial programs
- Focus for the 2016-2017 school year was on a blended learning model.

#### Middle Schools

- Utilized i-Ready on-line testing at all middle schools to provide the teacher with students academic strengths and weakness to help guide their instructional planning. Students have access to on-line individualized lessons geared toward strengthening their achievement
- Programs for students needing additional support in Language Arts and Mathematics were offered before and after school
- Summer math pilot for identified students moving from grade 5 to grade 6 to qualify them for higher level of math placement

#### High Schools

- Offered on-line SAT prep program
- Identified students struggling in math and assigned them to work with one of two Math Interventionists
- Added AP Environmental Science
- All students are using Google Classroom
- Graduated our first cohort of students from the Science and Engineering Academy at Edison High School, with 100% of students gaining acceptance to college and being awarded over \$4 million in grants and scholarships.

4. Economic Condition and Outlook: The Township of Edison continues to enjoy the benefits of its significant ratable base, one of the largest in the State of New Jersey. While the economic situation affecting the U.S and this region has resulted in a reduction in assessed valuations in recent years, it is expected further growth will continue in the industrial and commercial areas of the Township because of its proximity to major markets and accessibility by rail, interstate highways and waterways. The U.S. Census Bureau, Sales Management Magazine and the New Jersey Department of Labor and Industry recognize the Township's contributions to economic life to the region and record separate tabulations of statistics for the Township of Edison. The 2010 U.S. Census Bureau reported the Township's median family income to be \$86,725 as compared to the State average of \$71,274, and the Township's per capita income at \$36,464, compared to the State average of \$35,336.
5. Management's Responsibility for Financial Reporting: The management of the school district is responsible for the preparation of the financial statements included within the CAFR and for their integrity and objectivity. In order to enable the District to fulfill its obligation for accurate and fair financial reporting, management is also 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 recognized that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

6. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

7. 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.
8. Financial Information at Fiscal Year-End: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The District also continues to provide the excellent educational environment found in the Edison Public Schools at a cost per pupil factor that is well below the regional and state averages. This is due in part to the District's costs incurred for administrative services, which are also well below the respective regional and state averages. Information related to the District's financial statements and condition is found in the Financial Section and Statistical Section of this report.
9. Debt Administration: Effective November 3, 1992, as a result of a decision by the electorate, the Board operates as a Type II District. Prior to that date, the Board was classified as a Type I School District and the Board did not issue debt as an autonomous agency. Type I debt for the school district was issued by the Township of Edison as a direct obligation of the municipality. At June 30, 2017, the balance of funds available in the capital projects fund totals \$9,346,966. Also at June 30, 2017, the District has Type II Debt of \$4,440,000 and obligations due on lease-purchase transactions in the amount of \$7,580,000. There is no longer any Type I District debt outstanding.
10. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 2. The District deposits its funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
11. 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 fidelity bonds, health insurance benefit plan and workers' compensation fund.
12. Other Information:

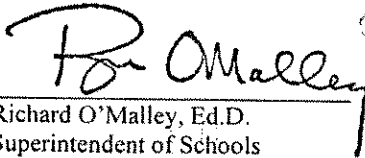
A. Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, P.A., CPA's, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended, and the related OMB Uniform Guidance, Cost Principals and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08. The auditor's report

on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

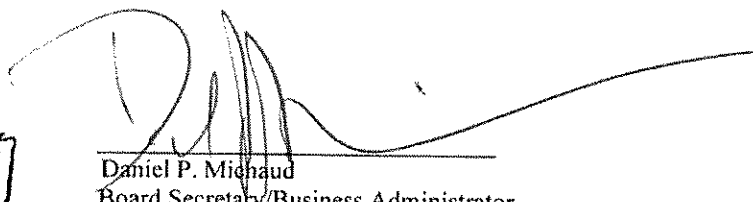
13. Acknowledgments:

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

Respectfully submitted,



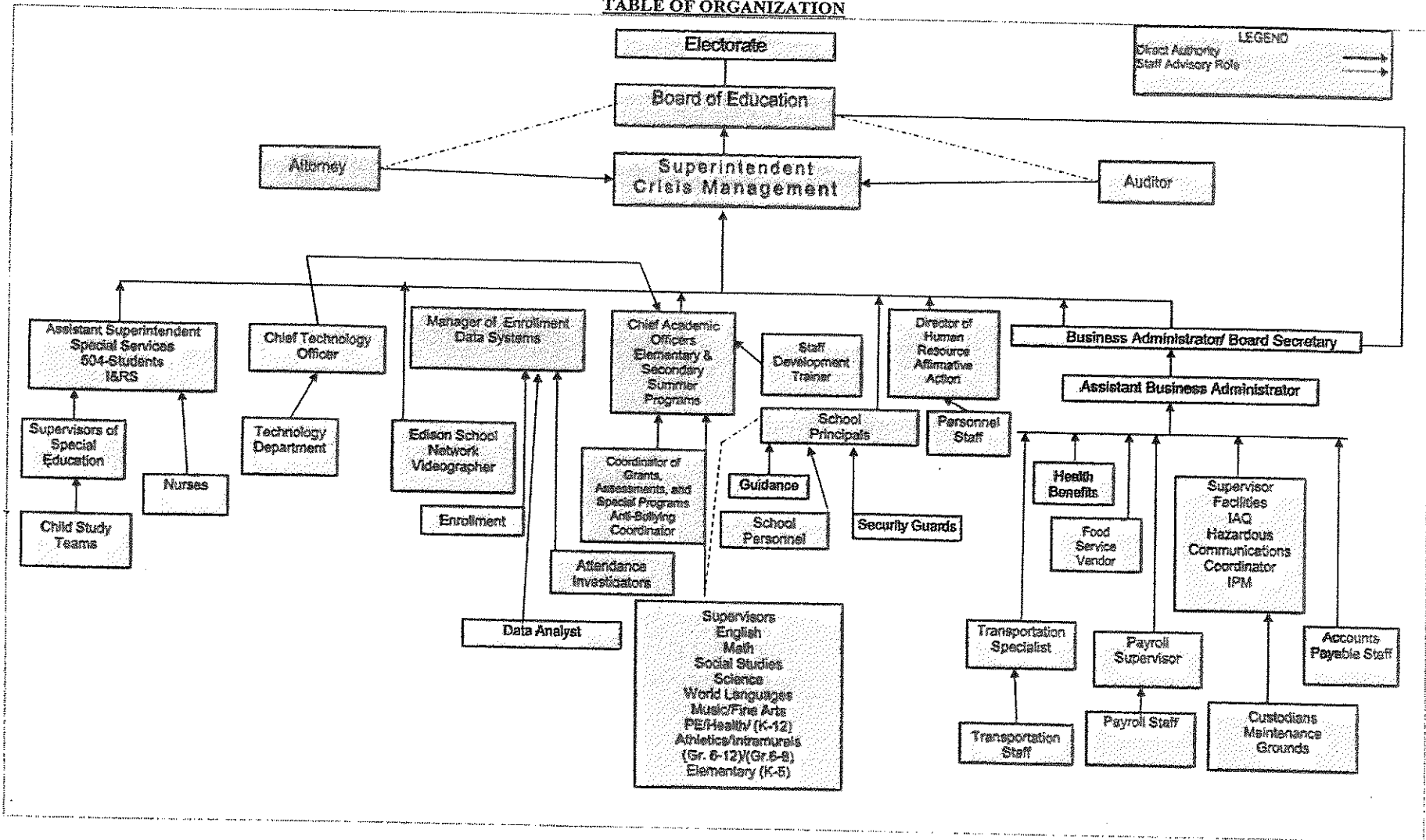
Richard O'Malley, Ed.D.  
Superintendent of Schools



Daniel P. Michaud  
Board Secretary/Business Administrator

# PUBLIC SCHOOLS OF EDISON TOWNSHIP

## TABLE OF ORGANIZATION



EDISON BOARD OF EDUCATION  
MIDDLESEX COUNTY, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Frank Heelan, President	2017
Beth Moroney, Vice President	2017
Theresa E. Ward	2019
Jingwei (Jerry) Shi	2017
Shivi Prasad-Madhukar	2018
Ralph Errico	2018
Xiaohan (Shannon) Peng	2019
Richard Brescher	2019
Paul Distefano	2017

Other Officials

Richard J. O'Malley, Ed.D., Superintendent of Schools

Margaret DeLuca, Chief Academic Officer/Secondary

Tara Beams, Chief Academic Officer/Primary

Christopher Conklin, Assistant Superintendent of Pupil/Special Services

Daniel P. Michaud, Business Administrator/Board Secretary

Michael J. Hom, Assistant Business Administrator

Jonathan Busch, Busch Law Group, Board Attorney



**TOWNSHIP OF EDISON SCHOOL DISTRICT**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

LAN Associates  
Engineering, Planning, Architecture, Surveying, Inc.  
445 Godwin Avenue  
Suite 9  
Midland Park, NJ 07432

**ATTORNEY**

Jonathan M. Busch, Esq.  
Busch Law Group, LLC  
450 Main Street  
Metuchen, NJ 08840

**AUDIT FIRM**

Hodulik and Morrison, P.A.  
1102 Raritan Avenue  
Highland Park, N.J. 08904

**OFFICIAL DEPOSITORY**

Investors Bank  
946 Amboy Avenue  
Edison, NJ 08837

## **FINANCIAL SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)  
(E-MAIL) admin@hm-pa.net

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Edison School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements 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 of 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edison School District, in the County of Middlesex, State of New Jersey, as of June 30, 2017 and the respective changes in financial position 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 information including the Notes thereto, and pension plan information, including the Notes thereto, 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 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 Edison School District's basic financial statements taken as a whole. The accompanying other supplementary information, consisting of the combining and individual fund financial statements and long-term debt schedules as listed in the table of contents, the schedule of expenditures of federal awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance)*; the schedule of expenditures of state financial assistance as required by New Jersey OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information including the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules, schedules of expenditures of federal awards and state financial assistance are the responsibility of management and was 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 fund financial statements, long-term debt schedules and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 on our consideration of the Edison School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Edison School District's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants



Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Highland Park, New Jersey  
November 14, 2017

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

## EDISON TOWNSHIP SCHOOL DISTRICT

Edison, New Jersey  
Middlesex County

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

(Unaudited)

June 30, 2017

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### FINANCIAL HIGHLIGHTS

The key financial highlights for the 2016-2017 fiscal year include the following:

Total net position for governmental activities is reported at \$76,609,473. at June 30, 2017. This represents a decrease of \$2,451,312.26 or 3.10% under the prior year reported net position. This decrease is primarily the result of dispositions, a positive variance in expenditures during the reporting period and fixed asset acquisitions. Governmental funds reported a total fund balance of \$19,394,335.02, which is a 92.23% increase over last year's total governmental fund balance. The general or operating fund balance is reported at \$10,047,367.84, representing capital, maintenance and emergency reserves of \$2,72,578.40; regulatory excess surplus of \$3,858,583.26 assigned balance in the amount of \$776,615.20 and unassigned general fund balance in the amount of \$1,916,206.18. The ending fund balance was impacted by the non-recognition, on a GAAP basis, of State Aid payments deferred to July 2017 in the amount of \$1,343,399.00.00 in the general fund that was due the district at June 30, 2017. Total expenditures for all governmental funds were \$263,665,195.76, which included transfers out to charter schools and other items, including expenditures related to the James Monroe Fire Recovery. Total revenues were \$263,052,562.80 with a total change in fund balances of \$(2.691) million for the year. Revenues included \$54.535 million in state and federal aid and \$210.003 million in local taxes.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
***Organization of the School District Annual Financial Report***

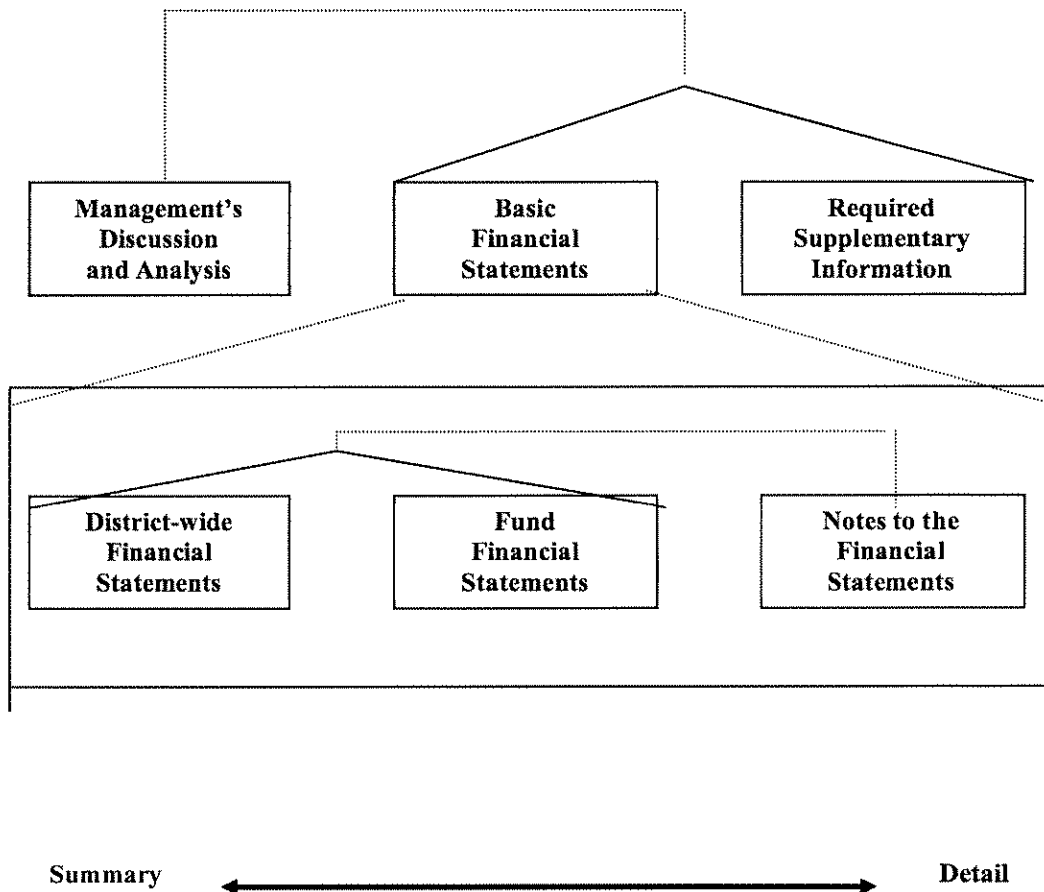




Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2  
Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's net position and how they have changed. Net position - the difference between the district's assets and liabilities - is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profit as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the district.

In the district-wide financial statements, the district's activities are divided into two categories:

- **Governmental activities:** Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- **Business-type activities:** The district charges fees to help it cover the costs of certain services it provides. The district's adult education programs and food services are included here.

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has three kinds of funds:

- **Governmental funds:** Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently has one internal service fund, the workers' compensation fund.
- **Fiduciary funds:** The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position was \$76,609,473.87 at June 30, 2017. Of this amount, \$61,481,104 was a deficit in unrestricted net assets. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net position for day-to-day operations. The following analysis focuses on the net position (Figure A-3) and change in net position (Figure A-4) of the school district's governmental activities.

The \$61,481,104 amount in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if we had to pay off all of our bills today including all of our non-capital liabilities (compensated absences for example), we would have a deficit of \$61,481,104.

The results of this year's operations for the school district Governmental Activities as a whole are reported in the Statement of Activities. Figure A-4 takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues and expenses for the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Figure A - 3  
Net Position

	Governmental Activities 2017	Governmental Activities 2016	% Increase (Decrease)	Increase/ Decrease
<b>Assets</b>				
Current and other assets	\$ 26,711,221	\$ 22,573,818	18.33%	\$ 4,137,403
Capital assets	136,231,437	140,394,162	-21.02%	\$ (4,162,725)
<b>Total assets</b>	<b>162,942,658</b>	<b>162,967,980</b>	<b>-0.02%</b>	<b>\$ (25,322)</b>
<b>Deferred outflow of resources</b>				
Deferred amount on refinancing	18,575	59,398	-68.73%	\$ (40,823)
Difference Between Expected and Actual Experience	1,624,792	1,513,543	7.35%	\$ 111,249
Pension Payment Subsequent to Measurement Date	2,647,751	2,429,817	8.97%	\$ 217,934
Change in Pension Earnings	3,331,446	(627,319)	-631.06%	\$ 3,958,765
Change in Pension Assumption	18,098,116	6,813,341	165.63%	\$ 11,284,775
Change in Pension Proportion	3,635,078	2,090,170	73.91%	\$ 1,544,908
<b>Total deferred outflows of resources</b>	<b>29,355,758</b>	<b>12,278,950</b>	<b>139.07%</b>	<b>\$ 17,076,808</b>
<b>Liabilities</b>				
Current and other liabilities	14,612,538	17,820,256	-18.00%	\$ (3,207,718)
Long-term liabilities	100,581,992	77,345,836	30.04%	\$ 23,236,156
<b>Total liabilities</b>	<b>115,194,530</b>	<b>95,166,092</b>	<b>21.05%</b>	<b>\$ 20,028,438</b>
<b>Deferred inflows of resources</b>				
Change in Pension Proportion	494,412	1,020,052	100.00%	\$ (525,640)
<b>Total deferred inflows of resources</b>	<b>494,412</b>	<b>1,020,052</b>	<b>-51.53%</b>	<b>(525,640)</b>
<b>Net position</b>				
Net position invested in capital assets net of debt	119,585,314	125,431,803	-4.66%	\$ (5,846,489)
Restricted	18,505,264	8,987,281	105.91%	\$ 9,517,983
Unrestricted	(61,481,104)	(55,358,297)	-11.06%	\$ (6,122,807)
<b>Total net position</b>	<b>\$ 76,609,474</b>	<b>\$ 79,060,787</b>	<b>-3.10%</b>	<b>\$ (2,451,313)</b>

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Figure A - 4

Change in Net Position

	2017	2016	Increase (Decrease)
Revenues:			
Program revenue			
State grants & entitlements	\$ 30,146,779	\$ 26,967,078	\$ 3,179,701
General revenue			
Local tax levy	210,003,179	204,366,861	5,636,318
Federal and state aid	24,148,748	23,279,146	869,602
Miscellaneous revenues (Incl. special items & transfers)	(1,246,144)	12,042,048	(13,288,192)
Total general revenues	<u>232,905,783</u>	<u>239,688,055</u>	<u>(6,782,272)</u>
Total revenues	<u>\$ 263,052,563</u>	<u>\$ 266,655,133</u>	<u>\$ (3,602,570)</u>
Function/program expense:			
Instruction			
Regular programs	87,673,141	86,217,699	1,455,442
Special programs	20,059,605	20,773,544	(713,939)
Other Instructional programs	3,028,839	2,039,350	989,489
Support services			
Student services	29,419,548	30,704,194	(1,284,646)
Tuition	11,332,821	11,143,730	189,091
Instructional staff support			
General administration and business services	6,004,082	6,025,237	(21,155)
School administration	7,291,271	7,118,576	172,695
Plant services	17,002,638	17,345,265	(342,627)
Student transportation	12,459,613	11,768,590	691,023
Unallocated benefits	69,704,234	60,156,953	9,547,281
Unallocated depreciation and amortization	1,210,319	1,003,407	206,912
Community service	333,170	299,703	33,467
Interest on long-term debt	224,480	249,435	(24,955)
Other related capital assets and debt (net)			-
Transfers			-
Total expenses	<u>\$ 265,743,761</u>	<u>\$ 254,845,683</u>	<u>\$ 10,898,078</u>
Increase (Decrease) net position	<u>\$ (2,691,198)</u>	<u>\$ 11,809,450</u>	<u>\$ (14,500,648)</u>

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year, including other charges, was \$265,473,761. These costs were financed by \$210,003,179 in local property school taxes \$54,535,414 in federal and state aid and \$2,198,638.81 in miscellaneous revenues including interest, general entitlements, special items and transfers.

In Figure A-5, below, we have presented the cost of each of the school district's seven largest functions as listed below. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by the function.

Figure A-5  
Governmental Activities  
Total Cost of Services

	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2017</u>
Regular programs instruction	\$86,217,699	\$87,673,141
Unallocated benefits	60,156,953	69,704,234
Special programs instruction	20,773,544	20,059,605
Student services	30,704,194	29,419,548
Plant services	17,345,265	17,002,638
Tuition	11,143,730	11,332,821
Pupil transportation	11,768,590	12,459,613
All others	<u>16,735,708</u>	<u>18,092,161</u>
Total	<u>\$254,845,682</u>	<u>\$265,743,761</u>

Financial Analysis of the District's Funds

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$19,394,335, which is an increase of \$9,305,328 from last year. As noted previously, the reported governmental fund balance is impacted by the non-recognition, on a GAAP basis, of State Aid payments deferred to July 2017 in the combined amount of \$3,484,095.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the district's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a deficiency/deficit.

Actual revenues reflect a positive variance of \$8.7 million. This is due primarily to the State reimbursement in the amount of \$30.1 million for TPAF On-Behalf pension non-contributory insurance, post retirement medical contributions and TPAF social security contributions. This is always a non-budgeted item that the State requires be included in the District's financial statements.

Actual expenditures reflect a positive variance of \$4.8 million even though several budget lines show a positive variance. This again is primarily due to the State requirement to include TPAF On-behalf pension and post retirement medical contributions and TPAF social security contributions in the financial statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2017, the school district had \$222,772,331 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements and furniture and equipment. Net governmental capital assets realized a net decrease (including additions, deductions, depreciation and adjustment for physical inventory) of \$7,031,130, or 5.01% from last year.

Figure A-6  
Capital Assets at Year-End

<u>Governmental Activities</u>	<u>2016</u>	<u>2017</u>
Land	\$20,571,075	\$20,570,077
Buildings and Improvements	177,059,773	172,701,918
Furniture, Equipment and Vehicles	<u>28,250,605</u>	<u>29,500,336</u>
Total	<u>\$225,881,452</u>	<u>\$222,772,331</u>

As noted above, this year's net retirements are reported at \$7,031,130.26. The additions were financed through state grants, a lease purchase agreement, and capital outlay appropriations and adjustment for physical inventory.

### Long-Term Debt

At the end of this year, the school district had \$16,395,921.97 in bonds (Type II debt), capital leases and lease purchase agreements outstanding versus \$14,743,647.29 the previous year – an increase of 11.21%. The long-term debt at of the District consisted of:

Figure A-7  
Outstanding Debt, at Year-End

<u>Governmental Activities</u>	<u>2016</u>	<u>2017</u>
Lease purchase obligations & capital leases	\$9,358,647	\$11,955,922
General obligation bonds (Type II debt)	<u>5,385,000</u>	<u>4,440,000</u>
Total	<u>\$14,743,647</u>	<u>\$16,395,922</u>

The school district's general obligation bond rating continues to be above investment grade. The state limits the amount of general obligation debt that Districts can issue to 4% (for K through 12 districts) of the most recent three-year average state equalized assessed value of the taxable property within the school district's corporate limits. The school district's outstanding and authorized but not issued general obligation debt (Type II debt) of \$4,440,000 at June 30, 2017, is significantly below the statutorily-imposed debt limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statement.

## THE FACTORS AFFECTING DISTRICT'S FUTURE

- The district's 2016-2017 state aid had increased by 1.8% which included a new state aid category called "Professional Learning Community Aid". The total categorical state aid of \$14,035,490 is still over \$23 million short of the \$37+ million that is due Edison Public Schools based on the New Jersey "School Funding Reform Act" (SFRA) of 2008. The Edison taxpayers continue to fund nearly 90% of the public school district's budget. The Edison Board of Education continues to contact their state legislators urging them to find a way to enforce a fair funding method that would help ease the tax burden on the residents of Edison.
- Edison Township has realized a fourth straight year of increases to its ratable base. Over the last four calendar years, Edison's rateable base has increased by over \$98 million with a modest \$30 million increase in 2017. Edison has shown signs that it will continue to have growth in its tax base.
- The Edison Board of Education's three-year collective bargaining agreement with the Edison Township Education Association expired on June 30, 2017 and a new three-year agreement has been ratified in October 2017 which will expire on June 30, 2020. The Edison Facilities, Maintenance & Management Association are in their second year of a four-year collective bargaining agreement that will expire June 30, 2020. The Edison Township Principals & Supervisors Association and the Edison Public Schools Custodian & Maintenance Association are both in the final year of the collective bargaining agreements, which will expire on June 30, 2018. Negotiations with both associations will begin shortly.
- Edison Public Schools has experienced a much larger enrollment increase in the last two years than anticipated. The estimated 2016-2017 enrollment increase of 239 students actually netted nearly 500 students and the 2017-2018 enrollment estimate of 274 has ballooned to nearly 600 students. The district's severe overcrowding problem, that Edison has been facing for the better part of two decades, is continuing to get much worse. In order to help ease this problem, the district has been constructing additions to some of the district's most severely overcrowded elementary schools. An addition has been completed during the 2016-2017 school year at the Menlo Park Elementary School, which has an enrollment of well over 800 students. The addition provided eight classrooms, a gymnasium and a cafeteria. The Woodbrook Elementary School, which has an enrollment of about 1,000 students, is currently under construction for an addition that will provide additional classrooms, a gymnasium and a cafeteria. This addition is anticipated to be ready for the 2018-2019 school year.
- The new James Monroe School, which was destroyed by fire on March 22, 2014, has been completed. The students were able to attend their new school on January 3, 2017.
- Edison has been able to construct the additions at Menlo Park and Woodbrook Schools without issuing any long-term debt, however, the need exists for the district to consider building additional schools to accommodate the current and future enrollment. The Board is currently investigating the possibility of building a new school or multiple schools on board owned property which will require a vote for a bond referendum to fund the construction.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, 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 received. If you have questions about this report or wish to request additional financial information, contact Daniel P. Michaud, Business Administrator/Board Secretary, at Edison Township Board of Education, 312 Pierson Avenue, Edison, New Jersey 08837.



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**SECTION – A**

**EDISON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,787,471.05	\$ 2,522,866.75	\$ 20,310,337.80
Receivables, net	2,545,041.37	158,266.47	2,703,307.84
Receivables from other funds	4,106,130.14	-	4,106,130.14
Inventory	-	95,986.50	95,986.50
Restricted assets - cash and cash equivalents	2,272,578.40	-	2,272,578.40
Capital assets:	-	-	-
Nondepreciable assets	23,438,482.19	-	23,438,482.19
Depreciable assets, net	112,792,954.41	265,400.80	113,058,355.21
<b>Total assets</b>	<u>162,942,657.56</u>	<u>3,042,520.52</u>	<u>165,985,178.08</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Difference between Expected and Actual Experience	1,624,792.00	-	1,624,792.00
Change in Pension Assumptions	18,098,116.00	-	18,098,116.00
Change in Pension Proportion	3,635,078.00	-	3,635,078.00
Pension Payment Subsequent to Measurement Date	2,647,751.00	-	2,647,751.00
Difference in Pension Earnings	3,331,446.00	-	3,331,446.00
Deferred amount on refinancing	18,575.02	-	18,575.02
<b>Total deferred outflows of resources</b>	<u>29,355,758.02</u>	<u>-</u>	<u>29,355,758.02</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 192,298,415.58</u>	<u>\$ 3,042,520.52</u>	<u>\$ 195,340,936.10</u>
<b>LIABILITIES</b>			
Cash overdraft	1,468,050.03	-	1,468,050.03
Accounts payable	3,990,267.09	41,056.40	4,031,323.49
Accrued interest payable	98,622.13	-	98,622.13
Interfund payable	1,892,033.32	2,188,561.82	4,080,595.14
Claims payable	99,849.15	-	99,849.15
Deferred revenue	720,127.32	136,552.88	856,680.20
Noncurrent liabilities:	-	-	-
Due within one year	6,343,589.07	-	6,343,589.07
Due beyond one year	13,213,348.60	-	13,213,348.60
Net Pension Liability	87,368,643.00	-	87,368,643.00
<b>Total liabilities</b>	<u>115,194,529.71</u>	<u>2,366,171.10</u>	<u>117,560,700.81</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Change in Pension Proportion	494,412.00	-	494,412.00
Difference in Pension Earnings	-	-	-
<b>Total deferred inflows of resources</b>	<u>494,412.00</u>	<u>-</u>	<u>494,412.00</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	119,585,313.95	265,400.80	119,850,714.75
Restricted for:	-	-	-
Capital projects, maintenance and emergency	11,619,544.74	-	11,619,544.74
Debt Service	0.84	-	0.84
Other Purposes	6,885,718.37	-	6,885,718.37
Unrestricted (Deficit)	(61,481,104.03)	410,948.62	(61,070,155.41)
<b>Total net position</b>	<u>\$ 76,609,473.87</u>	<u>\$ 676,349.42</u>	<u>\$ 77,285,823.29</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 192,298,415.58</u>	<u>\$ 3,042,520.52</u>	<u>\$ 195,340,936.10</u>

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

**EDISON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 87,673,141.30	\$	\$	\$	\$ (87,673,141.30)	\$ (87,673,141.30)
Special education	20,059,604.96				(20,059,604.96)	(20,059,604.96)
Other special instruction	906,479.16				(906,479.16)	(906,479.16)
Other Instruction	2,122,359.94				(2,122,359.94)	(2,122,359.94)
Support services:						
Tuition	11,332,821.26				(11,332,821.26)	(11,332,821.26)
Student & instruction related services	29,419,548.05				(29,419,548.05)	(29,419,548.05)
School administrative services	7,291,270.74				(7,291,270.74)	(7,291,270.74)
General and business administrative services	6,004,081.53				(6,004,081.53)	(6,004,081.53)
Plant operations and maintenance	17,002,638.07				(17,002,638.07)	(17,002,638.07)
Pupil transportation	12,459,613.36				(12,459,613.36)	(12,459,613.36)
Unallocated benefits	69,704,233.56		30,146,779.47		(39,557,454.09)	(39,557,454.09)
Special schools	333,169.86				(333,169.86)	(333,169.86)
Interest on long-term debt	224,479.87		239,886.00		15,406.13	15,406.13
Unallocated depreciation and amortization	1,210,319.40				(1,210,319.40)	(1,210,319.40)
Total governmental activities	265,743,761.06	-	30,386,665.47	-	(235,357,095.59)	(235,357,095.59)
<b>Business-type activities:</b>						
Food Service	4,828,483.36	2,509,723.96	2,337,860.60		19,101.20	19,101.20
Total business-type activities	4,828,483.36	2,509,723.96	2,337,860.60	-	19,101.20	19,101.20
Total primary government	\$ 270,572,244.42	\$ 2,509,723.96	\$ 32,724,526.07	\$ -	\$ (235,357,095.59)	\$ (235,337,994.39)
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net		\$ 208,422,141.04			\$ -	\$ 208,422,141.04
Taxes levied for debt service		1,581,038.00			-	1,581,038.00
Federal and State aid not restricted		17,959,652.88			-	17,959,652.88
Federal and State aid restricted		6,189,095.43			-	6,189,095.43
Tuition received		428,771.33			-	428,771.33
Miscellaneous Income		2,223,361.48			-	2,223,361.48
Other item(s)—Charges and Adjustments					-	-
Transfers In (Out)		(453,494.00)				(453,494.00)
Total general revenues, special items, extraordinary items and transfers		236,350,566.16			-	236,350,566.16
Change in Net Position		993,470.57			19,101.20	1,012,571.77
Adjustment to Capital Assets - Note 3		(3,444,782.83)			-	(3,444,782.83)
		(2,451,312.26)			19,101.20	(2,432,211.06)
Net Position—beginning		79,060,786.13			657,248.22	79,718,034.35
Prior Period Adjustment - GASB 68 Implementation						-
Net Position—ending		\$ 76,609,473.87			\$ 676,349.42	\$ 77,285,823.29

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

**FUND FINANCIAL STATEMENTS**

**SECTION – B**

**GOVERNMENTAL FUNDS**

EDISON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,132,834.48	\$ -	\$ 6,457,059.88	\$ 0.84	\$ 14,589,895.20
Cash - Trustee			3,195,449.99		3,195,449.99
Due from other funds	2,191,749.57		-		2,191,749.57
Receivables from other governments	401,696.55	2,143,344.82	-		2,545,041.37
Other receivables		25,535.00			25,535.00
Restricted - Cash and cash equivalents	2,272,578.40				2,272,578.40
Total assets	<u>12,998,859.00</u>	<u>2,168,879.82</u>	<u>9,652,509.87</u>	<u>0.84</u>	<u>24,820,249.53</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash overdraft		1,468,050.03			1,468,050.03
Accounts payable	445,707.84	461,994.47	302,355.78		1,210,058.09
Payables to state government		132,458.00			132,458.00
Interfund payable	1,892,033.32	-	3,187.75		1,895,221.07
Deferred revenue	613,750.00	106,377.32			720,127.32
Total liabilities	<u>2,951,491.16</u>	<u>2,168,879.82</u>	<u>305,543.53</u>		<u>5,425,914.51</u>
Fund Balances:					
Restricted for:					
Capital, maintenance and emergency reserve account	2,272,578.40				2,272,578.40
Debt Service				0.84	0.84
Excess surplus - prior year	1,223,384.80				1,223,384.80
Excess surplus - current year	3,858,583.26				3,858,583.26
Committed for:					
Capital projects			9,346,966.34		9,346,966.34
Assigned:					
Designated for Subsequent Years Expenditures	776,615.20				776,615.20
Unassigned	1,916,206.18				1,916,206.18
Total Fund balances	<u>10,047,367.84</u>	<u>-</u>	<u>9,346,966.34</u>	<u>0.84</u>	<u>19,394,335.02</u>
Total liabilities and fund balances	<u>\$ 12,998,859.00</u>	<u>\$ 2,168,879.82</u>	<u>\$ 9,652,509.87</u>	<u>\$ 0.84</u>	<u>\$ 24,820,249.53</u>

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

EDISON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 19,394,335.02
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$225,640,736.19 and the accumulated depreciation is \$89,409,299.59.	136,231,436.60
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 4).	(19,298,161.96)
Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(98,622.13)
Transactions related to a current refunding of a long-term debt, refinancing of lease agreement are not reported in the funds.	
Issuance discount, net of amortization	-
Issuance premium, net of amortization	(258,775.71)
Deferred amount on refunding, net of amortization	18,575.02
Internal Service Fund -- Workers Compensation	1,794,310.03
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$52,603,945. The carrying amounts of the individual components are as follows:	
Deferred Outflows of Resources:	
Difference between expected and actual experience	1,624,792.00
Change in pension assumptions	18,098,116.00
Change in pension proportion	3,635,078.00
Pension payment subsequent to measurement date	2,647,751.00
Accounts payable for pension expense	(2,647,751.00)
Difference in pension earnings	3,331,446.00
Net pension liability	(87,368,643.00)
Deferred Inflows of Resources:	
Difference in pension earnings	-
Change in pension proportion	(494,412.00)
	<u>(494,412.00)</u>
Net assets of governmental activities	\$ <u><u>76,609,473.87</u></u>

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



**EDISON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$ 208,422,141.04			\$ 1,581,038.00	\$ 210,003,179.04
Tuition charges	428,771.33				428,771.33
Transportation charges	1,297,471.00				1,297,471.00
Miscellaneous	863,254.72				863,254.72
Financing sources			5,000,000.00		5,000,000.00
Local sources		62,635.76			62,635.76
State sources	47,707,647.47	1,023,777.02		239,886.00	48,971,310.49
Federal sources	398,784.88	5,165,318.41			5,564,103.29
<b>Total revenues</b>	<b>259,118,070.44</b>	<b>6,251,731.19</b>	<b>5,000,000.00</b>	<b>1,820,924.00</b>	<b>272,190,725.63</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	81,507,469.68	1,588,758.52			83,096,228.20
Special education instruction	20,059,604.96				20,059,604.96
Other special instruction	906,479.16				906,479.16
Other instruction	2,122,359.94				2,122,359.94
Support services and undistributed costs:					
Tuition	11,332,821.26				11,332,821.26
Student & instruction related services	22,394,781.45	4,662,972.67			27,057,754.12
School administrative services	7,291,270.74				7,291,270.74
General & other administrative services	6,004,081.53				6,004,081.53
Plant operations and maintenance	17,002,638.07				17,002,638.07
Pupil transportation	12,459,613.36				12,459,613.36
Unallocated Benefits	63,701,877.85				63,701,877.85
Special schools	333,169.86				333,169.86
Debt service:					
Principal				1,635,000.00	1,635,000.00
Interest and other charges				215,612.50	215,612.50
Cost of Issuance					-
Capital outlay	5,601,861.80		4,888,629.70		10,490,491.50
<b>Total expenditures</b>	<b>250,718,029.66</b>	<b>6,251,731.19</b>	<b>4,888,629.70</b>	<b>1,850,612.50</b>	<b>263,709,003.05</b>
Excess (Deficiency) of revenues over expenditures	8,400,040.78	-	111,370.30	(29,688.50)	8,481,722.58
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance - Fire Recovery					-
Capital leases (non-budgeted)	1,277,099.35				1,277,099.35
Transfers from General Fund to Capital Projects Fund	(6,392,014.00)		6,392,014.00		-
Transfers from Capital Reserve to Capital Projects Fund	(1,000,000.00)		1,000,000.00		-
Capital Reserve Increase					-
Transfers out - Charter School	(453,494.00)				(453,494.00)
<b>Total other financing sources and uses</b>	<b>(6,568,408.65)</b>	<b>-</b>	<b>7,392,014.00</b>	<b>-</b>	<b>823,605.35</b>
Net change in fund balances	1,831,632.13	-	7,503,384.30	(29,688.50)	9,305,327.93
Fund balance—July 1	8,215,735.71	-	1,843,582.04	29,689.34	10,089,007.09
Fund balance—June 30	<u>\$ 10,047,367.84</u>	<u>\$ -</u>	<u>\$ 9,346,966.34</u>	<u>\$ 0.84</u>	<u>\$ 19,394,335.02</u>

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

**EDISON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Total net change in fund balances - governmental funds (from B-2)** **\$ 9,305,327.93**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	(5,847,482.00)	
	Assets write-down	(3,444,782.83)	
	Capital outlays	<u>5,129,065.02</u>	(4,163,199.81)

Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 4,634,632.55

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt	-	
Proceeds of Refunding Bonds		
Defeasance of Refunded Bonds		
Lease Purchase Agreements	(5,000,000.00)	
Capital lease proceeds	(1,277,099.35)	

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-) -

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition/subtraction in the reconciliation. (8,867.37)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 101,072.50

Transactions related to the refunding of long-term debt, refinancing of lease obligations (costs of issuance, premium on refinancing, deferred amount on refinancing)

Amortization Expense - Net (40,823.00)

Internal Service Fund-Workers Compensation, change in net assets 497,301.29

Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense differs from the expenditure reported in the funds is as recorded. (6,499,657.00)

**Change in net assets of governmental activities** **\$ (2,451,312.26)**

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

## **PROPRIETARY FUNDS**

**EDISON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPPRIETARY FUNDS**  
**JUNE 30, 2017**

	<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Totals</u>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,522,866.75	\$ 2,522,866.75	\$ 2,125.86
Accounts receivable	158,266.47	158,266.47	
Interfund receivable		-	1,892,033.32
Inventories	<u>95,986.50</u>	<u>95,986.50</u>	<u>-</u>
Total current assets	<u>2,777,119.72</u>	<u>2,777,119.72</u>	<u>1,894,159.18</u>
Noncurrent assets:			
Furniture, machinery & equipment	1,292,798.00	1,292,798.00	-
Less accumulated depreciation	<u>(1,027,397.20)</u>	<u>(1,027,397.20)</u>	<u>-</u>
Total noncurrent assets	<u>265,400.80</u>	<u>265,400.80</u>	<u>-</u>
Total assets	<u>3,042,520.52</u>	<u>3,042,520.52</u>	<u>1,894,159.18</u>
<b>LIABILITIES</b>			
Current liabilities:			
Cash Deficit			
Accounts payable	\$ 41,056.40	\$ 41,056.40	
Accrued liability for claims payable		-	99,849.15
Interfunds payable	2,188,561.82	2,188,561.82	
Deferred revenues	<u>136,552.88</u>	<u>136,552.88</u>	
Total current liabilities	<u>2,366,171.10</u>	<u>2,366,171.10</u>	<u>99,849.15</u>
Total liabilities	<u>2,366,171.10</u>	<u>2,366,171.10</u>	<u>99,849.15</u>
<b>NET POSITION</b>			
Invested in capital assets net of related debt	265,400.80	265,400.80	-
Unrestricted (Deficit)	<u>410,948.62</u>	<u>410,948.62</u>	<u>1,794,310.03</u>
Total net position	<u>\$ 676,349.42</u>	<u>\$ 676,349.42</u>	<u>\$ 1,794,310.03</u>

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

**EDISON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-type Activities - Enterprise Fund</u>	<u>Total Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>		
<b>Operating revenues:</b>			
Charges for services:			
Daily sales - reimbursable programs	\$ 2,226,386.32	\$ 2,226,386.32	
Daily sales - non-reimbursable programs	283,337.64	283,337.64	
Total operating revenues	<u>2,509,723.96</u>	<u>2,509,723.96</u>	<u>-</u>
<b>Operating expenses:</b>			
Cost of sales:			
Reimbursable Program Food Cost	1,300,514.74	1,300,514.74	
Nonreimbursable Program Food Cost	338,351.00	338,351.00	
Nonreimbursable Paper Supplies	151,140.54	151,140.54	
Total Cost of Sales	<u>1,790,006.28</u>	<u>1,790,006.28</u>	
Other Operating Expenses:			
Salaries	1,323,688.30	1,323,688.30	
Employee benefits	389,403.16	389,403.16	(497,301.29)
Supplies and Materials - Semi-Variable Costs	283,091.34	283,091.34	
Food Costs - Food Distribution Program	320,310.11	320,310.11	
Depreciation	33,728.75	33,728.75	
General & Administration	385,493.18	385,493.18	
Miscellaneous	302,762.24	302,762.24	
Total Operating Expenses	<u>4,828,483.36</u>	<u>4,828,483.36</u>	<u>(497,301.29)</u>
Operating income (loss)	<u>(2,318,759.40)</u>	<u>(2,318,759.40)</u>	<u>497,301.29</u>
<b>Nonoperating revenues (expenses):</b>			
State sources:			
State school lunch program	44,408.40	44,408.40	-
Federal sources:			
National school lunch program	1,269,405.14	1,269,405.14	-
National school lunch program - performance based	52,284.36	52,284.36	-
School breakfast program	620,266.54	620,266.54	-
Food distribution program	320,310.11	320,310.11	-
Other Income	31,186.05	31,186.05	-
Total nonoperating revenues (expenses)	<u>2,337,860.60</u>	<u>2,337,860.60</u>	<u>-</u>
Income (loss) before contributions & transfers	19,101.20	19,101.20	497,301.29
Change in net position	19,101.20	19,101.20	497,301.29
Total net position—beginning	657,248.22	657,248.22	1,297,008.74
Total net position—ending	<u>\$ 676,349.42</u>	<u>\$ 676,349.42</u>	<u>\$ 1,794,310.03</u>

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

**EDISON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Busines-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,505,108.80	\$
Payments for employee benefits		(10,769.11)
Payments to suppliers	<u>(4,046,905.07)</u>	
Net cash provided by (used for) operating activities	<u>(1,541,796.27)</u>	<u>(10,769.11)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal and State Sources	2,320,844.71	
Operating subsidies and transfers from/to other funds	<u>1,984,802.51</u>	-
Net cash provided by (used for) non-capital financing activities	<u>4,305,647.22</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	<u>(265,272.42)</u>	-
Net cash provided by (used for) capital and related financing activities	<u>(265,272.42)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,498,578.53	(10,769.11)
Balances—beginning of year	<u>24,288.22</u>	<u>12,894.97</u>
Balances—end of year	<u>\$ 2,522,866.75</u>	<u>\$ 2,125.86</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,318,759.40)	\$ 497,301.29
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	(33,728.75)	
Federal commodities	320,310.11	
(Increase) decrease in accounts receivable, net	(1,561.93)	
(Increase) decrease in inventories	(14,260.35)	
Increase (decrease) in accrued liability for claims payable		(508,070.40)
Increase (decrease) in accounts payable	41,056.40	
Increase (decrease) in deferred revenue	4,615.16	
Increase (decrease) in interfunds payable	<u>460,532.49</u>	-
Total adjustments	<u>776,963.13</u>	<u>(508,070.40)</u>
Net cash provided by (used for) operating activities	<u>\$ (1,541,796.27)</u>	
Net increase (decrease) in cash and cash equivalents		<u>\$ (10,769.11)</u>

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

## **FIDUCIARY FUNDS**

**Edison School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017**

	<u>Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,079,712.78	\$ 2,023,984.52
	<hr/>	<hr/>
Total assets	\$ <u>1,079,712.78</u>	\$ <u>2,023,984.52</u>
<b>LIABILITIES</b>		
Payable to student groups	-	700,103.86
Payroll deductions and withholdings	-	1,254,262.68
Employee flexible spending	-	69,617.98
	<hr/>	<hr/>
Total liabilities	\$ <u>-</u>	\$ <u>2,023,984.52</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	\$ 879,379.75	
Reserved for scholarships	28,526.57	
Reserved for James Monroe Fire Recovery	<u>171,806.46</u>	
<b>TOTAL NET POSITION</b>	<u>\$ 1,079,712.78</u>	

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



**Edison School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2017**

	Trust Funds	Agency Fund
<b>ADDITIONS</b>		
Contributions:		
District/Plan member	\$ 188,899.13	
Other		\$ 76,746,648.02
Total Contributions	188,899.13	76,746,648.02
Investment earnings:		
Interest	5,138.93	
Net investment earnings	5,138.93	-
Total additions	194,038.06	76,746,648.02
<b>DEDUCTIONS</b>		
Quarterly contribution reports	139,259.79	76,746,648.02
Scholarship remittances	2,750.00	
Total deductions	142,009.79	76,746,648.02
Change in net assets	52,028.27	-
Net position—beginning of the year	1,027,684.51	-
Net position—end of the year	\$ 1,079,712.78	\$ -

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

**EDISON SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**A. Description of Government-Wide Financial Statements**

The financial statements of the Board of Education (Board) of Edison School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999. The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the District report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

The more significant of the Board's accounting policies are described below.

**B. Reporting Entity:**

The Edison School District is a Type II district located in the County of Middlesex, State of New Jersey, serving students domiciled in the Town of Edison. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to staggered three-year terms. The purpose of the district is to educate students in grades K-12. The Edison School District had an approximate enrollment at June 30, 2017 of 15,479 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:

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

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

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.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue 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.

**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. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund.

**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.

The District reports the following proprietary funds:

**Food Service Fund** – The Food Service Enterprise Fund is used to account for the activities of the cafeteria operations of the District. The Food Service Fund is considered a major fund of the District

The District also reports the following fiduciary fund types:

**Agency Fund** – The Agency Fund is 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. Agency funds include payroll and student activities funds.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### D. Basis of Presentation - Fund Financial Statements (Cont'd)

**Employee Benefit Trust (Unemployment Insurance)** – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year-end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred from or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

#### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

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. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures as incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### E. Measurement Focus and Basis of Accounting (Cont'd)

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

#### F. Budgets/Budgetary Control

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses.

The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds.

The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and 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.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

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 statements.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Budgets/Budgetary Control (Cont'd)**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$259,359,985.44	\$6,251,731.19
Difference – Budget to GAAP:		
Certain State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,242,183.00	0.00
Certain State aid payments are recognized as revenue for budgetary purposes and differ from GAAP which does not recognize these revenues until the subsequent year when the State recognizes the related expenses (GASB 33)	<u>(3,484,095.00)</u>	<u>(0.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$259,118,073.44</u>	<u>\$6,251,731.19</u>
<b>Uses/outflows of resources</b>		
<b><u>General Fund</u></b>		
<b><u>Special Revenue</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$250,718,029.66	\$6,251,731.19
Transfers to capital reserves are recorded as an expenditure for budgetary resources but not as an expenditure for financial reporting purposes	<u>(0.00)</u>	<u>(0.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$250,718,029.66</u>	<u>\$6,251,731.19</u>

**G. 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 deferred revenues at fiscal year end.

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

**H. Cash, Cash Equivalents and Investments:**

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

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Cash, Cash Equivalents and Investments (CONT'D):**

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. 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.

**I. Tuition Revenue**

Tuition revenues for the fiscal year 2016-2017 were based on contractual per pupil rates established by and between the sending and receiving districts. These rates are not subject to change except through amendatory contracts.

**J. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased

Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

**K. Short-Term Interfund Receivables/Payables:**

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

**L. Capital Assets:**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the District-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### L. Capital Assets:

Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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 statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	5-20 Years

#### M. Accounts Receivable State – Capital Projects Fund:

The District recognizes SDA grant revenue as earned, i.e., as eligible expenditures are incurred. At June 30, 2017, the District had no accounts receivable amount recorded or due in SDA grant revenue.

#### N. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued in the government-wide financial statements as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

In the governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as a fund liability and expenditure in the fund that will pay for the compensated absence. The noncurrent portion for governmental funds is maintained separately and is a reconciling item between the fund and government-wide presentations.

#### O. Pensions

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### P. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred Outflows for Changes in Pension Assumptions future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability. Deferred outflows for the Change in Pension Proportion represents the District's proportionate share of plan earnings in excess of assumed amounts. The Difference in Pension Experience represents the District's proportionate share of actual experience deficit of assumed amounts. Deferred outflows for Subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was June 30, 2016.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents a acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The Difference in Pension Earnings represents the favorable impact of a decline in the District's proportionate share of system wide net pension liability. Deferred inflows for the Change in Pension Proportion represents the District's proportionate share of plan earnings deficit of assumed amounts.

#### Q. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

#### R. Net Position Flow Assumption (District-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position-restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

#### S. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

#### T. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

## NOTES TO FINANCIAL STATEMENTS

### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### T. Fund Balance Policies (CONT'D):

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

#### U. District-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – All taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Fixed Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Fixed assets as a component of net position for the governmental activities and business-type activities.

#### V. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

#### W. Reconciliation of District-Wide and Fund Financial Statements

Differences between governmental fund balance sheet and District-wide statement of net position and the differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities are set forth in Exhibits B-1 and B-3, respectively.

#### X. Estimates

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

State statutes set forth deposit requirements and investments that may be purchased by local units and the District deposits and invests its funds pursuant to statutory requirements, its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey’s Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

At June 30, 2017, the book value of the District’s cash, cash equivalents and investments were \$24,146,899.22. In addition, the District has on deposit with Trustee proceeds from the recent lease purchase transaction for Woodbrook Elementary renovations in the amount of \$3,195,449.99. At year-end, of the cash and cash equivalents on deposit, \$639,436.15 was covered by federal depository insurance and \$26,339,976.10 was covered under the provisions of NJGUDPA.

The Edison Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured--FDIC	\$ 639,436.15
Insured—NJGUDPA (N.J.S.A. 17:941)	<u>26,339,976.10</u>
Subtotal	26,979,412.25
Lease Purchase - Trustee	<u>3,195,449.99</u>
Total	<u>\$30,174,862.24</u>

**Custodial Credit Risk – Deposits –** Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, based upon the insured balances as provided by FDIC and NJGUDPA coverage, none of the Board’s bank balance of \$30,174,862.24 was considered exposed to custodial credit risk. (See Note 1-H relating to statutory mitigations of custodial risk in the event of a bank failure.) Based upon existing deposit and investment policies, the District is generally not exposed to credit risk, concentration of credit risk and interest rate risk nor is it exposed to foreign currency risk for its deposits and investments.

**Concentration of Credit Risk –** This is the risk associated with the amount of investments that the Board has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

NOTES TO FINANCIAL STATEMENTS

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Board does not have an investment policy regarding Credit Risk except to the extent outlined under the Board’s investment policy.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

The District had no funds on deposit with the New Jersey Cash Management Fund at June 30, 2017.

At June 30, 2017, the cash and cash equivalents and investments of the District consisted of the following:

	<u>2017</u>
Cash (Demand Accts.)	\$26,598,868.52
Money Market Accounts	380,543.73
Held by Trustee-Lease Purchase	<u>3,195,449.99</u>
Total	<u>\$30,174,862.24</u>

NOTES TO FINANCIAL STATEMENTS

**Note 3: CAPITAL ASSETS NOTE DISCLOSURE**

The following is disclosure of information about capital assets. Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets That Are Not Being Depreciated:					
Land	\$ 20,571,074.44	\$ -	\$ -	997.44	\$ 20,570,077.00
Construction in Progress	<u>25,944,000.00</u>	<u>2,868,405.19</u>	<u>(25,944,000.00)</u>		<u>2,868,405.19</u>
Total Capital Assets Not Being Depreciated	<u>46,515,074.44</u>	<u>2,868,405.19</u>	<u>(25,944,000.00)</u>	<u>997.44</u>	<u>23,438,482.19</u>
Building and Building Improvements	151,115,773.00	816,498.35	25,944,000.00	5,174,353.35	172,701,918.00
Equipment	<u>28,250,604.52</u>	<u>1,444,161.48</u>		<u>194,430.00</u>	<u>29,500,336.00</u>
Totals at Historical Cost	<u>179,366,377.52</u>	<u>2,260,659.83</u>	<u>25,944,000.00</u>	<u>5,368,783.35</u>	<u>202,202,254.00</u>
Less Accumulated Depreciation For:					
Building and Improvements	70,306,563.96	2,695,403.00		1,730,567.96	71,271,399.00
Equipment	<u>15,180,251.59</u>	<u>3,152,079.00</u>		<u>194,430.00</u>	<u>18,137,900.59</u>
Total Accumulated Depreciation*	<u>85,486,815.55</u>	<u>5,847,482.00</u>	<u>-</u>	<u>1,924,997.96</u>	<u>89,409,299.59</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>93,879,561.97</u>	<u>(3,586,822.17)</u>	<u>25,944,000.00</u>	<u>3,443,785.39</u>	<u>112,792,954.41</u>
Government Activities Capital Assets, Net	<u>\$ 140,394,636.41</u>	<u>\$ (718,416.98)</u>	<u>-</u>	<u>\$ 3,444,782.83</u>	<u>\$ 136,231,436.60</u>
Business-type Activities					
Equipment	1,338,110.56	14,210.00		59,522.56	1,292,798.00
Less Accumulated Depreciation for: Equipment	<u>993,668.45</u>	<u>90,862.00</u>		<u>57,133.25</u>	<u>1,027,397.20</u>
Business-type Activities Capital Assets, Net	<u>\$ 344,442.11</u>	<u>\$ (76,652.00)</u>	<u>-</u>	<u>2,389.31</u>	<u>\$ 265,400.80</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,677,985.60
Direct expense of various functions	<u>1,169,496.40</u>
Total depreciation expense	<u>\$ 5,847,482.00</u>

The District experienced the loss of its James Monroe Elementary School as a result of a fire on March 22, 2014. The District has rebuilt the elementary school on the same site. Based on this event, assets have been adjusted and retired accordingly.

**Note 4: LONG TERM DEBT DISCLOSURE**

The following is disclosure of information about long term liabilities. Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 5,385,000.00	\$ -	\$ 945,000.00	\$ 4,440,000.00	\$ 960,000.00
Total Bonds Payable	<u>5,385,000.00</u>	<u>-</u>	<u>945,000.00</u>	<u>4,440,000.00</u>	<u>960,000.00</u>
Other Liabilities:					
Obligations Under Capital Lease	4,428,647.29	1,277,099.35	1,329,824.67	4,375,921.97	1,392,666.36
Lease Purchase Agreements	4,940,000.00	5,000,000.00	2,350,000.00	7,590,000.00	3,990,922.71
Compensated Absences Payable	2,993,312.50	56,882.50	157,955.00	2,892,240.00	
Subtotal - Other Liabilities	<u>12,361,959.79</u>	<u>6,333,981.85</u>	<u>3,837,779.67</u>	<u>14,858,161.97</u>	<u>5,383,589.07</u>
Subtotal - Bonds Payable and Other Liabilities	<u>17,746,959.79</u>	<u>6,333,981.85</u>	<u>4,782,779.67</u>	<u>19,298,161.97</u>	<u>6,343,589.07</u>
Bond Premiums/Discounts (Net)	<u>268,108.53</u>	<u>-</u>	<u>9,332.83</u>	<u>258,775.70</u>	
Total Liabilities	<u>\$ 18,015,068.32</u>	<u>\$ 6,333,981.85</u>	<u>\$ 4,792,112.50</u>	<u>\$ 19,556,937.67</u>	<u>\$ 6,343,589.07</u>

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

Effective November 3, 1992, the District changed its designation from a Type I to a Type II school district. Under these circumstances and pursuant to statute, previously authorized and unissued Type I debt is to be issued by the school district in accordance with the provisions applicable to Type II school districts. The Board permanently financed previously issued outstanding notes and authorized but not issued debt in a sale of School Bonds dated August 15, 1995, in the amount of \$3,000,000. The following schedule sets forth the debt service requirements on the Type II debt.

Type II Debt:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	960,000	130,800	1,090,800
2019	980,000	101,900	1,081,900
2020	1,000,000	71,175	1,071,175
2021	500,000	47,500	547,500
2022	500,000	28,750	528,750
2023	500,000	10,000	510,000
	<u>\$ 4,440,000</u>	<u>\$ 390,125</u>	<u>\$ 4,830,125</u>

**B. Capital Leases** - The District is leasing a copier, telephone, computer and other equipment under capital leases. All capital leases are for the terms of three to five years. The following is a schedule of the future minimum lease payments under this capital lease and including principal and interest payments.

Year ending June 30,	<u>Total</u>
2018	120,938.75
2019	120,938.75
2020	120,938.75
	<u>\$ 362,816.25</u>

**Note 4: LONG TERM DEBT DISCLOSURE (CONT'D.)**

**B. Capital Leases (Cont'd.)** - The District is leasing Eight (8) School Buses under a capital lease. All capital leases are for the terms of three to five years. The following is a schedule of the future minimum lease payments under this capital lease and including principal and interest payments.

Year ending June 30,	<u>Total</u>
2018	142,393.89
2019	<u>142,393.89</u>
	\$ <u><u>284,787.78</u></u>

The District is leasing Eleven (11) additional School Buses under a capital lease. All capital leases are for the terms of three to five years. The following is a schedule of the future minimum lease payments under this capital lease and including principal and interest payments.

Year ending June 30,	<u>Total</u>
2018	115,991.58
2019	115,991.58
2020	115,991.58
2021	115,991.58
2022	<u>234,071.05</u>
	\$ <u><u>698,037.37</u></u>

The District is leasing 4,400 MacBook Air Laptops under a capital lease. All capital leases are for the terms of three to five years. The following is a schedule of the future minimum lease payments under this capital lease and including principal and interest payments.

Year ending June 30,	<u>Total</u>
2018	1,013,342.14
2019	1,013,342.14
2020	<u>1,013,342.14</u>
	\$ <u><u>3,040,026.42</u></u>

**C. Lease Purchase Obligations** - The District participated in the following lease purchase agreements for the acquisition of school equipment and improvements to its facilities. The following are schedules of the future lease payments under the respective lease purchase agreements, and the present value of net minimum lease payments.

1998-99 Woodbrook/ Lindeneau Improvs. - \$3,570,000.00

	Year Ended <u>June 30,</u>	<u>Amount</u>
	2018	\$ 270,318.75
	2019	<u>133,087.50</u>
Total Minimum Lease Payments		403,406.25
Less: Amount Representing Interest		<u>18,406.25</u>
Present Value of Net Minimum Lease Payments		<u><u>\$ 385,000.00</u></u>

**Note 4: LONG TERM DEBT DISCLOSURE (CONT'D.)**

**C. Lease Purchase Obligations (Cont'd.)**

2009-10 Roof Repairs & Renovations - \$3,745,000

	Year Ended <u>June 30,</u>	<u>Amount</u>
	2018	487,625.00
Total Minimum Lease Payments		<u>487,625.00</u>
Less: Amount Representing Interest		<u>17,625.00</u>
Present Value of Net Minimum Lease Payments		<u>\$ 470,000.00</u>

2012-13 Edison High School Addition - \$5,000,000

	Year Ended <u>June 30,</u>	<u>Amount</u>
	2018	\$ 1,734,967.91
Total Minimum Lease Payments		<u>1,734,967.91</u>
Less: Amount Representing Interest		<u>9,967.91</u>
Present Value of Net Minimum Lease Payments		<u>\$ 1,725,000.00</u>

2016-17 Woodbrook Addition and Improvements - \$5,000,000

	Year Ended <u>June 30,</u>	<u>Amount</u>
	2018	\$ 1,724,518.20
	2019	1,691,964.71
	2020	<u>1,691,794.48</u>
Total Minimum Lease Payments		<u>5,108,277.39</u>
Less: Amount Representing Interest		<u>108,277.39</u>
Present Value of Net Minimum Lease Payments		<u>\$ 5,000,000.00</u>

**D. Refinancing** - The Board of Education, via resolution, authorized the sale of refunding of bonds (the "Refunding Bonds") in order to advance refund all or a portion of the outstanding Refunding School Bonds dated February 1, 2003 and maturing on July 1 in the years 2015 through 2019, inclusive (the "Refunded Bonds"), which Refunded Bonds are part of a series of bonds dated originally issued in the aggregate principal of \$5,545,000. The total of the Refunding Bonds issued, dated April 17, 2014, amounted to \$2,585,000 to affect the refunding of the Refunded Bonds in the amount of \$2,560,000.

The proceeds of the Refunding Bonds will be used to advance refund the Refunded Bonds at a redemption price of 100% of the principal amount thereof. The Refunding Bonds will be used to pay: (i) when due, the interest accrued on the Refunded Bonds through and including the date the Refunded Bonds are called; (ii) the redemption price of the Refunded Bonds on the call date; and (iii) the costs associated with the issuance of the Refunding Bonds.

The Refunding Bonds bear interest from their date of delivery, which interest shall be payable semi-annually on the first day of January and July, commencing July 1, 2014, in each of the years and at the interest rates of between 1.00% and 3.00%, while yields, which reflect premiums or discounts, ranged from 0.250% to 1.550%. Net Present value savings amounted to \$169,832.69 or 6.634089% of the the Refunded Bonds. The Net Interest Cost (NIC) on the Refunding Bonds was 1.278634%. The proceeds of the sale of \$2,668,163.20 includes a premium of \$83,163.20 and deductions of \$55,321.32 for underwriting fees and other costs associated with the issuance of the Refunding Bonds, for a net proceed amount of \$2,612,841.88, which was deposited to an irrevocable trust with an escrow agent. The Refunded Bonds are considered to be defeased and have been removed from the District-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$52,841.88. This difference, reported in the accompanying District-wide financial statements as a "deferred outflow", is being amortized over the life of the Refunding Bonds issue. Annual charges to amortize the deferred outflow resulting from the refunding transaction are calculated on a "straight-line" basis.



**NOTE 5. PENSION PLANS**

**Description of Plans** – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of the plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF), once a Target Ration (TFR) is met, they will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Public Employee Retirement System (PERS) is a cost-sharing, multi-employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by the New Jersey Division of Pension and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	171,422
Inactive plan members entitled to but not yet receiving benefits	730
Active plan members	<u>261,171</u>
	<u>433,296</u>

Contributing Employers – 1,713.

*Significant Legislation* – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 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 an employer 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 PERS, 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.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

**NOTE 5. PENSION PLANS (CONT'D.)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)**

For the year ended June 30, 2017 the Board's total payroll for all employees was \$132,359,508. Total covered payroll was \$19,460,136. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The School Board's cash contribution to the Plan for the year ended June 30, 2016 and 2017 were \$2,429,817.00 and \$2,644,532.00, respectively. School Board Contributions are due and payable in the fiscal period subsequent to the plan year for which the contribution requirements were calculated.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2 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 retirement age of his/her 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.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2017 based upon the pension system measurement date of June 30, 2016, the School Board reported a liability of \$87,368,643 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Boards proportion of the net pension liability was based on a projection of the Boards long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Boards proportion was 0.2949936%, which was an increase of 0.0123686% percent from its proportion measure as of June 30, 2016.

NOTES TO FINANCIAL STATEMENTS

**NOTE 5. PENSION PLANS (CONT'D.)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)**

For the year ended June 30, 2017, the Board recognized pension expenses of \$9,120,186. At June 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in assumptions	\$18,098,116.00	\$
Net difference between projected and actual experience	1,624,792.00	
Net difference between projected and actual earnings on Plan investments	3,331,446.00	
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,635,078.00	494,412.00
Board contributions subsequent to the measurement date	<u>2,647,751.00</u>	<u>                    </u>
<b>Total</b>	<b><u>\$29,337,183.00</u></b>	<b><u>\$494,412.00</u></b>

The \$2,647,751.00 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2017	(5,974,694)
2018	(5,974,694)
2019	(6,708,680)
2020	(5,642,873)
2021	(1,894,079)

*Actuarial Assumptions-* The total pension liability in 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:

Inflation	3.08%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, tables provide for future improvements in mortality from the base year of 2013 using generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvements 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 Tables (setback 3 years for males and setback 1 year for females).

NOTES TO FINANCIAL STATEMENTS

**NOTE 5. PENSION PLANS (CONT'D.)**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONT'D.)**

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS participating employers as of June 30, 2016, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> (2.98%)	<u>At current discount rate</u> (3.98%)	<u>At 1% increase</u> (4.98%)
PERS			
State of New Jersey	\$34,422,851,197	\$29,390,685,705	\$25,246,574,457
Local Units	<u>36,292,338,055</u>	<u>29,617,121,759</u>	<u>24,106,170,190</u>
	\$70,715,189,252	\$59,007,817,464	49,352,744,647
District's proportionate share of the net pension liability	<u>\$107,060,074</u>	<u>\$87,368,643</u>	<u>\$71,111,659</u>

*Components of Net Pension Liability* – The components of the net pension liability for PERS, including State of New Jersey, at June 30, 2016 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$36,295,189,928	\$49,474,698,146	\$85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$29,390,685,705</u>	<u>\$29,617,131,759</u>	<u>\$59,007,817,464</u>

**B. TEACHERS PENSION AND ANNUITY FUND**

The Teachers Pension and Annuity Fund is a cost-sharing, multi-employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by the New Jersey Division of Pension and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	101,263
Inactive plan members entitled to but not yet receiving benefits	210
Active plan members	<u>155,882</u>
Total	<u>257,355</u>

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability. The current number of EERIPP Contributing Employers is 24.

*Significant Legislation* – For State of New Jersey contributions to TPAF, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

NOTES TO FINANCIAL STATEMENTS

**NOTE 5. PENSION PLANS (CONT'D.)**

**B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)**

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of TPAF.

For the year ended June 30, 2017 the Board's total payroll for all employees was \$132,359,508. Total covered payroll was \$112,899,372. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State of New Jersey contribution amount is based on an actuarially determined amount, which includes the employer portion of normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory insurance is based on actual claims paid and a “pay-as-you-go” basis.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested 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:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 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 retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The State of New Jersey is solely responsible for funding the normal pension obligation of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF Liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

**Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)**

<u>Year</u>		<u>Annual</u>	<u>Percentage</u>		<u>Net</u>
<u>Funding</u>		<u>Pension</u>	<u>of APC</u>		<u>Pension</u>
		<u>Cost (APC)</u>	<u>Contributed</u>		<u>Obligation</u>
6/30/17	\$	12,028,540	Unknown	\$	-0-
6/30/16		8,572,280	Unknown		-0-
6/30/15		5,705,028	Unknown		-0-

**NOTE 5. PENSION PLANS (CONT'D.)**

**B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)**

At June 30, 2016, the TPAF reported a net pension liability of \$78,666,367,052 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the District is \$842,265,079 or 1.07%. State non-employer contributions allocated to the Board were \$8,526,885 and \$5,671,158 for 2016 and 2015, respectively.

*Actuarial Assumptions-* The total pension liability in 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.

The total pension liability in the June 30, 2016 actuarial valuation we determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases (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 based on a 60-year average of Social Security data from 1953-2013.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.39%
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. High Yield Bonds	2.00%	4.70%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. Equities	26.00%	5.14%
Developed Foreign Equities	13.25%	5.91%
Emerging Market Equities	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	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**NOTE 5. PENSION PLANS (CONT'D.)**

**B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)**

*Discount Rate* – The discount rate used to measure the pension liabilities of TPAF was 3.22% as of June 30, 2016. This single blended discount rate was based on the log-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 contributions rates and that contributions from employers will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of the 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.

*Sensitivity of Net Pension Liability to Changes in the Discount Rate*– the following presents the net pension liability of TPAF as of June 30, 2016, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

<u>At 1% Decrease</u> (2.22%)	<u>At current discount rate</u> (3.22%)	<u>At 1% increase</u> (4.22%)
\$94,378,176,033	\$79,028,907,033	\$66,494,248,033

*Components of Net Pension Liability* – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2016 is as follows:

Total pension liability	\$ 101,746,770,000
Plan fiduciary net position	<u>22,717,862,967</u>
Net pension liability	<u>\$ 79,028,907,033</u>
Plan fiduciary net position as a percentage of the total pension liability	22.33%

**C. DEFINED CONTRIBUTION RETIREMENT PLAN**

*Plan Description* – The Defined Contribution Retirement Plan (DCRP) is a multi-employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by the New Jersey Division of Pension and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers*- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, membership in the DCRP, based on the information within the Division’s database was 46,557.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employee’s base salary. Active members contribute 5.5% of base salary.

**NOTE 5. PENSION PLANS (CONT'D.)**

**C. DEFINED CONTRIBUTION RETIREMENT PLAN (CONT'D.)**

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

For the year ended June 30, 2017 the Board's total Payroll for all employees was \$132,359,508. Total DCRP covered payroll was \$210,618.11. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2017 were \$976.45 and \$4,675.28, respectively.

**NOTE 6. POST-EMPLOYMENT BENEFITS**

The State of New Jersey sponsors and administers the post-employment health benefits program for school districts. Coverage is provided at no cost to members of the TPAF who retire after accumulating 25 years of credited service or on a disability retirement. The State is also responsible for the costs attributable to Chapter 126, P.L. 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 credited service or on a disability retirement if the member's employer does not provide this coverage. Pursuant to P.L. 2007, c.103, separate funds outside the pension plans were established for funding and payment of post-retirement medical benefits for state employees and retired educational employees.

The Division of pensions issues a publicly available financial report that includes the financial statements and required supplementary information for the Health Benefits Program Fund – Local Government. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625.

As of June 30, 2017, there were 110,512 retirees receiving state paid post-retirement medical benefits (an increase of 3,198 from the prior period), and the State contributed \$1.37 billion (an increase of \$0.12 billion) on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, Chapter 62. Funding of post-retirement medical benefits was changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service at no cost to the member. The State paid \$231.2 million (an increase of \$17.1 million from Fiscal Year 2016) toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The State's contribution to the Health Benefits Program Fund on behalf of the District for TPAF retiree health benefits for the last three years, is as follows:

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year</u>	<u>Annual Post Retirement Medical Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/17	\$ 10,022,511	100 %	\$ -0-
6/30/16	10,207,218	100	-0-
6/30/15	9,056,735	100	-0-

The amounts of State contributions to the Health Benefits Program Fund on-behalf of the District for PERS retiree health benefits has not been made available.



**NOTE 7. COMPENSATED ABSENCES**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and accumulate for use in future years. Upon the attainment of specified years of service or upon reaching normal retirement age, employees become eligible to receive compensation for unused accumulated sick leave. The specific terms for eligibility and compensation are governed by the various collective bargaining agreements and employment contracts.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

**NOTE 8. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits 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.

**NOTE 9. 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** - During the school year ended June 30, 2017, the District continued to transfer its insurable risks through the purchase of commercial insurance policies.

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

<u>Fiscal Year</u>	<u>Interest Earnings</u>	<u>District/Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 4,153.42	\$ 188,899.13	\$ 139,259.79	\$ 879,379.75
2015-2016	2,728.64	185,466.83	120,758.88	825,586.99
2014-2015	2,252.08	180,563.81	142,421.92	758,150.40

In prior years, the Board instituted a risk management program, which combines risk retention and reinsurance coverage for claims relating to statutory worker's compensation. The Board also obtained specific excess workers' compensation insurance coverage. Effective for the fiscal year beginning July 1, 2011, the Board has obtained workers' compensation insurance through a premium based risk transfer policy.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. RISK MANAGEMENT (CONT'D.)**

**Retained Insurance Risk** –For years prior to 2011-2012, the Board engaged an outside claims service company to serve as administrator of the worker’s compensation program. Loss reserves are established by the administrator for estimated benefits and expenses for reported claims. Established reserves are subject to change as facts and circumstances relating to claims dictate, and no provision is made for estimated losses relating to costs incurred but not reported (IBNR). At June 30, 2017, the administrator has established an estimated reserve requirement for reported claims prior to July 1, 2011 in the amount of \$99,849.15. The accrued claim liability results in a reported net position in the Workers’ Compensation Fund in the amount of \$1,794,310.03 at June 30, 2017. Based upon its review of claims liability, management believes the Fund to be adequately funded at year-end. The Board continues to carry commercial insurance for other risks of loss, including accident insurance.

**NOTE 10. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,191,749.57	\$ 1,892,033.32
Special Revenue Fund	-0-	-0-
Capital Projects Fund	-0-	3,187.75
Workers Compensation Fund	1,892,033.32	-0-
Food Service Fund	_____	2,188,561.82
	<u>\$ 4,083,782.89</u>	<u>\$ 4,083,782.89</u>

**NOTE 11. INVENTORY**

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

USDA Commodities	\$51,465.48
Food & Supplies	44,521.02

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

**NOTE 12. CAPITAL RESERVE/CAPITAL OUTLAY**

A capital reserve account was originally established by the Edison Board of Education in the amount of \$10,500.00 on September 25, 2000. The capital reserve account is 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 district’s approved Long-Range Facilities Plan (LRFP). Upon submissions of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any anticipated revenue or unexpended line-item appropriation amounts, or both. 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 N.J.A.C. 6A:26-9(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. CAPITAL RESERVE/CAPITAL OUTLAY (CONT'D)

The activity of the capital reserve for July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$1,014,107.83
Board Contribution	1,000,000.00
Transfers Out to Capital Outlay and Projects	(1,000,000.00)
Interest Earnings	<u>3,054.37</u>
Ending Balance,	<u>\$1,017,162.20</u>

The June 30, 2017 LRFPS balance of local support costs of uncompleted capital projects at June 30, 2017 is \$1,017,162.20. Withdrawals authorized from the capital reserve are for use in DOE approved facilities projects, consistent with the district's Long-Range Facilities Plan.

### NOTE 13. OTHER RESERVE ACCOUNTS

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve funds for Maintenance and Emergencies. The activity of these reserved accounts and their status at June 30, 2017 is as follows:

Maintenance Reserve: The balance at the end of June 30, 2017 in this account was \$255,416.20.

Emergency Reserve: The balance at the end of June 30, 2017 in the account is \$1,000,000.00.

### NOTE 14. FUND BALANCE APPROPRIATED

**General Fund** - Of the \$10,047,367.84 General Fund fund balance at June 30, 2017, \$1,916,206.18 is reserved and is appropriated and included as anticipated revenue as "Excess Surplus" for the year ending June 30, 2018; \$3,858,583.26 has been reserved as "Excess Surplus N.J.S.A. 18A:7F-7"; \$255,416.20 has been reserved for the Maintenance Reserve Account; \$1,000,000.00 has been reserved for the Emergency Reserve Account; \$1,017,162.20 has been reserved for the Capital Reserve Account; and the remaining \$1,906,765.90 is unassigned.

**Capital Projects Fund** - At June 30, 2017, the Capital Projects Fund reported a fund balance of \$9,346,966.34

**Debt Service Fund** - The \$0.84 Debt Service Fund fund balance at June 30, 2017 is reported as restricted. Of the fund balance at June 30, 2017, the full amount has been appropriated as revenue in the 2017-2018 school budget.

### NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.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 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. Based upon the reduction in the maximum undesignated surplus permitted as a result of the enactment of S1701, the District had current year excess surplus at June 30, 2017 in the amount of \$3,858,583.26. This amount is required to be utilized as tax relief in the 2017-2018 budget.

### NOTE 16. DEFICIT FUND BALANCES

The District did not have a deficit total governmental fund balances at June 30, 2017 reported in the fund statements (modified accrual basis). P.L. 2003 c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, ie., if one government recognizes an asset, the other government recognizes a liability. Since the District is not recording the last state aid payment on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon nonrecognition of revenue on the GAAP basis for the final state aid payment.

**NOTE 16. DEFICIT FUND BALANCES (CONT'D.)**

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

**NOTE 17. PENDING LITIGATION AND CONTINGENT LIABILITIES**

Federal and State Assistance Programs

The Board participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2017, the Board does not believe that any material liabilities will result from such audits.

Contingencies

The District is involved in several claims and lawsuits incidental to its operation, which are generally defended through the Board's insurance carriers. Certain claims are in their discovery stage and the potential financial exposure to the Board, if any, cannot currently be ascertained. Management indicates there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the Township of Edison School District.

**NOTE 18. TAX ABATEMENTS**

The Township of Edison participates in long-term tax exemption programs for affordable housing projects, as authorized and permitted by New Jersey State Statutes. *N.J.S.A.* 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. Taxes abated by other governments include local, school, county, and, in some cases, fire district taxes. The tax-exempt project makes payments to the municipalities in lieu of taxes (PILOT payments). School districts are not authorized by New Jersey statute to enter into tax abatement agreements. A municipal or county tax abatement agreement will not directly affect the school district's local tax revenue as *N.J.S.A.* 54:4-75 and *N.J.S.A.* 54:4-76 require that amounts so forgiven must effectively be raised by the tax base. The most recent Township information indicates PILOT billings for 2017 were \$331,484; whereas the amount of property taxes that otherwise may have been billed based upon the assessed valuations of these projects is calculated to be \$372,600. The Township also indicates that in most cases these housing projects would not have taken place without the benefit of the tax abatement program.

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

**NOTE 19. SUBSEQUENT EVENTS**

As at the date of the audit report, no events have occurred that would have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION – C**

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 208,422,140.00	\$	\$ 208,422,140.00	\$ 208,422,141.04	\$ 1.04
Tuition - Individuals	50,000.00		50,000.00	160,200.00	110,200.00
Tuition - Other than Individuals - LEA's within the State	100,000.00		100,000.00	268,571.33	168,571.33
Transportation Fees from Individuals	775,000.00		775,000.00	1,297,471.00	522,471.00
Interest Earned on Capital Reserve Funds	50.00		50.00	3,054.37	3,004.37
Miscellaneous	856,000.00		856,000.00	860,200.35	4,200.35
<b>Total - Local Sources</b>	<b>210,203,190.00</b>	<b>-</b>	<b>210,203,190.00</b>	<b>211,011,638.09</b>	<b>808,448.09</b>
State Sources:					
Categorical Special Education Aid	8,719,977.00		8,719,977.00	8,719,977.00	-
Equalization Aid	3,547,227.00		3,547,227.00	3,547,227.00	-
Categorical Security Aid	375,345.00		375,345.00	375,345.00	-
Categorical Transportation Aid	960,826.00		960,826.00	960,826.00	-
Other State Aids	432,115.00		432,115.00	432,115.00	-
Extraordinary Aid (2015-2016)			-	-	-
Extraordinary Aid (2016-2017)	174,653.00	1,225,000.00	1,399,653.00	2,140,696.00	741,043.00
Non-Public Transportation Aid			-	116,465.00	116,465.00
Homeless Children Aid		1,510,000.00	1,510,000.00	1,510,129.00	129.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				11,607,957.00	11,607,957.00
On-Behalf T.P.A.F. Pension Contrib. NCGI Premium (non-budgeted)			-	437,885.00	437,885.00
On-Behalf T.P.A.F. Post-Retirement Medical (non-budgeted)				10,022,511.00	10,022,511.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				8,078,426.47	8,078,426.47
<b>Total - State Sources</b>	<b>14,210,143.00</b>	<b>2,735,000.00</b>	<b>16,945,143.00</b>	<b>47,949,559.47</b>	<b>31,004,416.47</b>
Federal Sources:					
Special Education Medicaid Initiative (SEMI)	158,101.00		158,101.00	376,403.04	218,302.04
Random Moment in Time	-		-	22,381.84	22,381.84
<b>Total - Federal Sources</b>	<b>158,101.00</b>	<b>-</b>	<b>158,101.00</b>	<b>398,784.88</b>	<b>240,683.88</b>
<b>Total Revenues</b>	<b>\$ 224,571,434.00</b>	<b>\$ 2,735,000.00</b>	<b>\$ 227,306,434.00</b>	<b>\$ 259,359,982.44</b>	<b>\$ 32,053,548.44</b>
<b>EXPENDITURES</b>					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	\$ 131,063.00	\$	\$ 131,063.00	\$ 130,967.97	\$ 95.03
Preschool/Kinderg-Salaries	2,718,034.00	(175,000.00)	2,543,034.00	2,469,881.47	73,152.53
Grades 1-5 Salaries of Teacher	33,669,208.00	(465,000.00)	33,204,208.00	32,628,859.13	575,348.87
Grades 6-8 Salaries of Teacher	20,922,714.00	(400,000.00)	20,522,714.00	19,992,071.62	530,642.38
Grades 9-12 Salaries of Teacher	23,239,590.00	(539,000.00)	22,700,590.00	22,279,302.33	421,287.67
Regular Programs-Undistributed Instruction					
Other Salaries for Instruction	315,825.00		315,825.00	313,137.73	2,687.27
Purch Professional - Educational Services	15,000.00	500.00	15,500.00	15,120.00	380.00

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EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Purch Services	20,000.00	(15,000.00)	5,000.00	1,522.17	3,477.83
General Supplies	1,823,000.00	1,075,000.00	2,898,000.00	2,890,349.92	7,650.08
Textbooks	478,000.00	172,000.00	650,000.00	649,190.09	809.91
Other Objects	160,000.00	(20,000.00)	140,000.00	137,067.25	2,932.75
<b>Total Regular Programs</b>	<b>83,492,434.00</b>	<b>(366,500.00)</b>	<b>83,125,934.00</b>	<b>81,507,469.68</b>	<b>1,618,464.32</b>
Special Education-Instruction:					
Special Education - Multiple Disabilities					
Salaries of Teachers	552,350.00	(56,000.00)	496,350.00	472,340.56	24,009.44
Other Salaries for Instruction	409,861.00		409,861.00	407,990.36	1,870.64
General Supplies	5,000.00	5,000.00	10,000.00	9,547.58	452.42
Textbooks	1,000.00		1,000.00	-	1,000.00
<b>Total Multiple Disabilities</b>	<b>968,211.00</b>	<b>(51,000.00)</b>	<b>917,211.00</b>	<b>889,878.50</b>	<b>27,332.50</b>
Special Education - Learning/Language Disabilities					
Salaries of Teachers	550,415.00	(40,000.00)	510,415.00	472,541.90	37,873.10
Other Salaries for Instruction	159,155.00		159,155.00	157,056.92	2,098.08
General Supplies	5,000.00		5,000.00	5,000.00	-
Textbooks	1,000.00		1,000.00	-	1,000.00
<b>Total Learning/Language Disabilities</b>	<b>715,570.00</b>	<b>(40,000.00)</b>	<b>675,570.00</b>	<b>634,598.82</b>	<b>40,971.18</b>
Special Education-Instruction - Resource Room/Resource Center					
Salaries of Teachers	14,663,782.00	(187,000.00)	14,476,782.00	14,445,140.91	31,641.09
Other Salaries for Instruction	779,474.00		779,474.00	764,785.84	14,688.16
General Supplies	15,000.00	500.00	15,500.00	15,017.14	482.86
Textbooks	5,000.00		5,000.00	-	5,000.00
<b>Total Resource Room/Resource Center</b>	<b>15,463,256.00</b>	<b>(186,500.00)</b>	<b>15,276,756.00</b>	<b>15,224,943.89</b>	<b>51,812.11</b>
Special Education Instruction - Autism					
Salaries of Teachers	938,872.00	50,000.00	988,872.00	982,213.20	6,658.80
Other Salaries for Instruction	657,592.00		657,592.00	626,241.84	31,350.16
General Supplies	5,000.00	11,000.00	16,000.00	8,388.76	7,611.24
Textbooks	1,000.00		1,000.00	-	1,000.00
<b>Total Instruction - Autism</b>	<b>1,602,464.00</b>	<b>61,000.00</b>	<b>1,663,464.00</b>	<b>1,616,843.80</b>	<b>46,620.20</b>
Special Education Instruction - Preschool Disabilities-Part Time					
Salaries of Teachers	395,392.00		395,392.00	374,038.82	21,353.18
Other Salaries for Instruction	189,532.00		189,532.00	177,029.41	12,502.59
General Supplies	5,000.00		5,000.00	5,000.00	-
Textbooks			-	-	-



EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Preschool Disabilities-Part Time	589,924.00	-	589,924.00	556,068.23	33,855.77
Special Education Instruction -Preschool Disabilities-Full Time					
Salaries of Teachers	672,567.00		672,567.00	646,938.53	25,628.47
Other Salaries for Instruction	367,578.00		367,578.00	361,793.55	5,784.45
General Supplies	5,000.00	1,000.00	6,000.00	5,005.00	995.00
Textbooks			-	-	-
Total Preschool Disabilities-Full Time	1,045,145.00	1,000.00	1,046,145.00	1,013,737.08	32,407.92
Special Education-Instruction - Supplemental					
Salaries of Teachers	25,000.00	(25,000.00)	-	-	-
Purch Professional - Educational Services			-	-	-
Total Home Instruction	25,000.00	(25,000.00)	-	-	-
Special Education-Instruction - Home Instruction					
Salaries of Teachers	75,000.00	(20,000.00)	55,000.00	54,976.60	23.40
Purch Professional - Educational Services	125,000.00	(50,000.00)	75,000.00	68,558.04	6,441.96
Total Home Instruction	200,000.00	(70,000.00)	130,000.00	123,534.64	6,465.36
Total Special Education - Instruction	20,609,570.00	(310,500.00)	20,299,070.00	20,059,604.96	239,465.04
Bilingual Education-Instruction					
Salaries of Teachers	894,133.00	(60,000.00)	834,133.00	830,447.43	3,685.57
Other Salaries for Instruction	68,857.00	500.00	69,357.00	68,977.00	380.00
Purch Professional - Educational Services	10,000.00		10,000.00	2,262.79	7,737.21
General Supplies	15,000.00	(10,000.00)	5,000.00	4,791.94	208.06
Textbooks			-	-	-
Total Bilingual Education	987,990.00	(69,500.00)	918,490.00	906,479.16	12,010.84
School Sponsored Co/Extracurricular Activities - Instruction					
Salaries	398,395.00	90,500.00	488,895.00	488,553.63	341.37
Supplies and Materials	90,000.00	(15,000.00)	75,000.00	70,661.56	4,338.44
Total School Sponsored Co/Extracurricular Activities - Instruction	488,395.00	75,500.00	563,895.00	559,215.19	4,679.81
School - Sponsored Athletics - Instruction					
Salaries	1,099,625.00	97,500.00	1,197,125.00	1,197,078.21	46.79
Purch Services	4,000.00	8,000.00	12,000.00	10,367.50	1,632.50
Supplies and Materials	315,000.00	45,000.00	360,000.00	355,699.04	4,300.96
Total School - Sponsored Athletics - Instruction	1,418,625.00	150,500.00	1,569,125.00	1,563,144.75	5,980.25

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Instruction	106,997,014.00	(520,500.00)	106,476,514.00	104,595,913.74	1,880,600.26
Undistributed Expenditures: Instruction					
Tuition to Other LEA's within the State - Regular	80,000.00	(22,000.00)	58,000.00	57,733.53	266.47
Tuition to Private Schools for the Handicapped - within State	10,472,199.00	659,500.00	11,131,699.00	11,131,285.73	413.27
Tuition-State Facilities	79,930.00		79,930.00	79,930.00	-
Tuition-Other	25,000.00	39,000.00	64,000.00	63,872.00	128.00
Total Undistributed Expenditures-Instruction (Tuition)	106,577,129.00	676,500.00	11,333,629.00	11,332,821.26	807.74
Undistributed Expenditures-Attendance and Social Work					
Salaries	193,659.00		193,659.00	192,921.78	737.22
Other Purchased Services			-	-	-
Total Undistributed Expenditures Attend. & Social Work	193,659.00	-	193,659.00	192,921.78	737.22
Undistributed Expenditures-Health Services					
Salaries	1,849,527.00	18,000.00	1,867,527.00	1,867,320.66	206.34
Purchased Professional and Tech Services	39,000.00	(15,000.00)	24,000.00	20,711.50	3,288.50
Supplies and Materials	38,000.00	115,000.00	153,000.00	147,596.78	5,403.22
Total Undistributed Expenditures-Health Services	1,926,527.00	118,000.00	2,044,527.00	2,035,628.94	8,898.06
Undistributed Expenditures-Speech, OT, PT & Related Services:					
Salaries	2,343,136.00	(190,000.00)	2,153,136.00	2,149,186.07	3,949.93
Purchased Professional- Educational Services	2,350,000.00	993,000.00	3,343,000.00	3,341,380.82	1,619.18
Supplies and Materials	30,000.00	10,000.00	40,000.00	40,000.00	-
Total Undistributed Expenditures-Speech, OT, PT & Related Services:	4,723,136.00	813,000.00	5,536,136.00	5,530,566.89	5,569.11
Undistributed Expenditures-Other Support Services Students-Extra. Serv.:					
Salaries	1,071,548.00		1,071,548.00	1,068,446.72	3,101.28
Total Undistributed Expenditures-Other Support Services Students-Extra. Serv.	1,071,548.00	-	1,071,548.00	1,068,446.72	3,101.28
Undistributed Expenditures-Guidance Students-Extra. Serv.:					
Salaries of Other Professional Staff	4,167,961.00	(225,000.00)	3,942,961.00	3,941,014.54	1,946.46
Salaries of Secretarial and Clerical Assistants	480,884.00		480,884.00	475,007.84	5,876.16
Purch Professional - Educ Services	500,000.00	25,000.00	525,000.00	522,145.54	2,854.46
Other Purchased Services	15,000.00		15,000.00	10,214.26	4,785.74
Supplies and Materials	22,000.00		22,000.00	18,545.54	3,454.46
Total Undistributed Expenditures-Guidance	5,185,845.00	(200,000.00)	4,985,845.00	4,966,927.72	18,917.28

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EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Child Study Teams					
Salaries of Other Professional Staff	3,965,208.00	55,000.00	4,020,208.00	4,016,289.57	3,918.43
Salaries of Secretarial and Clerical Assistants	273,478.00	(10,000.00)	263,478.00	263,260.35	217.65
Other Purch Services	6,000.00	2,500.00	8,500.00	8,200.15	299.85
Residential Costs	130,000.00	125,000.00	255,000.00	254,856.96	143.04
Misc Purchase Services			-	-	-
Supplies and Materials	20,000.00		20,000.00	20,000.00	-
<b>Total Undistributed Expenditures-Child Study Teams</b>	<b>4,394,686.00</b>	<b>172,500.00</b>	<b>4,567,186.00</b>	<b>4,562,607.03</b>	<b>4,578.97</b>
Undistributed Expenditures-Improvement of Instruction Services					
Salaries of Supervisor of Instruction	2,353,279.00	(5,000.00)	2,348,279.00	2,346,637.74	1,641.26
Salaries of Other Professional Staff	84,250.00	(35,000.00)	49,250.00	46,920.00	2,330.00
Salaries of Secretarial and Clerical Assistants	186,708.00		186,708.00	178,755.84	7,952.16
Other Purch Services	5,000.00		5,000.00	2,900.70	2,099.30
Supplies and Materials	12,000.00		12,000.00	8,711.59	3,288.41
<b>Total Undistributed Expenditures-Improvement of Instruction Services</b>	<b>2,641,237.00</b>	<b>(40,000.00)</b>	<b>2,601,237.00</b>	<b>2,583,925.87</b>	<b>17,311.13</b>
Undistributed Expenditures-Educa. Media Serv./School Library					
Salaries	798,004.00	(35,000.00)	763,004.00	751,130.59	11,873.41
Supplies and Materials	130,700.00		130,700.00	126,670.05	4,029.95
<b>Total Undistributed Expenditures-Educa. Media Serv./School Library</b>	<b>928,704.00</b>	<b>(35,000.00)</b>	<b>893,704.00</b>	<b>877,800.64</b>	<b>15,903.36</b>
Undistributed Expenditures-Instructional Staff Training Services					
Salaries of Supervisor of Instruction	292,439.00	1,500.00	293,939.00	292,982.23	956.77
Salaries of Other Professional Staff	76,100.00	9,500.00	85,600.00	85,582.50	17.50
Salaries of Secretarial & Clerical Assist.	61,031.00		61,031.00	61,031.00	-
Supplies and Materials	5,000.00		5,000.00	3,114.47	1,885.53
Other Objects	150,000.00	(15,000.00)	135,000.00	133,245.66	1,754.34
<b>Total Undistributed Expenditures-Instructional Staff Training Services</b>	<b>584,570.00</b>	<b>(4,000.00)</b>	<b>580,570.00</b>	<b>575,955.86</b>	<b>4,614.14</b>
Undistributed Expenditures-Support Services-Gen Admin.					
Salaries	996,234.00		996,234.00	984,773.92	11,460.08
Legal Services	360,000.00		360,000.00	359,914.54	85.46
Audit Fees	48,000.00	2,500.00	50,500.00	50,463.00	37.00
Other Purch Professional Services	97,500.00	(22,000.00)	75,500.00	72,708.29	2,791.71
Communication / Telephone	661,500.00	32,000.00	693,500.00	693,232.40	267.60
Misc Purchase Services	895,392.00	(161,000.00)	734,392.00	727,506.99	6,885.01
General Supplies	90,000.00		90,000.00	82,080.09	7,919.91
Board of Ed In-House Training/Meeting Supplies	3,000.00	1,000.00	4,000.00	3,132.04	867.96
Judgments against School District			-	-	-
Misc. Expenditures	20,000.00		20,000.00	10,317.00	9,683.00

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Board of Ed Membership Dues and Fees	27,000.00		27,000.00	26,662.70	337.30
<b>Total Undistributed Expenditures-Support Services-Gen. Admin.</b>	<b>3,198,626.00</b>	<b>(147,500.00)</b>	<b>3,051,126.00</b>	<b>3,010,790.97</b>	<b>40,335.03</b>
Undistributed Expenditures-Support Serv-School Admin:					
Salaries of Principals/Asst. Pr/Prog Dir	4,499,017.00	10,000.00	4,509,017.00	4,506,475.72	2,541.28
Salaries of Secretarial and Clerical Assistants	2,676,039.00	(25,000.00)	2,651,039.00	2,643,921.30	7,117.70
Other Salaries	5,000.00		5,000.00	3,935.43	1,064.57
Other Purchased Services	55,000.00		55,000.00	48,131.76	6,868.24
Supplies and Materials	105,000.00		105,000.00	88,806.53	16,193.47
<b>Total Undistributed Expenditures-Support Serv-School Admin</b>	<b>7,340,056.00</b>	<b>(15,000.00)</b>	<b>7,325,056.00</b>	<b>7,291,270.74</b>	<b>33,785.26</b>
Undistributed Expenditures-Central Services					
Salaries	1,249,567.00	(54,000.00)	1,195,567.00	1,189,780.15	5,786.85
Purchased Professional Services	97,500.00	13,000.00	110,500.00	110,414.19	85.81
Misc. Purchased Services	12,000.00	2,000.00	14,000.00	13,552.38	447.62
Supplies and Materials	35,000.00		35,000.00	34,787.88	212.12
Interest on Lease Purchase Agreements	29,529.00		29,529.00	29,528.13	0.87
Miscellaneous Expenditures	5,000.00		5,000.00	4,305.00	695.00
<b>Total Undistributed Expenditures-Central Services</b>	<b>1,428,596.00</b>	<b>(39,000.00)</b>	<b>1,389,596.00</b>	<b>1,382,367.73</b>	<b>7,228.27</b>
Undistributed Expenditures-Admin. Info. Tech					
Salaries	895,766.00	(23,000.00)	872,766.00	872,649.14	116.86
Purchased Professional Services	75,000.00	50,000.00	125,000.00	119,354.35	5,645.65
Purchased Technical Services	200,000.00	40,000.00	240,000.00	238,266.92	1,733.08
Other Purchased Services	130,000.00	32,000.00	162,000.00	160,213.58	1,786.42
Supplies and Materials	200,000.00	23,000.00	223,000.00	220,438.84	2,561.16
<b>Total Undistributed Expenditures-Admin. Info. Tech</b>	<b>1,500,766.00</b>	<b>122,000.00</b>	<b>1,622,766.00</b>	<b>1,610,922.83</b>	<b>11,843.17</b>
Undistributed Expenditures-Required Maint for School Facilities					
Salaries	1,202,728.00	(105,000.00)	1,097,728.00	1,089,652.15	8,075.85
Cleaning, Repair, and Maintenance Services	1,173,000.00	1,275,000.00	2,448,000.00	2,447,231.48	768.52
General Supplies	559,450.00	22,000.00	581,450.00	581,241.74	208.26
Other Objects	75,000.00	36,000.00	111,000.00	110,909.33	90.67
<b>Total Undistributed Expenditures-Required Maint for School Facilities</b>	<b>3,010,178.00</b>	<b>1,228,000.00</b>	<b>4,238,178.00</b>	<b>4,229,034.70</b>	<b>9,143.30</b>
Undistributed Expenditures-Custodial Services					
Salaries	5,995,292.00	172,000.00	6,167,292.00	6,166,690.37	601.63
Salaries of Non-Instructional Aides	989,040.00	(6,000.00)	983,040.00	982,614.17	425.83
Cleaning, Repair, and Maintenance Services	387,000.00	38,000.00	425,000.00	424,866.79	133.21
Other Purchased Property Services	300,000.00	88,500.00	388,500.00	388,100.87	399.13
Insurance	439,320.00	(15,000.00)	424,320.00	422,536.00	1,784.00

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
General Supplies	379,600.00	228,000.00	607,600.00	607,503.60	96.40
Energy (Natural Gas)	1,375,000.00	(600,000.00)	775,000.00	771,258.81	3,741.19
Energy (Electricity)	1,650,000.00	(220,000.00)	1,430,000.00	1,426,824.33	3,175.67
Other Objects	6,000.00		6,000.00	687.27	5,312.73
<b>Total Undistributed Expenditures-Custodial Services</b>	<b>11,521,252.00</b>	<b>(314,500.00)</b>	<b>11,206,752.00</b>	<b>11,191,082.21</b>	<b>15,669.79</b>
Undistributed Expenditures- Care & Upkeep of Grounds					
Salaries	871,209.00	(50,000.00)	841,209.00	840,441.37	767.63
Cleaning, Repair, and Maintenance Services	35,000.00	(25,000.00)	10,000.00	7,288.63	2,711.37
General Supplies	132,800.00	43,000.00	175,800.00	175,696.18	103.82
<b>Total Undistributed Expenditures- Care &amp; Upkeep of Grounds</b>	<b>1,039,009.00</b>	<b>(12,000.00)</b>	<b>1,027,009.00</b>	<b>1,023,426.18</b>	<b>3,582.82</b>
Undistributed Expenditures- Security					
Salaries	615,466.00	(80,000.00)	535,466.00	529,929.72	5,536.28
Purchased Professional and Technical Services	10,000.00	6,500.00	16,500.00	16,300.00	200.00
General Supplies	12,250.00	1,000.00	13,250.00	12,865.26	384.74
<b>Total Undistributed Expenditures- Security</b>	<b>637,716.00</b>	<b>(72,500.00)</b>	<b>565,216.00</b>	<b>559,094.98</b>	<b>6,121.02</b>
<b>Total Undist. Expenditures - Oper &amp; Maint of Plant Serv.</b>	<b>16,208,155.00</b>	<b>829,000.00</b>	<b>17,037,155.00</b>	<b>17,002,638.07</b>	<b>34,516.93</b>
Undistributed Expenditures-Student Transportation Services					
Salaries of Non-Instructional Aides	204,000.00	(36,500.00)	167,500.00	167,380.95	119.05
Salaries for Pupil Trans (Bet Home & Sch) - Reg.	996,323.00	19,500.00	1,015,823.00	1,015,467.79	355.21
Cleaning, Repair, and Maintenance Services	100,000.00	29,000.00	129,000.00	128,599.80	400.20
Contracted Services Aid in Lieu of Payments - NonPublic Sch	520,000.00	68,000.00	588,000.00	579,617.92	8,382.08
Contracted Services Aid in Lieu of Payments - Charter Sch	30,000.00	(4,000.00)	26,000.00	25,090.69	909.31
Contracted Services (Bet. Home and Sch) - Vendors	3,300,000.00	430,000.00	3,730,000.00	3,727,068.59	2,931.41
Contracted Services (Oth. than Bet. Home and Sch) - Vendors	627,500.00	(61,000.00)	566,500.00	566,203.00	297.00
Contracted Services (Special Ed Stds) - Vendors	3,159,171.00	620,000.00	3,779,171.00	3,775,557.87	3,613.13
Contracted Services (Special Ed Stds) - Joint Agrmnts	10,000.00		10,000.00	5,734.70	4,265.30
Contracted Services (Spl. Ed. Students) - ESCs & CTSAs	1,500,000.00	688,000.00	2,188,000.00	2,187,736.06	263.94
Misc Purchased Services - Transportation	161,230.00		161,230.00	158,650.00	2,580.00
General Supplies	126,000.00	(3,000.00)	123,000.00	122,505.99	494.01
<b>Total Undistributed Expenditures-Student Transportation Serv.</b>	<b>10,734,224.00</b>	<b>1,750,000.00</b>	<b>12,484,224.00</b>	<b>12,459,613.36</b>	<b>24,610.64</b>
Unallocated Benefits:					
Social Security Contributions	2,158,000.00	(80,000.00)	2,078,000.00	2,072,041.27	5,958.73
Other Retirement Contributions - PERS	2,450,000.00	262,000.00	2,712,000.00	2,711,436.58	563.42
Unemployment Compensation			-	-	-
Worker's Compensation	1,080,743.00	(20,000.00)	1,060,743.00	1,055,365.37	5,377.63
Health Benefits	30,374,200.00	(1,379,000.00)	28,995,200.00	27,596,402.96	1,398,797.04
Tuition Reimbursement	150,000.00	(25,000.00)	125,000.00	119,852.20	5,147.80

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EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Unallocated Benefits	36,212,943.00	(1,242,000.00)	34,970,943.00	33,555,098.38	1,415,844.62
On-Behalf T.P.A.F. Pension Contrib. (non-budgeted)	-	-	-	11,607,957.00	(11,607,957.00)
On-Behalf T.P.A.F. Pension Contrib. NCGI Premium (non-budgeted)	-	-	-	437,885.00	(437,885.00)
On-Behalf T.P.A.F. Post-Retirement Medical Contrib. (non-budgeted)	-	-	-	10,022,511.00	(10,022,511.00)
Reimbursed TPAF SS Contributions (non-budgeted)	-	-	-	8,078,426.47	(8,078,426.47)
Total On-behalf Contributions	-	-	-	30,146,779.47	(30,146,779.47)
Total Undistributed Expenditures	108,930,407.00	2,758,500.00	111,688,907.00	140,187,084.26	(28,498,177.26)
Total Current Expense	215,927,421.00	2,238,000.00	218,165,421.00	244,782,998.00	(26,617,577.00)
<b>Capital Outlay:</b>					
Capital Reserve Interest	50.00	-	50.00	-	50.00
Total Capital Reserve	50.00	-	50.00	-	50.00
Equipment:					
Undistributed Expenditures:					
Instructional Equipment-Undistributed	525,000.00	553,000.00	1,078,000.00	1,028,614.52	49,385.48
Required Maint for School Fac.	75,000.00	47,000.00	122,000.00	120,890.16	1,109.84
School Buses - Special	262,394.00	(142,393.89)	120,000.11	115,865.51	4,134.60
Total Equipment	862,394.00	457,606.11	1,320,000.11	1,265,370.19	54,629.92
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	250,000.00	75,000.00	325,000.00	321,348.70	3,651.30
Land and Improvements	200,000.00	270,000.00	470,000.00	467,175.00	2,825.00
Lease Purchase Agreements - Principal	1,660,000.00	-	1,660,000.00	1,660,000.00	-
Bldgs. Other than Lease Purchase Agreements	7,000,000.00	(202,606.11)	6,797,393.89	508,751.56	6,288,642.33
Assessment for Debt Service on SDA Funding	102,117.00	-	102,117.00	102,117.00	-
Total Facilities Acquisition and Construction Services	9,212,117.00	142,393.89	9,354,510.89	3,059,392.26	6,295,118.63
Assets Acquired Under Capital Leases - (Non-Budgeted)					
Undistributed Expenditures - School Administration	-	-	-	1,277,099.35	(1,277,099.35)
Total Capital Outlay	10,074,561.00	600,000.00	10,674,561.00	5,601,861.80	5,072,699.20
Special Schools:					
Summer School - Instruction					
Salaries of Teachers	135,000.00	(1,500.00)	133,500.00	133,139.00	361.00
General Supplies	-	-	-	-	-

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Summer School - Instruction	135,000.00	(1,500.00)	133,500.00	133,139.00	361.00
Summer School - Support Service					
Salaries	27,000.00	(23,500.00)	3,500.00	2,600.00	900.00
Supplies		1,000.00	1,000.00	795.16	204.84
Total Summer School - Support Service	27,000.00	(22,500.00)	4,500.00	3,395.16	1,104.84
Total Summer School Instruction	162,000.00	(24,000.00)	138,000.00	136,534.16	1,465.84
Other Special Schools - Instruction					
Salaries of Teachers	160,000.00	26,000.00	186,000.00	185,234.00	766.00
General Supplies	7,000.00	3,000.00	10,000.00	8,673.59	1,326.41
Total Other Special Schools - Instruction	167,000.00	29,000.00	196,000.00	193,907.59	2,092.41
Other Special Schools- Support Services					
Salaries	5,500.00	(4,000.00)	1,500.00	1,005.00	495.00
Other Objects	2,500.00		2,500.00	1,723.11	776.89
Total Other Special Services- Support Services	8,000.00	(4,000.00)	4,000.00	2,728.11	1,271.89
Total Other Special Schools	175,000.00	25,000.00	200,000.00	196,635.70	3,364.30
Total Special Schools	337,000.00	1,000.00	338,000.00	333,169.86	4,830.14
<b>Total Expenditures</b>	<b>\$ 226,338,982.00</b>	<b>\$ 2,839,000.00</b>	<b>\$ 229,177,982.00</b>	<b>\$ 250,718,029.66</b>	<b>\$ (21,540,047.66)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,767,548.00)	(104,000.00)	\$ (1,871,548.00)	\$ 8,641,952.78	\$ 9,637,730.78
Other Financing Sources (Uses):					
Operating Transfers In/(Out):					
Transfer of Funds to Charter Schools	(557,798.00)	104,000.00	(453,798.00)	(453,494.00)	304.00
Transfer from General Fund to Capital Projects			-	(6,392,014.00)	(6,392,014.00)
Capital Reserve Funds Transfer to Capital Projects			-	(1,000,000.00)	(1,000,000.00)
Capital Leases (non-budgeted)			-	1,277,099.35	1,277,099.35
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,325,346.00)	-	(2,325,346.00)	2,073,544.13	3,523,120.13
Fund Balances, July 1	11,457,918.71		11,457,918.71	11,457,918.71	-
Fund Balances, June 30	\$ 9,132,572.71	\$ -	\$ 9,132,572.71	\$ 13,531,462.84	\$ (4,398,890.13)

EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>Recapitulation:</u></b>					
Restricted Fund Balance:				<u>Unassigned Fund Balance</u>	
Capital Reserve	\$		\$ 1,017,162.20		
Emergency Reserve			1,000,000.00		
Maintenance Reserve			255,416.20		
Reserve for Excess Surplus - ( Prior Year 2015-2016) - Designated for Subsequent Year's Expenditures			1,223,384.80		
Reserve for Excess Surplus (Year 2016-2017)			3,858,583.26		
Assigned Fund Balance:					
Designated for Subsequent Years Expenditures			776,615.20		
Unassigned Fund Balance			<u>5,400,301.18</u>	<u>\$ 5,400,301.18</u>	
			13,531,462.84	5,400,301.18	
<b><u>Reconciliation to Governmental Funds Statements (GAAP):</u></b>					
Less:					
Last Two (2) State Aid Payments not recognized on GAAP basis		(1,343,399.00)			
Special Education Extraordinary Aid (2015-16)		<u>(2,140,696.00)</u>			
			<u>(3,484,095.00)</u>	<u>(3,484,095.00)</u>	
⊞ Fund Balance per Governmental Funds (GAAP)	\$		<u>\$ 10,047,367.84</u>	<u>\$ 1,916,206.18</u>	



EDISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 85,000.00	\$ 85,000.00	\$ 62,635.76	\$ (22,364.24)
Total - Local Sources	<u>-</u>	<u>85,000.00</u>	<u>85,000.00</u>	<u>62,635.76</u>	<u>(22,364.24)</u>
State Sources:					
NJ Nonpublic	752,502.00	247,409.00	999,911.00	870,481.00	(129,430.00)
FHA/HERO Grant	<u>                    </u>	<u>210,087.28</u>	<u>210,087.28</u>	<u>153,296.02</u>	<u>(56,791.26)</u>
Total - State Sources	<u>752,502.00</u>	<u>457,496.28</u>	<u>1,209,998.28</u>	<u>1,023,777.02</u>	<u>(186,221.26)</u>
Federal Sources:					
Title I	1,062,866.00	404,188.00	1,467,054.00	1,378,024.66	(89,029.34)
I.D.E.A., Part B, PreSchool	3,144,458.00	938,103.00	4,082,561.00	3,352,088.12	(730,472.88)
Title II	231,546.00	84,700.00	316,246.00	204,948.36	(111,297.64)
Title III	71,279.00	8,871.00	80,150.00	78,559.90	(1,590.10)
Title III-Immigrant	<u>                    </u>	<u>174,686.00</u>	<u>174,686.00</u>	<u>151,697.37</u>	<u>(22,988.63)</u>
Total - Federal Sources	<u>4,510,149.00</u>	<u>1,610,548.00</u>	<u>6,120,697.00</u>	<u>5,165,318.41</u>	<u>(955,378.59)</u>
<b>TOTAL REVENUES</b>	<u>5,262,651.00</u>	<u>2,153,044.28</u>	<u>7,415,695.28</u>	<u>6,251,731.19</u>	<u>(1,163,964.09)</u>
<b><u>EXPENDITURES:</u></b>					
Instruction:					
Salaries of Teachers	1,148,000.00	325,419.45	1,473,419.45	1,111,238.55	362,180.90
Other Salaries for Instruc.		139,575.00	139,575.00	111,067.00	28,508.00
Purch. Prof. & Tech. Services		33,663.00	33,663.00	33,663.00	-
Tuition-Prvt. Schls. For Disabled Within the State		-			-
Other Purch. Services	69,945.00	(5,971.52)	63,973.48	61,723.12	2,250.36
General Supplies		-			-
Educational Supplies	55,203.00	199,846.49	255,049.49	135,737.93	119,311.56
Supplies & Materials		-			-
Textbooks	114,300.00	19,540.00	133,840.00	131,500.00	2,340.00
Other Objects		<u>3,828.92</u>	<u>3,828.92</u>	<u>3,828.92</u>	<u>-</u>
Total Instruction	<u>1,387,448.00</u>	<u>715,901.34</u>	<u>2,103,349.34</u>	<u>1,588,758.52</u>	<u>514,590.82</u>

EDISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Support Services:					
Salaries of Program Directors	\$	\$	\$	\$	\$
Salaries of Teachers		-			-
Salaries of Other Professional Staff		-			-
Salaries of Sec. & Clerical Asst.		-			-
Salaries of Admin. Asst.		-			-
Paraprofessional Salaries		-			-
Other Salaries		143,880.81	143,880.81	66,646.46	77,234.35
Personal Services- Empl. Benefits	201,975.00	166,062.11	368,037.11	295,871.64	72,165.47
Purchased Prof. & Tech. Svcs.		556,546.42	556,546.42	519,079.77	37,466.65
Purch. Technical Services		-			-
Rentals/Equipment Lease Purchase		-			-
Purch. Prof. - Educ. Services	1,477,000.00	(1,250,841.00)	226,159.00	148,634.94	77,524.06
Other Purch. Prof. Services	439,704.00	(439,704.00)			-
Contracted Services - Trans. (Other Than Between Home and School)		-			-
Communications/Telephone		-			-
Tuition	1,292,480.00	76,887.11	1,369,367.11	1,369,366.51	0.60
Travel		18,725.29	18,725.29	14,065.76	4,659.53
Other Purch. Services	458,044.00	1,930,271.74	2,388,315.74	2,053,084.90	335,230.84
Supplies and Materials	6,000.00	135,486.48	141,486.48	119,536.52	21,949.96
Indirect Costs		-			-
Pass Through - Other Districts		-			-
Miscellaneous Expenditures		99,827.98	99,827.98	76,686.17	23,141.81
<b>Total Support Services</b>	<b>3,875,203.00</b>	<b>1,437,142.94</b>	<b>5,312,345.94</b>	<b>4,662,972.67</b>	<b>649,373.27</b>
Facilities Acquis. & Const. Serv.:					
Buildings		-	-		-
Instructional Equipment		-	-		-
Noninstructional Equipment		-	-		-
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 5,262,651.00</b>	<b>\$ 2,153,044.28</b>	<b>\$ 7,415,695.28</b>	<b>\$ 6,251,731.19</b>	<b>\$ 1,163,964.09</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

EDISON SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 259,359,985.44	(C-2)	\$ 6,251,731.19
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				-
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes		3,242,183.00		-
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		(3,484,095.00)		-
<b>Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds</b>	<b>(B-2)</b>	<b>259,118,073.44</b>	<b>(B-2)</b>	<b>6,251,731.19</b>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	250,718,029.66	(C-2)	6,251,731.19
Difference - budget to GAAP:				
The district budgets for claims and compensated absences only to the extent expected to paid, rather than on the modified accrual basis.		-		-
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.		-		-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		-		-
Transfers to capital reserves are recorded as an expenditure for budgetary resources but are not expenditures for financial reporting purposes.		-		-
Net transfers (outflows) to general fund		-		-
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</b>	<b>(B-2)</b>	<b>\$ 250,718,029.66</b>	<b>(B-2)</b>	<b>\$ 6,251,731.19</b>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART III**

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

**SECTION – L**

**(Section numbering as per N.J. Department of Education  
2014-2015 Audit Program)**

EDISON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.2707115%	0.2865743%	0.2826250%	0.2949936%
District's Proportionate Share of the Net Pension Liability	\$51,738,350	\$53,654,542	\$63,443,649	\$87,368,643
District's Covered-Employee Payroll		\$19,363,025	\$19,750,285	\$19,067,407
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll		277.10%	321.23%	458.21%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	47.93%	40.14%

\* Amounts presented for each fiscal year were determined as of June 30. Additional years will be included in future periods.

EDISON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 2,039,756	\$ 2,362,477	\$ 2,429,817	\$ 2,620,681	\$ 2,644,532
Contribution in Relation to Contractually Required Contribution	<u>\$ (2,039,756)</u>	<u>\$ (2,362,477)</u>	<u>\$ (2,429,817)</u>	<u>\$ (2,620,681)</u>	<u>\$ (2,644,532)</u>
-16- Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll		\$ 19,363,025	\$ 19,750,285	\$ 19,067,407	\$ 19,460,136
Contributions as a percentage of Covered Employee Payroll		12.20%	12.30%	13.74%	13.59%

\* Amounts presented for each fiscal year were determined as of June 30. Additional years will be included in future periods.



EDISON TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND (Non-State Employer Group)

Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	1.0713351%	1.0496700%	1.0552426%	1.0706800%
District's Proportionate Share of the Net Pension Liability	\$541,444,343	\$561,014,437	\$666,958,416	\$842,265,079
District's Covered-Employee Payroll	\$110,685,659	\$109,456,773	\$110,469,287	\$112,899,372
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	489.17%	512.54%	603.75%	746.03%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.76%	33.64%	28.71%	22.33%

\* Amounts presented for each fiscal year were determined as of June 30. Additional years will be included in future periods.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

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

**EDISON TOWNSHIP SCHOOL DISTRICT  
COUNTY OF MIDDLESEX, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION  
JUNE 30, 2017**

**NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS**

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2016, dated March 14, 2017. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually, For 2014, the discount rate was 5.39%.

**TPAF**

Changes in benefit terms: None

Changes in assumptions:

For 2016, the discount rate change to 3.22%, the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012-June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was 4.68%.

## **OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**SECTION – D**

**SPECIAL REVENUE FUND**

**SECTION – E**

EDISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total Brought Forward (Ex. E-1a)	Title I - Part A	Title III Language Instr.	Title III Immigrant	I.D.E.A. Part B Basic Regular	I.D.E.A. Part B Preschool	Title II, Part A Teacher Grants	Totals
<b>REVENUES:</b>								
State Sources	\$ 1,023,777.02		\$					\$ 1,023,777.02
Federal Sources	-	1,378,024.66	78,559.90	151,697.37	3,237,753.31	114,334.81	204,948.36	5,165,318.41
Local Sources	62,635.76							62,635.76
<b>Total Revenues</b>	<b>1,086,412.78</b>	<b>1,378,024.66</b>	<b>78,559.90</b>	<b>151,697.37</b>	<b>3,237,753.31</b>	<b>114,334.81</b>	<b>204,948.36</b>	<b>6,251,731.19</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	-	915,855.30	36,210.75	64,075.00	95,097.50			1,111,238.55
Other Salaries for Instruc.	111,067.00							111,067.00
Purch. Prof. & Tech. Services	-	4,850.00		28,813.00				33,663.00
Other Purch. Services	-	60,087.87	-	1,635.25				61,723.12
General Supplies	-	47,218.69	14,502.45	5,959.83	68,056.96			135,737.93
Textbooks	131,500.00							131,500.00
Other Objects	-	3,124.92	-	704.00				3,828.92
<b>Total Instruction</b>	<b>242,567.00</b>	<b>1,031,136.78</b>	<b>50,713.20</b>	<b>101,187.08</b>	<b>163,154.46</b>	<b>-</b>	<b>-</b>	<b>1,588,758.52</b>
<b>Support Services:</b>								
Salaries of Supervisors of Instruc.	-							-
Salaries of Program Directors	-							-
Salaries of Other Prof. Staff	-							-
Salaries of Sec. & Clerical Asst.	-							-
Other Salaries	-	490.46	2,830.00	180.00	60,146.00		3,000.00	66,646.46
Personal Services - Empl. Benefits	8,024.00	244,977.49	2,986.62	15,796.81	23,857.22		229.50	295,871.64
Purch. Prof. - Educ. Services (320)	2,800.00						145,834.94	148,634.94
Other Purch. Prof. Services (330)	208,454.35	32,574.42	1,007.00	-	275,962.00	1,082.00		519,079.77
Purch. Technical Services	-							-
Rentals/Equipment Lease Purchase	-							-
Contracted Services - Trans. (Other Than Between Home and School)	-							-
Communications/Telephone	-							-
Tuition	-				1,259,546.11	109,820.40		1,369,366.51
Travel	14,065.76							14,065.76
Other Purch. Services (500)	536,432.00	41,353.65	3,921.00	-	1,432,252.56		39,125.69	2,053,084.90
Supplies and Materials	11,433.91	13,591.45	17,102.08	34,383.48	22,834.96	3,432.41	16,758.23	119,536.52
Indirect Costs	-							-
Pass Through - Other Districts	-							-
Miscellaneous Expenditures	62,635.76	13,900.41		150.00				76,686.17
<b>Total Support Services</b>	<b>843,845.78</b>	<b>346,887.88</b>	<b>27,846.70</b>	<b>50,510.29</b>	<b>3,074,598.85</b>	<b>114,334.81</b>	<b>204,948.36</b>	<b>4,662,972.67</b>
<b>Facilities Acquis. &amp; Const. Serv.:</b>								
Buildings	-							-
Instructional Equipment	-							-
Noninstructional Equipment	-							-
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 1,086,412.78</b>	<b>\$ 1,378,024.66</b>	<b>\$ 78,559.90</b>	<b>\$ 151,697.37</b>	<b>\$ 3,237,753.31</b>	<b>\$ 114,334.81</b>	<b>\$ 204,948.36</b>	<b>\$ 6,251,731.19</b>

EDISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total Brought Forward (Ex. E-1b)	FHA/HERO Grant	FHA/HERO Org. Funds	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Total Carried Forward
<b>REVENUES:</b>							
State Sources	\$ 481,119.00	153,296.02		131,500.00	199,521.00	58,341.00	\$ 1,023,777.02
Federal Sources	-						-
Local Sources	-		62,635.76				62,635.76
<b>Total Revenues</b>	<b>481,119.00</b>	<b>153,296.02</b>	<b>62,635.76</b>	<b>131,500.00</b>	<b>199,521.00</b>	<b>58,341.00</b>	<b>1,086,412.78</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	-						-
Other Salaries for Instruc.	3,028.00	108,039.00					111,067.00
Purch. Prof. & Tech. Services	-						-
Other Purch. Services	-						-
General Supplies	-						-
Textbooks	-			131,500.00			131,500.00
Other Objects	-						-
<b>Total Instruction</b>	<b>3,028.00</b>	<b>108,039.00</b>	<b>-</b>	<b>131,500.00</b>	<b>-</b>	<b>-</b>	<b>242,567.00</b>
<b>Support Services:</b>							
Salaries of Supervisors of Instruc.	-						-
Salaries of Program Directors	-						-
Salaries of Other Prof. Staff	-						-
Salaries of Sec. & Clerical Asst.	-						-
Other Salaries	-						-
Personal Services - Empl. Benefits	-	8,024.00					8,024.00
Purch. Prof. - Educ. Services	-	2,800.00					2,800.00
Other Purch. Prof. Services	-	8,933.35			199,521.00		208,454.35
Purch. Technical Services	-						-
Rentals/Equipment Lease Purchase	-						-
Contracted Services - Trans. (Other Than Between Home and School)	-						-
Communications/Telephone	-						-
Tuition	-						-
Travel	-	14,065.76					14,065.76
Other Purch. Services	478,091.00					58,341.00	536,432.00
Supplies and Materials	-	11,433.91					11,433.91
Indirect Costs	-						-
Pass Through - Other Districts	-						-
Miscellaneous Expenditures	-		62,635.76				62,635.76
<b>Total Support Services</b>	<b>478,091.00</b>	<b>45,257.02</b>	<b>62,635.76</b>	<b>-</b>	<b>199,521.00</b>	<b>58,341.00</b>	<b>843,845.78</b>
<b>Facilities Acquis. &amp; Const. Serv.:</b>							
Buildings	-						-
Instructional Equipment	-						-
Noninstructional Equipment	-						-
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 481,119.00</b>	<b>\$ 153,296.02</b>	<b>\$ 62,635.76</b>	<b>\$ 131,500.00</b>	<b>\$ 199,521.00</b>	<b>\$ 58,341.00</b>	<b>\$ 1,086,412.78</b>



EDISON SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS (CONTD)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	N.J. Nonpublic		Nonpublic Home Instruction	Nonpublic Security	Total Carried Forward
	Ch. 192 Auxiliary Services	Ch. 193 Handicapped Services			
<b>REVENUES:</b>					
State Sources	\$ 157,333.00	208,395.00	3,028.00	112,363.00	\$ 481,119.00
Federal Sources					-
Local Sources					-
<b>Total Revenues</b>	<b>157,333.00</b>	<b>208,395.00</b>	<b>3,028.00</b>	<b>112,363.00</b>	<b>481,119.00</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					-
Other Salaries for Instruc.			3,028.00		3,028.00
Purch. Prof. & Tech. Services					-
Other Purch. Services					-
General Supplies					-
Textbooks					-
Other Objects					-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>3,028.00</b>	<b>-</b>	<b>3,028.00</b>
Support Services:					
Salaries of Supervisors of Instruc.					-
Salaries of Program Directors					-
Salaries of Other Prof. Staff					-
Salaries of Sec. & Clerical Asst.					-
Other Salaries					-
Personal Services - Empl. Benefits					-
Purch. Prof. - Educ. Services					-
Other Purch. Prof. Services					-
Purch. Technical Services					-
Rentals/Equipment Lease Purchase					-
Contracted Services - Trans. (Other Than Between Home and School)					-
Communications/Telephone					-
Tuition					-
Travel					-
Other Purch. Services	157,333.00	208,395.00		112,363.00	478,091.00
Supplies and Materials					-
Indirect Costs					-
Pass Through - Other Districts					-
Miscellaneous Expenditures					-
<b>Total Support Services</b>	<b>157,333.00</b>	<b>208,395.00</b>	<b>-</b>	<b>112,363.00</b>	<b>478,091.00</b>
Facilities Acquis. & Const. Serv.:					
Buildings					-
Instructional Equipment					-
Noninstructional Equipment					-
<b>Total Facil. Acquis. &amp; Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 157,333.00</b>	<b>\$ 208,395.00</b>	<b>\$ 3,028.00</b>	<b>\$ 112,363.00</b>	<b>\$ 481,119.00</b>

**CAPITAL PROJECTS FUND**

**SECTION – F**

EDISON SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY STATEMENT OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2017

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>TRANSFERS/ CANCELLATIONS</u>	<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>		
Woodbrook School Addition	\$ 10,920,000.00	\$ -	\$ 2,868,405.19	\$	\$ 8,051,594.81
James Monroe School Replacement	29,322,014.90	26,006,418.86	2,020,224.51		1,295,371.53
<b>TOTALS</b>	<b>\$ <u>40,242,014.90</u></b>	<b>\$ <u>26,006,418.86</u></b>	<b>\$ <u>4,888,629.70</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>9,346,966.34</u></b>

Reconciliation - Unexpended Capital Project Balances  
to Fund Balance - June 30, 2017:

Unexpended Project Balances - June 30, 2017	\$ 9,346,966.34
Less:	
State Aid Not Earned or Not Funded by State until subsequent period	-
Total Fund Balance - June 30, 2017	<u>\$ 9,346,966.34</u>

EDISON SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2017

Revenues and Other Financing Sources	
State Sources	\$ -
Bond proceeds and transfers	
Lease purchase agreement	5,000,000.00
Proceeds from other sources	-
Transfer from capital reserve	1,000,000.00
Transfer from general fund	<u>6,392,014.00</u>
Total revenues	<u>12,392,014.00</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	70,097.23
Land and Improvements	5,062.63
Construction services	3,849,907.29
Equipment purchases	24,849.45
Furniture, fixture and supply purchases	38,713.10
Other	900,000.00
Transfer to debt service fund	
Transfer to general fund	
Total expenditures	<u>4,888,629.70</u>
Excess (deficiency) of revenues over (under) expenditures	7,503,384.30
Less: Deferred Revenue adjustment	<u>-</u>
Subtotal	7,503,384.30
Fund balance - beginning	1,843,582.04
Fund balance - ending	<u><u>\$ 9,346,966.34</u></u>

Edison Township School District  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures,  
 Project Balance and Project Status -  
 Budgetary Basis  
 From Inception and for the Year Ended June 30, 2017

Project Name: Project Number:	Totals	James Monroe	Woodbrook School
		School Replacement From Fire Loss 1290-093-14-2000	Addition 1290-160-16-1000
<b>Revenues and Other Financing</b>			
Sources - as Revised:			
State sources - NJSDA Grant	\$ -	\$ -	\$ -
Bond proceeds and transfers	-	-	-
Lease purchase agreement	5,000,000.00	-	5,000,000.00
Proceeds from other sources	23,600,000.90	23,600,000.90	-
Transfer from capital reserve	3,550,000.00	3,550,000.00	-
Transfer from general fund fund balance	2,172,014.00	2,172,014.00	-
Transfer from capital outlay	5,920,000.00	-	5,920,000.00
Transfer (from)/to other projects including prior years	-	-	-
<b>Total revenues</b>	<b>\$ 40,242,014.90</b>	<b>\$ 29,322,014.90</b>	<b>\$ 10,920,000.00</b>
<b>Expenditures and Other Financing</b>			
Uses - Prior Periods:			
Purchased professional and technical services	1,589,770.99	1,589,770.99	-
Land and Improvements	1,373,270.20	1,373,270.20	-
Construction services	21,184,538.04	21,184,538.04	-
Equipment purchases	1,685,318.49	1,685,318.49	-
Furniture, fixture and supply purchases	173,521.14	173,521.14	-
Other	-	-	-
<b>Total expenditures - Prior Periods</b>	<b>26,006,418.86</b>	<b>26,006,418.86</b>	<b>-</b>
<b>Expenditures and Other Financing</b>			
Uses - Current Year:			
Purchased professional and technical services	70,097.23	70,097.23	-
Land and Improvements	5,062.63	5,062.63	-
Construction services	3,849,907.29	981,502.10	2,868,405.19
Equipment purchases	24,849.45	24,849.45	-
Furniture, fixture and supply purchases	38,713.10	38,713.10	-
Other	900,000.00	900,000.00	-
<b>Total expenditures - Current Year</b>	<b>4,888,629.70</b>	<b>2,020,224.51</b>	<b>2,868,405.19</b>
<b>Total expenditures - from inception to June 30, 2017</b>	<b>30,895,048.56</b>	<b>28,026,643.37</b>	<b>2,868,405.19</b>
<b>Excess (deficiency) or revenues over (under) expenditures</b>	<b>\$ 9,346,966.34</b>	<b>\$ 1,295,371.53</b>	<b>\$ 8,051,594.81</b>
<b>Additional project information:</b>			
Grant date		NA	NA
Bond authorization date		NA	NA
Bonds authorized		NA	NA
Bonds Issued		NA	NA
Original authorized cost		28,127,796.00	10,920,000.00
Increase/Decrease local authorized cost		1,156,828.14	-
Revised authorized cost		29,284,624.14	10,920,000.00
Percentage increase over original authorized cost		4%	0%
Percentage completion		99.9%	20%
Original target completion date		6/30/16	6/30/18
Revised target completion date		12/31/16	6/30/18

**PROPRIETARY FUNDS**

**SECTION – G**

**ENTERPRISE FUND**

EDISON SCHOOL DISTRICT  
 FOOD SERVICES ENTERPRISE FUND  
 COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

ASSETS

## Current Assets:

Cash and Cash Equivalents	\$ 2,522,866.75
Accounts Receivable:	
State	7,116.48
Federal	151,149.99
Inventories	<u>95,986.50</u>

Total Current Assets 2,777,119.72

## Fixed Assets

Equipment	1,292,798.00
Accumulated Depreciation	<u>(1,027,397.20)</u>

Total Fixed Assets 265,400.80

Total Assets \$ 3,042,520.52

LIABILITIES AND NET POSITION

## Current Liabilities

Accounts Payable	\$ 41,056.40
Interfunds Payable	2,188,561.82
Deferred Revenue - Prepaid Lunch Fees	85,087.40
Deferred Revenue - USDA Commodities	<u>51,465.48</u>

Total Current Liabilities 2,366,171.10

## NET POSITION

Net Investment in Capital Assets	265,400.80
Unrestricted	<u>410,948.62</u>

Total Net Position 676,349.42

Total Liabilities and Net Position \$ 3,042,520.52



EDISON SCHOOL DISTRICT  
 FOOD SERVICES ENTERPRISE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

OPERATING REVENUES

Local Sources:

Daily Sales - Reimbursable and Nonreimbursable Programs:	
School Lunch Program	\$ 2,226,386.32
Daily Sales - Non-Reimbursable Programs	
Special Functions, Other Sales and Guarantee	<u>283,337.64</u>
Total Operating Revenues	<u>2,509,723.96</u>

OPERATING EXPENSES

Cost of Sales:

Reimbursable Program Food Cost	1,300,514.74
Nonreimbursable Program Food Cost	338,351.00
Nonreimbursable Paper Supplies	<u>151,140.54</u>
Total Cost of Sales	1,790,006.28

Other Operating Expenses:

Salaries	1,323,688.30
Employee Benefits	389,403.16
Depreciation	33,728.75
Food Costs - Food Distribution Program	320,310.11
Supplies and Materials - Semi-Variable Costs	283,091.34
Miscellaneous Costs	302,762.24
General & Administrative - Management Fee	<u>385,493.18</u>
Total Operating Expenses	<u>4,828,483.36</u>

Operating Income (Loss) (2,318,759.40)

Non-Operating Revenues:

State Sources	
State School Lunch Program	44,408.40
Federal Sources:	
National School Lunch Program	1,269,405.14
National School Lunch Program - Performance Based	52,284.36
School Breakfast Program	620,266.54
Food Distribution Program	320,310.11
Other - Miscellaneous	<u>31,186.05</u>

Total Non-Operating Revenues 2,337,860.60

Net Income (Loss) 19,101.20

Net Position - Beginning of the year 657,248.22

Net Position - End of the year \$ 676,349.42

EDISON SCHOOL DISTRICT  
 FOOD SERVICES ENTERPRISE FUND  
 COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,505,108.80
Payments to Suppliers	<u>(4,046,905.07)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,541,796.27)</u>
Cash Flows from Non-Capital Financing Activities	
Operating Transfers/Interfund Transfers/Contributions	2,320,844.71
Interest Income	
Federal and State Sources	<u>1,984,802.51</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>4,305,647.22</u>
Cash Flows from Investing Activities	
Purchase of Equipment	<u>(265,272.42)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,498,578.53
Cash and Cash Equivalents, July 1	<u>24,288.22</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,522,866.75</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (2,318,759.40)
Adjust. to Reconcile Operating Income (Loss) to Cash Provided (Used) by Oper. Activities:	
Depreciation	(33,728.75)
Federal Commodities	320,310.11
(Increase) Decrease in Accounts Receivable	(1,561.93)
(Increase) Decrease in Inventory	(14,260.35)
Increase (Decrease) in Interfunds Payable	460,532.49
Increase (Decrease) in Deferred Revenues	4,615.16
Increase (Decrease) in Overclaim Payable	
Increase (Decrease) in Accounts Payable	<u>41,056.40</u>
Net Cash Used by Operating Activities	<u>\$ (1,541,796.27)</u>

**INTERNAL SERVICE FUND**

EDISON SCHOOL DISTRICT  
WORKERS COMPENSATION INSURANCE INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017

<u>ASSETS</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 2,125.86
Interfunds Receivable	<u>1,892,033.32</u>
Total Assets	\$ <u><u>1,894,159.18</u></u>
 <u>LIABILITIES</u>	
Accrued Liability for Compensation Claims	\$ <u>99,849.15</u>
Total Liabilities	<u>99,849.15</u>
 <u>NET POSITION</u>	
Net Position	
Unreserved Retained Earnings	<u>1,794,310.03</u>
Total Net Position	\$ <u><u>1,794,310.03</u></u>

EDISON SCHOOL DISTRICT  
 WORKERS COMPENSATION INSURANCE INTERNAL SERVICE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	2017
<u>EXPENDITURES</u>	
Accrued Compensation Claims and Expenses	\$ <u>(497,301.29)</u>
Total Expenditures	<u>(497,301.29)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>497,301.29</u>
Net Change in Fund Net Positon	497,301.29
Net Position, July 1	<u>1,297,008.74</u>
Net Position, June 30	\$ <u><u>1,794,310.03</u></u>

EDISON SCHOOL DISTRICT  
 WORKERS COMPENSATION INSURANCE INTERNAL SERVICE FUND  
 STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	<u>2017</u>
Cash Flows from Operating Activities:	
Accrued Compensation Claims	\$ <u>(10,769.11)</u>
Net Cash used for Operating Activities	<u>(10,769.11)</u>
Net decrease in cash and cash equivalents	(10,769.11)
Cash and Cash Equivalents, July 1	<u>12,894.97</u>
Cash and Cash Equivalents/(Deficit), June 30	\$ <u><u>2,125.86</u></u>
Reconciliation of operating (loss) to net cash (used) by operating activities:	
Operating income (loss)	497,301.29
Adjustments to reconcile operating (loss) to net cash provided by Increase (Decrease) in Accrued Liabilities for Compensation Claims	<u>(508,070.40)</u>
Total Adjustments	<u>(508,070.40)</u>
Net Cash (used for) operating activities	\$ <u><u>(10,769.11)</u></u>

**FIDUCIARY FUNDS**

**SECTION - H**

EDISON SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2017

	TRUST				AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	VINCENT J CAPRARO SCHOLARSHIP FUND	GENE I MAEROFF SCHOLARSHIP FUND	JAMES MONROE RECOVERY FUND	STUDENT ACTIVITY	PAYROLL	2016
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 879,379.75	\$ 11,196.77	\$ 17,329.80	\$ 171,806.46	\$ 700,103.86	\$ 1,323,880.66	\$ 3,103,697.30
Total Assets	\$ 879,379.75	\$ 11,196.77	\$ 17,329.80	\$ 171,806.46	\$ 700,103.86	\$ 1,323,880.66	\$ 3,103,697.30
<u>LIABILITIES AND NET ASSETS</u>							
Liabilities:							
Payroll Deductions Payable	\$	\$	\$	\$	\$	1,254,262.68	1,254,262.68
Employee Flexible Spending						69,617.98	69,617.98
Accounts Payable						-	-
Due to Student Groups					700,103.86		700,103.86
Total Liabilities	-	-	-	-	\$ 700,103.86	\$ 1,323,880.66	\$ 2,023,984.52
Net Assets:							
Held Trust for Unemployment Claims and Other Purposes	\$ 879,379.75	\$	\$ 17,329.80	\$			\$ 879,379.75
Reserved for Scholarships		11,196.77	17,329.80				28,526.57
Recovery for Fire				171,806.46			171,806.46
Total Net Assets	879,379.75	11,196.77	17,329.80	171,806.46	-	-	1,079,712.78
Total Liabilities and Net Assets	\$ 879,379.75	\$ 11,196.77	\$ 17,329.80	\$ 171,806.46	\$ 700,103.86	\$ 1,323,880.66	\$ 3,103,697.30



EDISON SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Total</u>	<u>Unemployment Compensation Trust</u>	<u>Vicent J Capraro Scholarship Trust</u>	<u>Gene I Maeroff Scholarship Trust</u>	<u>James Monroe Recovery Fund Trust</u>
<b>ADDITIONS</b>					
Contributions:					
District/Plan member	\$ 188,899.13	\$ 188,899.13	\$ -	\$ -	\$ -
Donations - Fire Recovery					
Total Contributions	<u>188,899.13</u>	<u>188,899.13</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings:					
Interest	5,138.93	4,153.42	58.08	83.25	844.18
Net investment earnings	<u>5,138.93</u>	<u>4,153.42</u>	<u>58.08</u>	<u>83.25</u>	<u>844.18</u>
Total additions	<u>194,038.06</u>	<u>193,052.55</u>	<u>58.08</u>	<u>83.25</u>	<u>844.18</u>
<b>DEDUCTIONS</b>					
Quarterly contribution reports	139,259.79	139,259.79	-	-	-
Scholarship Donation	<u>2,750.00</u>	<u>-</u>	<u>750.00</u>	<u>2,000.00</u>	<u>-</u>
Total deductions	<u>142,009.79</u>	<u>139,259.79</u>	<u>750.00</u>	<u>2,000.00</u>	<u>-</u>
Change in net assets	52,028.27	53,792.76	(691.92)	(1,916.75)	844.18
Net assets - beginning of the year	<u>1,027,684.51</u>	<u>825,586.99</u>	<u>11,888.69</u>	<u>19,246.55</u>	<u>170,962.28</u>
Net assets - end of the year	<u>\$ 1,079,712.78</u>	<u>\$ 879,379.75</u>	<u>\$ 11,196.77</u>	<u>\$ 17,329.80</u>	<u>\$ 171,806.46</u>

EDISON SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, <u>2016</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2017</u>
<u>ELEMENTARY SCHOOLS</u>				
Benjamin Franklin	\$ 1,945.09	\$ 27,361.52	\$ 27,768.84	\$ 1,537.77
Early Learning Center	502.45	127.73		630.18
F.D. Roosevelt	360.79	761.53	450.00	672.32
James Madison				
Intermediate	16,966.91	27,193.73	30,271.23	13,889.41
James Madison Primary	9,389.51	6,777.57	11,711.33	4,455.75
James Monroe	3,621.55	58,094.13	48,035.60	13,680.08
John Marshall	5,022.33	16,902.68	15,672.61	6,252.40
Lincoln	4,199.12	32,472.88	28,686.26	7,985.74
Lindeneau	4,201.09	9,075.57	11,597.72	1,678.94
Martin Luther King	6,796.62	28,230.96	25,144.46	9,883.12
Menlo Park	6,586.44	7,493.54	10,574.12	3,505.86
Washington	5,229.62	27,669.01	25,136.93	7,761.70
Woodbrook	12,996.69	50,566.86	58,040.09	5,523.46
	<u>\$ 77,818.21</u>	<u>\$ 292,727.71</u>	<u>\$ 293,089.19</u>	<u>\$ 77,456.73</u>
<u>MIDDLE SCHOOLS</u>				
Herbert Hoover	\$ 10,059.15	\$ 86,644.73	\$ 84,501.47	\$ 12,202.41
John Adams	47,221.23	144,259.51	134,381.99	57,098.75
Thomas Jefferson	10,570.79	82,777.15	80,577.14	12,770.80
Woodrow Wilson	17,785.65	105,970.98	108,332.32	15,424.31
	<u>\$ 85,636.82</u>	<u>\$ 419,652.37</u>	<u>\$ 407,792.92</u>	<u>\$ 97,496.27</u>
<u>SENIOR HIGH SCHOOLS AND ATHLETIC FUNDS</u>				
Special Education-Project Pieces	\$ 11,388.71	\$ 45,003.53	\$ 47,209.32	\$ 9,182.92
Edison	122,095.10	201,751.42	209,705.99	114,140.53
Edison Athletic Fund	1,169.00	46,563.25	45,860.66	1,871.59
J.P. Stevens	335,271.72	784,824.16	793,604.09	326,491.79
J.P. Stevens Ath. Fund	87.04	38,369.47	36,655.73	1,800.78
J.P. Stevens Farmstand		71,663.25		71,663.25
	<u>\$ 470,011.57</u>	<u>\$ 1,188,175.08</u>	<u>\$ 1,133,035.79</u>	<u>\$ 525,150.86</u>
Total All Schools	<u>\$ 633,466.60</u>	<u>\$ 1,900,555.16</u>	<u>\$ 1,833,917.90</u>	<u>\$ 700,103.86</u>

EDISON SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, <u>2016</u>		CASH <u>RECEIPTS</u>		CASH <u>DISBURSEMENTS</u>		BALANCE JUNE 30, <u>2017</u>
Payroll Agency	1,247,562.70	\$	76,753,348.00	\$	76,746,648.02		1,254,262.68
Less: Payroll			<u>(75,429,857.08)</u>		<u>(75,429,857.08)</u>		-
Net Payroll Agency	<u>1,247,562.70</u>		1,323,490.92		1,316,790.94		1,254,262.68
Flexible Spending	<u>46,560.45</u>		<u>193,111.15</u>		<u>170,053.62</u>		<u>69,617.98</u>
	<u>\$ 1,294,123.15</u>	\$	<u>1,516,602.07</u>	\$	<u>1,486,844.56</u>	\$	<u>1,323,880.66</u>

**LONG-TERM DEBT**

**SECTION - I**

EDISON SCHOOL DISTRICT  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2017

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATES</u>	<u>BALANCE JUNE 30, 2016</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding School Bonds (\$5,092,000 of 10/15/2002)	11/17/10	4,995,000.00	07/15/17	450,000.00	3.000%	\$ 3,350,000.00	\$ 440,000.00	\$ 2,910,000.00
			07/15/18	470,000.00	4.000%			
			07/15/19	490,000.00	3.500%			
			07/15/20	500,000.00	4.000%			
			07/15/21	500,000.00	3.500%			
			07/15/22	500,000.00	4.000%			
Refunding School Bonds (\$2,560,000 of 02/01/2003)	04/17/14	2,585,000.00	07/01/17	510,000.00	2.000%	<u>2,035,000.00</u>	<u>505,000.00</u>	<u>1,530,000.00</u>
			07/01/18	510,000.00	3.000%			
			07/01/19	510,000.00	2.000%			
						<u>\$ 5,385,000.00</u>	<u>\$ 945,000.00</u>	<u>\$ 4,440,000.00</u>

EDISON SCHOOL DISTRICT  
STATEMENT OF LEASE PURCHASE AGREEMENTS  
JUNE 30, 2017

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>MATURITIES</u>		<u>INTEREST RATES</u>	<u>BALANCE JUNE 30, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>YEAR ENDED</u>	<u>AMOUNT</u>					
Woodbrook/Lindeneau Improvs.	05/01/99	\$ 3,570,000.00	12/15/17	125,000.00	4.750%	\$ 625,000.00	\$ -	\$ 240,000.00	\$ 385,000.00
			06/15/18	130,000.00	4.750%				
			12/15/18	130,000.00	4.750%				
Roof Repairs & Renovations	07/15/09	3,745,000.00	06/15/18	470,000.00	3.750%	920,000.00		450,000.00	470,000.00
Edison High School Addition	04/30/13	5,000,000.00	10/15/17	1,725,000.00	1.1557%	3,385,000.00		1,660,000.00	1,725,000.00
Woodbrook Additions and Impr	02/28/17	5,000,000.00	07/15/17	1,670,922.71	1.566%		5,000,000.00		5,000,000.00
			07/15/18	1,651,976.19	1.566%				
			07/15/19	1,677,101.10	1.566%				
						<u>\$ 4,930,000.00</u>	<u>\$ 5,000,000.00</u>	<u>\$ 2,350,000.00</u>	<u>\$ 7,580,000.00</u>



EDISON SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,581,038.00		\$ 1,581,038.00	\$ 1,581,038.00	\$ -
State Sources:					
Debt Service State Aid	239,886.00		239,886.00	239,886.00	-
Total - State Sources	239,886.00	-	239,886.00	239,886.00	-
Total Revenues	1,820,924.00	-	1,820,924.00	1,820,924.00	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	945,000.00		945,000.00	945,000.00	-
Bond Interest	155,400.00		155,400.00	155,400.00	-
Principal Payments - Lease Purchase	690,000.00		690,000.00	690,000.00	-
Interest Payments - Lease Purchase	60,213.00		60,213.00	60,212.50	(0.50)
Total Regular Debt Service	1,850,613.00	-	1,850,613.00	1,850,612.50	(0.50)
Total expenditures	1,850,613.00	-	1,850,613.00	1,850,612.50	(0.50)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,689.00)	-	(29,689.00)	(29,688.50)	0.50
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(29,689.00)	-	(29,689.00)	(29,688.50)	0.50
Fund Balance, July 1	29,689.34		29,689.34	29,689.34	
Fund Balance, June 30	0.34	-	0.34	0.84	0.50
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ (29,689.00)	\$ -	\$ (29,689.00)	\$ (29,688.50)	\$ 0.50



**STATISTICAL SECTION**

**SECTION - J**

## Financial Trends

EDISON BOARD OF EDUCATION  
NET POSITION BY COMPONENTS  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 72,584,411	\$ 73,381,263	\$ 74,719,690	\$ 76,110,884	\$ 81,142,921	\$ 88,724,307	\$ 97,494,793	\$ 100,882,684	\$ 125,431,804	\$ 119,585,314
Restricted	217,687	219,603	3,153,425	9,565,787	4,036,225	5,934,671	10,805,180	18,635,666	8,987,280	18,505,264
Unrestricted	(2,114,619)	(3,562,058)	(1,742,689)	622,861	6,112,464	4,882,021	(50,137,013)	(52,267,015)	(55,358,297)	(61,481,104)
<b>Total governmental activities net assets</b>	<b>\$ 70,687,478</b>	<b>\$ 70,038,809</b>	<b>\$ 76,130,427</b>	<b>\$ 86,299,532</b>	<b>\$ 91,291,611</b>	<b>\$ 99,540,999</b>	<b>\$ 58,162,960</b>	<b>\$ 67,251,336</b>	<b>\$ 79,060,786</b>	<b>\$ 76,609,474</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 98,038	\$ 68,880	\$ 22,287	\$ 91,569	\$ 81,007	\$ 77,235	\$ 295,283	\$ 249,443	\$ 344,442	\$ 265,401
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(58,606)	(2,736)	180,256	294,214	225,462	144,660	149,726	304,821	312,806	410,949
<b>Total business-type activities net assets</b>	<b>\$ 39,432</b>	<b>\$ 66,145</b>	<b>\$ 202,544</b>	<b>\$ 385,783</b>	<b>\$ 306,468</b>	<b>\$ 221,895</b>	<b>\$ 445,009</b>	<b>\$ 554,263</b>	<b>\$ 657,248</b>	<b>\$ 676,349</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 72,682,449	\$ 73,450,144	\$ 74,741,978	\$ 76,202,453	\$ 81,223,928	\$ 88,801,542	\$ 97,790,076	\$ 101,132,127	\$ 125,776,246	\$ 119,850,715
Restricted	217,687	219,603	3,153,425	9,565,787	4,036,225	5,934,671	10,805,180	18,635,666	8,987,280	18,505,264
Unrestricted	(2,173,225)	(3,564,793)	(1,562,433)	917,075	6,337,926	5,026,681	(49,987,286)	(51,962,194)	(55,045,491)	(61,070,155)
<b>Total district net position</b>	<b>\$ 70,726,910</b>	<b>\$ 70,104,954</b>	<b>\$ 76,332,971</b>	<b>\$ 86,685,315</b>	<b>\$ 91,598,079</b>	<b>\$ 99,762,894</b>	<b>\$ 58,607,969</b>	<b>\$ 67,805,599</b>	<b>\$ 79,718,034</b>	<b>\$ 77,285,823</b>

Source: CAFR Schedule A-1

**EDISON BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-2**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 70,984,016	\$ 75,406,051	\$ 82,441,905	\$ 75,824,065	\$ 77,501,977	\$ 79,340,121	\$ 81,833,869	\$ 85,784,306	\$ 86,217,699	\$ 87,673,141
Special Education	16,934,353	19,252,012	20,464,766	22,483,000	20,533,556	20,918,581	21,357,288	19,316,496	19,842,956	20,059,605
Other Special Instruction	1,662,809	1,619,937	1,524,609	1,507,743	1,617,027	1,365,947	1,280,357	1,011,309	930,588	906,479
Other Instruction	1,614,954	1,727,015	1,710,445	1,480,696	1,788,852	1,895,474	1,827,688	1,949,085	2,039,350	2,122,360
Adult/ continuing education programs	180,880	179,591	202,806							
Support Services										
Tuition	12,912,889	11,589,931	10,905,647	10,462,183	10,463,006	11,886,418	11,097,935	10,347,435	11,143,730	11,332,821
Student & Instruction Related Services	20,632,823	22,500,053	19,844,347	21,848,881	23,598,078	24,378,565	24,154,306	27,074,494	30,704,194	29,419,548
School Administrative Services	5,378,174	5,162,077	5,589,170	4,248,634	6,292,457	6,545,514	6,596,004	6,785,658	7,118,576	7,291,271
General & Business Administrative Services	4,769,443	4,633,764	5,002,774	5,071,594	5,520,361	5,822,925	6,348,868	6,798,706	6,025,237	6,004,082
Plant Operations and Maintenance	16,150,566	16,744,414	16,340,315	15,628,152	15,970,556	16,228,439	16,413,203	16,550,505	17,345,265	17,002,638
Pupil Transportation	9,529,692	10,459,101	9,450,453	8,714,374	9,477,918	9,722,794	10,083,828	10,836,391	11,768,590	12,459,613
Unallocated Benefits	44,410,510	38,438,332	40,487,589	43,631,352	49,696,265	50,598,631	48,838,297	53,867,809	60,156,953	69,704,234
Special Schools	197,102	164,716	173,178	178,176	283,557	347,500	343,070	332,925	299,703	333,170
Charter Schools										
Interest on Long-Term Debt	797,171	750,169	644,116	687,456	492,801	460,308	357,357	286,626	249,435	224,480
Other related capital assets and debt (net)						(2,688,062)	(2,678,590)	-		
Unallocated Depreciation & Amortization	358,415	837,601	698,313	1,073,275	726,878	888,895	1,404,837	1,285,512	1,003,407	1,210,319
Capital Outlay										
<b>Total Governmental Activities</b>	<b>206,513,798</b>	<b>209,464,763</b>	<b>215,480,434</b>	<b>212,839,581</b>	<b>223,963,288</b>	<b>227,712,048</b>	<b>229,258,318</b>	<b>242,227,257</b>	<b>254,845,682</b>	<b>265,743,761</b>
<b>Business-Type Activities:</b>										
Food Service	3,682,840	3,680,889	3,737,016	3,726,627	4,400,187	4,614,168	4,417,049	4,814,955	4,779,797	4,828,483
Child Care										
<b>Total Business-Type Activities</b>	<b>3,682,840</b>	<b>3,680,889</b>	<b>3,737,016</b>	<b>3,726,627</b>	<b>4,400,187</b>	<b>4,614,168</b>	<b>4,417,049</b>	<b>4,814,955</b>	<b>4,779,797</b>	<b>4,828,483</b>
<b>Total Primary Government Expenses</b>	<b>\$ 210,196,638</b>	<b>\$ 213,145,652</b>	<b>\$ 219,217,450</b>	<b>\$ 216,566,208</b>	<b>\$ 228,363,475</b>	<b>\$ 232,326,216</b>	<b>\$ 233,675,366</b>	<b>\$ 247,042,212</b>	<b>\$ 259,625,480</b>	<b>\$ 270,572,244</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil Transportation										
Unallocated Benefits	20,751,763	13,916,640	14,480,226	14,668,932	18,296,710	22,567,903	19,555,148	22,606,846	26,731,872	30,146,779
Business and Other Support Services										
Operating Grants and Contributions										
Interest on Long-Term Debt	328,075	325,093	319,524	267,789	545,590	261,377	257,511	254,852	235,206	239,886
Capital Grants and Contributions										
<b>Total Governmental Activities Program Revenues</b>	<b>21,079,838</b>	<b>14,241,733</b>	<b>14,799,750</b>	<b>14,936,721</b>	<b>18,842,300</b>	<b>22,829,280</b>	<b>19,812,659</b>	<b>22,861,698</b>	<b>26,967,078</b>	<b>30,386,665</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	2,653,899	2,722,751	2,636,635	2,656,156	2,744,292	2,563,961	2,532,414	2,672,971	2,594,457	2,509,724
Child Care										
Operating Grants and Contributions	964,919	979,546	1,229,284	1,250,622	1,576,360	1,965,376	2,105,405	2,251,239	2,288,325	2,337,861
Capital Grants and Contributions										

**EDISON BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Business Type Activities Program Revenues	3,618,818	3,702,297	3,865,919	3,906,778	4,320,652	4,529,338	4,637,818	4,924,210	4,882,782	4,847,585
Total District Program Revenues	<u>\$ 24,698,656</u>	<u>\$ 17,944,030</u>	<u>\$ 18,665,669</u>	<u>\$ 18,843,499</u>	<u>\$ 23,162,952</u>	<u>\$ 27,358,618</u>	<u>\$ 24,450,477</u>	<u>\$ 27,785,908</u>	<u>\$ 31,849,860</u>	<u>\$ 35,234,250</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (185,433,960)	\$ (195,223,030)	\$ (200,680,684)	\$ (197,902,860)	\$ (205,120,987)	\$ (204,882,768)	\$ (209,445,659)	\$ (219,365,559)	\$ (227,878,605)	\$ (235,357,096)
Business-Type Activities	(64,022)	21,408	128,903	180,151	(79,536)	(84,830)	220,770	109,254	102,985	19,101
Total District-Wide Net Expense	<u>\$ (185,497,982)</u>	<u>\$ (195,201,622)</u>	<u>\$ (200,551,781)</u>	<u>\$ (197,722,709)</u>	<u>\$ (205,200,523)</u>	<u>\$ (204,967,598)</u>	<u>\$ (209,224,889)</u>	<u>\$ (219,256,304)</u>	<u>\$ (227,775,620)</u>	<u>\$ (235,337,994)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities										
Property Taxes, Levied for General Purposes, Net	162,393,143	168,982,638	174,745,531	183,239,782	186,903,983	186,560,713	188,618,861	192,344,442	202,733,373	208,422,141
Taxes Levied for Debt Service	1,733,711	1,726,306	1,688,900	1,841,249	1,387,738	1,674,995	1,572,148	1,652,756	1,633,488	1,581,038
Unrestricted Grants and Contributions	14,602,823	16,211,061	19,475,906	11,952,014	14,908,375	16,949,425	16,669,027	17,934,322	17,272,473	17,959,653
Restricted Grants and Contributions	6,345,413	5,638,462	9,110,623	8,605,642	5,510,649	5,794,819	5,862,203	5,930,738	6,006,674	6,189,095
Tuition Received	85,997	173,477	169,794	240,243	357,727	729,781	1,131,055	679,042	410,151	428,771
Fire Recovery							4,385,300	8,310,723	10,903,978	
Refunding Bonds Net Proceeds							54,500			
Miscellaneous Income	2,353,400	1,706,264	1,577,987	2,114,294	1,264,921	1,733,559	2,009,746	2,173,012	2,150,459	2,223,361
Special Item(s) - Prior Year Adjustments - Net		171,026	53,925	205,875	(3,307)	132,266	118,331		(999,880)	(3,444,783)
Transfers	(76,463)	(34,873)	(50,363)	(127,134)	(217,020)	(443,401)	(482,538)	(571,100)	(422,660)	(453,494)
Total Governmental Activities	<u>187,438,024</u>	<u>194,574,361</u>	<u>206,772,302</u>	<u>208,071,965</u>	<u>210,113,066</u>	<u>213,132,157</u>	<u>219,938,634</u>	<u>228,453,934</u>	<u>239,688,055</u>	<u>232,905,783</u>
Business-Type Activities										
Miscellaneous Income		5,305	7,496	3,088	222	-	2,345			
Transfers										
Total Business-Type Activities	<u>-</u>	<u>5,305</u>	<u>7,496</u>	<u>3,088</u>	<u>222</u>	<u>-</u>	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 187,438,024</u>	<u>\$ 194,579,665</u>	<u>\$ 206,779,798</u>	<u>\$ 208,075,053</u>	<u>\$ 210,113,287</u>	<u>\$ 213,132,157</u>	<u>\$ 219,940,978</u>	<u>\$ 228,453,934</u>	<u>\$ 239,688,055</u>	<u>\$ 232,905,783</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,004,064	\$ (648,669)	\$ 6,091,618	\$ 10,169,105	\$ 4,992,078	\$ 8,249,389	\$ 10,492,975	\$ 9,088,375	\$ 11,809,450	\$ (2,451,312)
Business-Type Activities	(64,022)	26,712	136,399	183,239	(79,314)	(84,830)	223,114	109,254	102,985	19,101
Total District	<u>\$ 1,940,042</u>	<u>\$ (621,957)</u>	<u>\$ 6,228,017</u>	<u>\$ 10,352,344</u>	<u>\$ 4,912,764</u>	<u>\$ 8,164,559</u>	<u>\$ 10,716,089</u>	<u>\$ 9,197,630</u>	<u>\$ 11,912,435</u>	<u>\$ (2,432,211)</u>

Source: CAFR Schedule A-2

**EDISON BOARD OF EDUCATION  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-3**

*(modified accrual basis of accounting)*

Fiscal Year Ending June 30, 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved:	\$ 217,687	\$ 219,603	\$ 222,356	\$ 4,199,364	\$ 2,938,867	\$ 5,075,951	\$ 9,276,614	\$ 10,579,611	\$ 5,817,000	\$ 7,363,987
Unreserved:	646,307	(1,254,761)	(449,387)	3,117,979	8,733,763	6,956,488	4,934,734	4,526,526	2,398,736	2,683,381
<b>Total General Fund</b>	<b>\$ 863,994</b>	<b>\$ (1,035,158)</b>	<b>\$ (227,031)</b>	<b>\$ 7,317,343</b>	<b>\$ 11,672,629</b>	<b>\$ 12,032,439</b>	<b>\$ 14,211,348</b>	<b>\$ 15,106,138</b>	<b>\$ 8,215,736</b>	<b>\$ 10,047,368</b>
<b>All Other Governmental Funds</b>										
Reserved:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(13,132)		2,931,070	3,346,589	1,161,762	465,937	(386,861)	5,397,414	1,843,582	9,346,966
Capital Projects Fund										
Debt Service Fund	9,344	9,009	12,217	131,470	81,569	81,570	1	29,689	29,689	1
<b>Total All Other Governmental Funds</b>	<b>\$ (3,788)</b>	<b>\$ 9,009</b>	<b>\$ 2,943,286</b>	<b>\$ 3,478,059</b>	<b>\$ 1,243,331</b>	<b>\$ 547,507</b>	<b>\$ (386,860)</b>	<b>\$ 5,427,103</b>	<b>\$ 1,873,271</b>	<b>\$ 9,346,967</b>

Source: CAFR Schedule B-1

EDISON BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

Exhibit J-1

UNAUDITED  
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 164,126,854	\$ 170,708,944	\$ 176,434,431	\$ 185,081,031	\$ 188,291,172	\$ 188,235,708	\$ 190,191,009	\$ 193,997,198	\$ 204,366,861	\$ 210,003,179
Tuition charges	85,997	175,477	169,794	240,243	357,727	729,781	1,131,055	679,042	410,151	438,771
Transportation charges	611,952	611,952	602,375	923,819	773,676	797,173	1,011,345	1,086,685	1,167,520	1,297,471
Miscellaneous	2,355,400	1,012,843	915,704	1,119,750	418,049	839,386	998,401	1,013,869	895,880	863,255
Financing sources					5,000,000					5,000,000
Local sources		81,469	59,908	70,725	73,196	97,036	88,970	72,458	87,059	62,636
State sources	37,778,955	31,740,790	37,019,157	28,382,598	33,905,359	40,457,554	37,250,007	41,369,159	44,802,026	48,971,510
Federal sources	4,249,118	4,350,506	7,188,400	6,443,990	5,115,991	5,335,965	5,108,056	5,357,599	5,351,188	5,564,103
Total revenues	208,594,325	208,679,941	222,889,768	222,862,156	229,133,693	241,272,572	235,778,824	245,376,010	257,173,695	272,198,726
<b>Expenditures</b>										
Instruction										
Regular instruction	69,856,563	72,041,253	79,290,847	71,933,736	74,684,942	76,044,909	77,295,794	80,781,441	81,052,274	83,096,228
Special education instruction	16,934,353	19,252,012	20,464,766	22,483,000	20,933,556	20,918,581	21,357,288	19,316,496	19,842,956	20,059,605
Other special instruction	1,662,809	1,619,937	1,524,609	1,367,743	1,617,027	1,365,947	1,280,357	1,011,309	930,588	906,479
Other instruction	1,614,954	1,722,015	1,710,445	1,380,696	1,798,352	1,895,474	1,827,688	1,949,085	2,039,350	2,122,560
Adult/continuing education	180,880	179,591	202,806							
Support Services										
Tuition	12,912,889	11,589,931	10,905,647	10,462,183	10,463,066	11,886,418	11,097,935	10,347,435	11,143,730	11,332,821
Student & inst. related services	20,632,823	22,500,053	19,844,347	21,848,881	23,598,078	24,378,565	24,154,300	25,637,598	25,958,443	27,057,754
General administration	5,946,655	6,037,172	6,190,225	5,959,370	6,263,586	6,545,514	6,596,004	6,785,638	7,118,576	7,291,271
School administrative services	4,769,443	4,633,764	5,002,774	5,071,594	5,520,361	5,822,925	6,348,868	6,798,706	6,025,237	6,004,082
Other administrative services										
Central services										
Admin. information technology										
Plant operations and maintenance	16,150,565	16,244,414	16,340,315	15,628,152	15,970,556	16,228,439	16,413,203	16,550,505	17,345,265	17,002,638
Pupil transportation	9,529,692	10,459,101	9,450,453	8,714,374	9,477,918	9,722,794	10,083,828	10,836,391	11,788,590	12,459,613
Unallocated benefits	37,901,126	37,901,126	39,913,850	41,943,194	47,661,928	51,603,300	49,454,050	52,875,108	58,096,598	65,701,878
Other Support Services										
Employee benefits	43,015,212									
Fund Service	197,102	164,716	173,178	178,176	283,557	347,500	343,070	332,925	299,703	333,170
Special Schools										
Charter Schools										
Capital outlay	1,894,027	2,633,843	8,889,096	3,219,906	7,021,558	12,621,651	10,745,385	10,643,808	38,739,269	10,490,492
Debt service:										
Principal	1,235,060	1,280,000	1,275,000	1,395,000	1,435,000	1,465,000	1,490,000	1,580,082	1,605,000	1,635,000
Interest and other charges	818,229	771,724	630,216	687,221	548,229	471,371	421,228	297,838	263,694	215,613
Cost of issuance							54,500			
Total expenditures	207,451,198	209,555,662	221,908,576	212,513,226	226,868,152	241,318,388	238,963,505	245,744,384	287,109,272	305,709,003
Excess (Deficiency) of revenues over (under) expenditures	1,143,127	(885,721)	481,192	10,148,930	2,307,541	(45,815)	(3,184,681)	(2,168,374)	(24,995,578)	8,481,723
<b>Other financing sources (uses)</b>										
Refunding Bonds proceeds				4,995,080			2,588,000			
Refunding Bonds Premium				(5,185,309)			83,163			
Payment to Bond Escrow Agent							(2,613,665)			
Insurance- Fire Recovery							4,383,300			
Lease Purchases			4,975,048							
Capital leases (non-budgeted)	35,229		318,880		33,345	20,936	353,629			1,277,099
Spec. Education Extraordinary Aid Recovery										
Debt Service Aid Adjustment				(164,522)	(69,351)					
Transfer-Out- Workers Compensation										
Prior Year Accounts Receivable/ Payables Adjusted - Net										
Transfers in		171,076	53,925	489,649	66,044	132,266	118,331			
Transfers out										
Adjustments (net) - Special Rev. Fund	(76,463)	(34,873)	(50,363)	(127,134)	(217,020)	(443,401)	(482,538)	(571,100)	(422,660)	(453,494)
Total other financing sources (uses)	(1,613,357)	(1,030,653)	4,482,490	(2,352,524)	(186,982)	(290,199)	4,429,223	8,877,177	14,551,344	873,605
<b>Special Item</b>										
Cancellation of Accrued Liability										
Deferred Revenue Adjustment										
Total special item										
Net change in fund balances	\$ (470,230)	\$ (1,886,334)	\$ 3,242,404	\$ 7,296,407	\$ 2,120,559	\$ (336,014)	\$ 1,244,542	\$ 6,768,753	\$ (10,444,734)	\$ 9,705,528
Debt service as a percentage of noncapital expenditures	1.00%	0.99%	0.94%	0.99%	0.90%	0.85%	0.84%	0.80%	0.77%	0.73%

Note: Noncapital expenditures are total expenditures less capital outlay.

Source: District records

**EDISON BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-5**

*(modified accrual basis of accounting)*

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Adult Education Fees</u>	<u>Miscellaneous</u>	<u>Building Use Fees</u>	<u>Annual Totals</u>
Fiscal Year Ending June 30,						
2008	\$ 85,997	\$ 364,838	\$ 235,648	\$ 63,475	\$ 718,790	\$ 1,468,748
2009	173,477	226,840	295,108	224,328	266,567	1,186,320
2010	169,794	69,895		619,360	223,696	1,082,745
2011	240,243	69,051		1,046,252		1,355,547
2012	357,727	51,588		1,140,136		1,549,451
2013	729,781	76,734		1,559,789		2,366,304
2014	1,131,055	66,030		932,371		2,129,456
2015	679,042	72,557		594,227		1,345,826
2016	410,151	97,143		798,737		1,306,031
2017	428,771	122,038		764,291		1,315,100

Source: District records- See Exh. C-1



## Revenue Capacity

**EDISON BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2008	\$ 168,454,100	\$ 4,359,806,200	\$ -	\$ 14,600	\$ 1,113,955,400	\$ 1,259,429,800	\$ 456,944,900	\$ 7,358,605,000	\$ 14,718,400	\$ 9,754,893	\$ 7,368,359,893	\$ 9,605,475,027	\$ 2.289
2009	167,522,800	4,418,880,900	-	14,600	1,106,888,800	1,178,035,800	455,797,600	7,327,140,500	11,248,200	9,519,148	7,336,659,648	9,564,150,239	2.383
2010	154,149,100	4,453,710,400	-	21,500	1,095,414,700	1,162,540,900	430,375,500	7,296,212,100	6,938,400	9,353,760	7,305,565,860	9,523,616,034	2.490
2011	143,814,100	4,470,058,100	-	21,500	1,078,068,700	995,247,500	418,501,300	7,105,711,200	2,602,700	8,539,091	7,114,250,291	9,274,214,954	2.625
2012	139,055,500	4,484,044,000	-	21,500	1,091,939,000	946,466,000	385,957,000	7,047,483,000	2,602,700	8,894,673	7,056,377,673	9,198,771,572	2.668
2013	130,070,200	4,492,524,800	-	21,500	1,076,715,300	904,392,300	385,687,000	6,989,411,100	2,602,700	8,475,734	6,997,886,834	9,122,522,271	2.668
2014	127,961,100	4,495,846,500	-	21,500	1,079,794,800	934,318,300	385,687,000	7,023,629,200	2,602,700	6,974,696	7,028,001,196	9,161,779,685	2.733
2015	123,956,600	4,505,085,800	-	21,500	1,066,092,500	941,348,900	423,345,800	7,059,851,100	2,602,700	6,934,622	7,064,183,022	9,208,946,711	2.820
2016	118,113,900	4,514,156,800	-	21,500	1,049,012,000	960,164,300	421,038,400	7,062,506,900	2,602,700	6,439,352	7,066,343,552	9,211,763,202	2.932
2017	110,765,600	4,537,471,500	-	21,500	1,037,523,300	985,777,300	421,098,400	7,092,657,600	2,602,700	6,341,083	7,096,395,983	9,250,939,881	2.978

Source: Middlesex County Abstract of Ratables

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 ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100

**EDISON BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30	EDISON SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATE		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Town of Edison	Middlesex County	
2008*	2.279	0.010	2.289	1.054	0.602	3.945
2009*	2.375	0.008	2.383	1.102	0.643	4.128
2010*	2.483	0.007	2.490	1.102	0.647	4.239
2011*	2.608	0.017	2.625	1.114	0.722	4.461
2012*	2.620	0.048	2.668	1.128	0.733	4.529
2013*	2.625	0.043	2.668	1.126	0.687	4.481
2014*	2.695	0.038	2.733	1.205	0.788	4.726
2015*	2.787	0.033	2.820	1.235	0.809	4.864
2016*	2.906	0.026	2.932	1.269	0.855	5.056
2017*	2.957	0.021	2.978	1.288	0.890	5.156

Source: District Records and Middlesex County Abstract of Ratables

\* Middlesex County - Includes County Open Space Recreation & Historic Preservation for years 2006 and subsequent.

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

FROM J-12

**EDISON BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND TEN YEARS AGO  
UNAUDITED**

**Exhibit J-8**

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Taxpayer	YEAR ENDED JUNE 30, 2017			YEAR ENDED JUNE 30, 2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
ISAAC HELLER	\$ 159,351,500	1	2.25%	\$ 233,223,800	1	3.17%
CENTER REALTY/FED. STORAGE WHSE.	158,490,700	2	2.23%	210,777,000	2	2.86%
SHOPPING CTR. ASSOC. (MENLO PK.)	144,909,800	3	2.04%	143,882,400	3	1.95%
GARDEN STATE BLDGS./RARITAN PLAZA	84,061,300	4	1.18%	123,294,700	4	1.67%
COOPER ASSOCIATES	59,362,200	5	0.84%	70,819,500	7	0.96%
KTR EDISON,LLC				84,952,700	5	1.15%
DURHAM WOODS ASSOC.	55,000,000	6	0.78%	55,500,000	8	0.75%
BLUEBERRY VILLAGE/EDISON VILLAGE	43,896,000	7	0.62%	44,327,000	9	0.60%
PROLOGIS/SECURITY CAPITAL TRUST	41,513,200	8	0.58%	72,520,000	6	0.98%
HARTZ MOUNTAIN	35,994,500	9	0.51%	39,128,000	10	0.53%
I/O NEW JERSEY	35,353,600	10	0.50%			
WICK COMPANY	34,472,600	11	0.49%			
MORRIS ASSOCIATES	32,396,300	12	0.46%			
EDISON CENTER ASSOC.				36,032,300	12	0.49%
PSE&G	30,126,900	13	0.42%	36,396,300	11	0.49%
RIVENDELL	29,228,400	14	0.41%	34,608,500	13	0.47%
MILBROOK GARDENS	28,549,000	15	0.40%	28,549,000	15	0.39%
NJIND, LLC	27,919,400	16	0.39%			
TORSIELLO ASSOC.	25,901,800	17	0.36%	27,930,100	16	0.38%
MARGATE TENNANTS CORP.	24,090,200	18	0.34%	32,864,000	14	0.45%
OXFORD ARMS	19,250,000	19	0.27%			
EDISON TYLER VILLAGE	19,140,000	20	0.27%	21,450,000	20	0.29%
STARWOOD HELLER				26,334,500	17	0.36%
EDISON WOODS				25,926,800	18	0.35%
145 TALMADGE RD., LLC				22,800,000	19	0.31%
<b>TOTAL</b>	<b>\$ 1,089,007,400</b>		<b>15.35%</b>	<b>\$ 1,371,316,600</b>		<b>18.61%</b>

**EDISON BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 164,126,854	\$ 164,126,854	100.00%	-
2009	170,708,944	170,708,944	100.00%	-
2010	177,369,377	177,369,377	100.00%	-
2011	185,081,031	185,081,031	100.00%	-
2012	188,291,721	188,291,721	100.00%	-
2013	188,235,708	188,235,708	100.00%	-
2014	190,191,009	190,191,009	100.00%	-
2015	193,997,198	192,094,103	99.02%	1,903,095
2016	204,366,861	204,366,861	100.00%	-
2017	210,003,178	210,003,178	100.00%	-

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

<sup>a</sup> 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.

## Debt Capacity

**EDISON BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	Type I General Obligation Bonds	Type II General Obligation Bonds	Certificates of Participation	Lease Purchase Agreements	Capital Leases *	Bond Anticipation Notes (BANs)	Capital Leases			
2008	\$ 3,295,000	\$ 12,372,000		\$ 6,845,000	\$ 1,705,311			\$ 24,217,311	0.510%	506
2009	2,195,000	11,567,000		6,170,000	929,935			20,861,935	0.455%	453
2010	1,095,000	10,747,000		10,600,048	318,880			22,760,928	0.480%	482
2011		9,820,000		9,335,000	298,205			19,453,205	0.382%	385
2012		8,970,000		7,497,000	233,048			16,700,048	0.311%	316
2013		8,100,000		10,806,000	154,843			19,060,843	0.370%	376
2014		7,230,000		9,036,000	366,531			16,632,531	0.313%	320
2015		6,320,000		7,195,000	1,156,502			14,671,502	0.269%	274
2016		5,385,000		4,930,000	4,428,647			14,743,647	NA	NA
2017		4,440,000		7,580,000	4,375,922			16,395,922	NA	NA

Source: District CAFR Schedules I-1

\* Includes Principal and interest requirements

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

**EDISON BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit J-11**

<u>GENERAL BONDED DEBT OUTSTANDING</u>						
Fiscal Year Ended June 30,	Type I General Obligation Bonds	Type II General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2008	\$ 4,395,000	\$ 13,157,000	\$ -	\$ 17,552,000	0.24%	367
2009	2,195,000	11,567,000	-	13,762,000	0.19%	299
2010	1,095,000	10,747,000	-	11,842,000	0.16%	251
2011		9,820,000	-	9,820,000	0.14%	194
2012		8,970,000	-	8,970,000	0.13%	170
2013		8,100,000	-	8,100,000	0.12%	160
2014		7,255,000	-	7,255,000	0.10%	140
2015		6,320,000	-	6,320,000	0.09%	118
2016		5,385,000	-	5,385,000	0.08%	N/A
2017		4,440,000	-	4,440,000	0.06%	N/A

Source: Township of Edison Tax Assessor  
District Records

a See Exhibit J-6 for Property Tax Data

b See Exhibit J-14 for Population Data



**EDISON BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017  
UNAUDITED**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Township of Edison	\$ 118,114,999	100.00%	\$ 118,114,999
<b>Other Debt</b>			
County of Middlesex - Statutory Debt Township's Share	512,964,315	15.4118%	<u>79,056,809</u>
<b>Subtotal Overlapping Debt</b>			197,171,808
<b>Net Direct Debt of School District</b>			
Edison Township School District General Bond			4,440,000
Edison Township School District Lease Purchase			7,580,000
Edison Township School District Capital Lease			<u>4,375,922</u>
			<u>16,395,922</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 213,567,730</u>

**Sources:** 2016 Annual Debt Statement of Township of Edison, Edison Township Finance Office, 2016 Annual Debt Statement of the County of Middlesex.

**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 the businesses of Edison. 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 government.

**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.

EDISON BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
2014	\$ 14,569,467,732
2015	15,658,416,685
2016	15,829,381,614
[A]	<u>\$ 46,057,266,031</u>
Avg Equalized Valuation of Taxable Property	[A/3] \$ 15,352,422,010
School Borrowing Margin (4%)	[B] 614,096,880
Net Bonded School Debt	[C] <u>4,440,000</u>
Legal Debt Margin	[B-C] <u>\$ 609,656,880</u>

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016
Debt Limit	\$ 555,497,840	\$ 602,963,416	\$ 634,040,943	\$ 638,649,124	\$ 622,336,277	\$ 595,132,099	\$ 572,536,174	\$ 568,837,499	\$ 403,038,459	\$ 614,096,880
Total Net Debt Applicable to Limit	<u>22,512,000</u>	<u>19,932,000</u>	<u>21,665,928</u>	<u>19,453,205</u>	<u>16,700,048</u>	<u>8,100,000</u>	<u>7,230,000</u>	<u>6,320,000</u>	<u>5,385,000</u>	<u>4,440,000</u>
Legal Debt Margin	<u>\$ 532,985,840</u>	<u>\$ 583,031,416</u>	<u>\$ 612,375,015</u>	<u>\$ 619,195,919</u>	<u>\$ 605,636,229</u>	<u>\$ 587,032,099</u>	<u>\$ 565,306,174</u>	<u>\$ 562,517,499</u>	<u>\$ 397,653,459</u>	<u>\$ 609,656,880</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	4.05%	3.31%	3.42%	3.05%	2.68%	1.36%	1.26%	1.11%	1.34%	0.72%

Source: 2015 Annual Debt Statement of the Township of Edison

## Demographic and Economic Information

**EDISON BOARD OF EDUCATION  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

**Exhibit J-14**

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2007	98,756	\$ 4,530,925,280	\$ 45,880 <sup>R</sup>	3.10%
2008	99,221 <sup>R</sup>	4,745,641,209	47,829 <sup>R</sup>	4.10%
2009	99,738 <sup>R</sup>	4,589,743,284	46,018 <sup>R</sup>	7.30%
2010	100,306 <sup>R</sup>	4,739,257,888	47,248 <sup>R</sup>	7.30%
2011	100,765 <sup>R</sup>	5,091,655,450	50,530 <sup>R</sup>	7.00%
2012	101,382 <sup>R</sup>	5,361,789,834	52,887 <sup>R</sup>	7.00%
2013	101,724 <sup>R</sup>	5,150,387,844	50,631 <sup>R</sup>	6.10%
2014	102,176 <sup>R</sup>	5,310,495,424	51,974 <sup>R</sup>	5.00%
2015	102,188 <sup>R</sup>	5,463,685,796	53,467	4.20%
2016	101,996	N/A	N/A	3.60%

**Source:**

<sup>a</sup> Population information provided by US Bureau of Census, Population Division - Estimates

<sup>b</sup> Personal income has been estimated based upon the municipal population and the personal income presented

<sup>c</sup> Per Capita Data represents County of Middlesex available through 2015

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

<sup>R</sup> Revised

**EDISON BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT AND SEVEN YEARS AGO  
 UNAUDITED**

Exhibit J-15

2017				2010			
Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employer	Employees	Rank (Optional)	Percentage of Total Employment
WAKEFERN FOOD CORP	3,500-3,749	1	N/A	MIDDLESEX COUNTY COLLEGE	N/A	1	N/A
JFK MEDICAL CENTER	3,000-3,369	2	N/A	NY TIMES	N/A	2	N/A
HOME DEPOT	1,750-1,999	3	N/A	JFK MEDICAL CENTER	N/A	3	N/A
UNITED PARCEL SERVICE	1,750-1,999	4	N/A	DR. LEONARD'S HEALTHCARE	N/A	4	N/A
MIDDLESEX COUNTY COLLEGE	1,500-1,749	5	N/A	WAKEFERN	N/A	5	N/A
WALMART STORES	1,250-1,499	6	N/A	K. HOVANIAN HOMES	N/A	6	N/A
COSTCO	1,250-1,499	7	N/A	ITC	N/A	7	N/A
PRIDENTIALINSURANCE	1,000-1,249	8	N/A	VICTORIA CLASSICS	N/A	8	N/A
BASF CATALYST, LLC RIDOSN	1,000-1,249	9	N/A	EDISON POST OFFICE	N/A	9	N/A
	-		-		-		-

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Source: Township of Edison Chamber of Commerce

Source: Township of Edison Chamber of Commerce

Historical Data Not Available

Historical Data Not Available

## Operating Information

EDISON BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Exhibit J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Teachers	902	927	931	854	880	888	890	918	921	921
Special Education	211	223	231	218	224	224	225	214	213	211
Other Special Education	26	28	28	28	28	28	28	27	26	25
Classroom Aides	127	138	137	137	138	138	138	147	145	146
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	19	19	19	18	14	14	14	11	11	14
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition										
Student & Instruction Related Services	175	178	178	160	163	166	167	167	172	176
General Administrative Services	14	14	14	13	12	10	10	10	9	9
School Administrative Services	84	84	85	79	80	80	80	83	85	85
Other Administrative Services	15	15	15	16	16	18	17	17	16	16
Admin Info Technology Services	1	3	5	5	9	10	11	12	15	15
Plant Operations and Maintenance	140	141	141	136	139	138	143	140	142	141
Pupil Transportation	39	39	42	43	43	43	44	52	52	52
Other Support Services	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>1,755</b>	<b>1,811</b>	<b>1,828</b>	<b>1,709</b>	<b>1,748</b>	<b>1,759</b>	<b>1,769</b>	<b>1,800</b>	<b>1,809</b>	<b>1,813</b>

Source: District Personnel Records

EDISON BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007-08	14,162	\$ 197,007,549	13,911	11.11%	1,158	24:1	25:1	25:1	14,184	13,617	-1.98%	96.00%
2008-09	14,171	199,243,565	14,060	5.08%	1,197	23:1	24:1	25:1	14,130	13,578	-0.38%	96.09%
2009-10	14,382	203,340,721	14,139	1.64%	1,209	24:1	24:1	25:1	14,181	13,627	0.36%	96.09%
2010-11	14,332	209,293,320	14,603	3.86%	1,118	25:1	26:1	26:1	14,194	13,641	0.09%	96.10%
2011-12	14,496	217,863,366	15,029	6.30%	1,146	24:1	25:1	26:1	14,217	13,755	0.16%	96.75%
2012-13	14,475	226,760,365	15,666	7.28%	1,154	24:1	26:1	26:1	14,367	13,844	1.06%	96.36%
2013-14	14,878	226,252,392	15,207	1.18%	1,157	25:1	26:1	26:1	14,497	13,984	0.90%	96.46%
2014-15	15,168	258,266,112	17,027	8.69%	1,170	25:1	26:1	26:1	14,697	14,162	1.38%	96.36%
2015-16	15,479	241,561,310	15,606	2.62%	1,171	26:1	26:1	27:1	15,096	14,553	2.71%	96.40%
2016-17	15,550	251,367,899	16,165	-5.06%	1,171	27:1	26:1	27:1	15,532	14,941	2.89%	96.19%

Sources: District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



**EDISON BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED**

Exhibit J-18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Woodbrook (1965, 1969, 2000, 2003)</b>										
Square Feet	57,204	57,204	57,204	57,204	57,204	57,204	57,204	57,204	57,204	57,204
Capacity (Students)	700	700	700	700	700	700	700	700	700	700
Enrollment	750	770	852	861	880	915	921	1,004	974	999
<b><u>BUILDING</u></b>										
<b>MIDDLE SCHOOLS</b>										
<b>Herbert Hoover (1967, 2000, 2007)</b>										
Square Feet	132,625	132,625	132,625	132,625	132,625	132,625	132,625	132,625	132,625	132,625
Capacity (Students)	980	980	980	980	980	980	980	980	980	980
Enrollment	748	834	813	830	814	824	834	831	817	808
<b>John Adams (1960, 2003)</b>										
Square Feet	95,740	95,740	95,740	95,740	95,740	95,740	95,740	95,740	95,740	95,740
Capacity (Students)	920	920	920	920	920	920	920	920	920	920
Enrollment	717	765	732	769	803	843	833	887	913	953
<b>Thomas Jefferson (1959, 1968, 2003)</b>										
Square Feet	80,366	80,366	80,366	80,366	80,366	80,366	80,366	80,366	80,366	80,366
Capacity (Students)	770	770	770	770	770	770	770	770	770	770
Enrollment	676	734	718	780	718	730	692	740	743	744
<b>Woodrow Wilson (1973, 2000)</b>										
Square Feet	102,781	102,781	102,781	102,781	102,781	102,781	102,781	102,781	102,781	102,781
Capacity (Students)	900	900	900	900	900	900	900	900	900	900
Enrollment	724	828	861	843	898	922	977	1,007	1,061	1,138
<b><u>BUILDING</u></b>										
<b>HIGH SCHOOL</b>										
<b>Edison (1954, 1962, 1986, 2000, 2013)</b>										
Square Feet	233,811	233,811	233,811	233,811	233,811	233,811	250,291	250,291	250,291	250,291
Capacity (Students)	1,884	1,884	1,884	1,884	1,884	1,884	2,024	2,024	2,024	2,024
Enrollment	1,726	1,936	1,980	1,951	1,980	1,960	1,924	1,885	1,932	1,949
<b>J.P. Stevens (1962, 1967, 1979, 1990, 2000, 2003, 2010)</b>										
Square Feet	205,597	205,597	205,597	219,582	219,582	219,582	220,287	220,287	220,287	220,287
Capacity (Students)	2,000	2,000	2,000	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Enrollment	2,001	2,124	2,134	2,246	2,160	2,151	2,111	2,173	2,248	2,344
<b><u>OTHER</u></b>										
<b>Education Center (1962)</b>										
Square Feet	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Capacity (Students)										
Enrollment										
<b>Grounds (1999)</b>										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (Students)										
Enrollment										

SOURCE: DISTRICT RECORDS

NOTE: YEAR OF ORIGINAL CONSTRUCTION IS SHOWN IN PARENTHESES FOLLOWING THE NAME OF THE BUILDING. DATES, IF ANY FOR A SUBSEQUENT ADDITION ALSO FOLLOWS IN PARENTHESES.

Number of Schools at June 30, 2017

Elementary = 13  
Middle = 4  
High School = 2  
Other = 2

EDISON BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-18

BUILDING	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>ELEMENTARY</b>										
<b>Benjamin Franklin (1960, 1965, 1990, 2003)</b>										
Square Feet	52,696	52,696	52,696	52,696	52,696	52,696	52,696	52,696	52,696	52,696
Capacity (Students)	580	580	580	580	580	580	580	580	580	580
Enrollment	507	579	590	579	556	598	609	606	632	592
<b>Early Learning Center (2004)</b>										
Square Feet	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297
Capacity (Students)	100	100	100	100	100	100	100	100	100	100
Enrollment	93	90	91	90	93	91	75	95	95	97
<b>Franklin D. Roosevelt (1968)</b>										
Square Feet	17,712	17,712	17,712	17,712	17,712	17,712	17,712	17,712	17,712	17,712
Capacity (Students)	150	150	150	150	150	150	150	150	150	150
Enrollment	104	108	105	103	101	103	114	130	133	163
<b>James Madison Intermediate (1959, 1968)</b>										
Square Feet	42,768	42,768	42,768	42,768	42,768	42,768	42,768	42,768	42,768	42,768
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	478	555	550	560	602	605	643	596	621	636
<b>James Madison Primary (1971, 1998, 2003)</b>										
Square Feet	46,294	46,294	46,294	46,294	46,294	46,294	46,294	46,294	46,294	46,294
Capacity (Students)	600	600	600	600	600	600	600	600	600	600
Enrollment	510	681	702	654	601	522	516	581	581	568
<b>James Monroe (2017)</b>										
Square Feet	41,100	41,100	41,100	41,100	41,100	41,100	41,100	92,560	92,560	67,775
Capacity (Students)	400	400	400	400	400	400	400	850	850	675
Enrollment	383	421	439	420	446	468	481	438	445	474
<b>John Marshall (1961, 1990, 2003, 2007)</b>										
Square Feet	62,617	62,617	62,617	62,617	62,617	62,617	62,617	62,617	62,617	62,617
Capacity (Students)	690	690	690	690	690	690	690	690	690	690
Enrollment	461	522	572	592	604	602	577	613	705	783
<b>Lincoln (1951, 1956, 1962, 1972, 2003)</b>										
Square Feet	55,315	55,315	55,315	55,315	55,315	55,315	55,315	55,315	55,315	55,315
Capacity (Students)	680	680	680	680	680	680	680	680	680	680
Enrollment	659	674	713	700	696	701	720	703	741	758
<b>Lindeneau (1966, 1968, 2000, 2003, 2004)</b>										
Square Feet	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	480	506	487	465	453	447	446	418	442	443
<b>Martin Luther King (1970, 1991, 2000)</b>										
Square Feet	54,136	54,136	54,136	54,136	54,136	54,136	54,136	54,136	54,136	54,136
Capacity (Students)	620	620	620	620	620	620	620	620	620	620
Enrollment	535	565	603	578	563	586	609	640	666	704
<b>Menlo Park (1962, 1965, 1991, 2003, 2016)</b>										
Square Feet	54,601	54,601	54,601	54,601	54,601	54,601	54,601	54,601	54,601	73,836
Capacity (Students)	720	720	720	720	720	720	720	720	720	920
Enrollment	732	771	802	815	791	800	832	819	848	878
<b>Washington (1952, 1958, 1972, 2003)</b>										
Square Feet	56,410	56,410	56,410	56,410	56,410	56,410	56,410	56,410	56,410	56,410
Capacity (Students)	680	680	680	680	680	680	680	680	680	680
Enrollment	467	608	612	547	562	574	566	599	580	602

EDISON BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-19

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

- 150 -

School Facilities	School Number	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Lincoln Elementary	100	\$ 253,904	\$ 196,003	\$ 98,251	\$ 134,372	\$ 239,142	\$ 114,440	\$ 107,657	\$ 125,361	\$ 116,132	\$ 157,561
Washington Elementary	150	160,922	200,719	101,793	132,558	125,934	121,810	96,948	123,304	173,831	127,701
Madison Intermediate	090	124,254	176,118	192,190	102,501	84,049	92,900	63,423	97,614	112,682	174,587
Ben Franklin Elementary	065	154,953	131,092	132,406	145,435	167,569	108,606	99,031	86,870	96,364	127,607
Marshall Elementary	095	177,314	175,462	165,704	130,178	146,644	132,730	109,290	123,911	206,843	179,257
Menlo Park Elementary	105	222,693	171,145	106,952	127,875	153,343	92,290	88,066	95,642	126,256	102,108
Monroe Elementary	093	304,866	104,149	231,178	114,622	106,875	93,213	67,042	82,343	84,996	73,850
Lindeneau Elementary	103	189,184	251,718	109,552	104,083	112,568	78,197	94,529	158,292	121,372	105,024
Woodbrook Elementary	160	120,890	135,786	117,833	206,588	139,952	125,039	102,995	130,452	116,182	113,119
M.L. King Elementary	104	117,481	121,021	139,503	106,855	123,710	110,514	84,693	105,887	116,536	99,563
Madison Primary	092	95,172	181,239	115,237	94,892	97,589	90,736	83,874	127,671	144,650	125,491
Herbert Hoover Middle	057	243,692	320,798	268,896	240,650	225,318	235,288	216,820	197,425	261,024	245,712
John Adams Middle	055	248,424	304,218	225,450	196,399	230,335	212,566	164,051	182,546	197,128	182,895
Thomas Jefferson Middle	060	189,107	231,302	309,931	221,590	230,650	195,086	168,245	125,756	182,048	159,065
Woodrow Wilson Middle	063	297,551	222,897	252,734	229,233	219,479	257,180	253,518	215,810	225,244	174,284
Edison High	050	732,339	797,927	1,001,872	650,316	506,930	560,328	456,256	503,595	542,267	486,652
J.P. Stevens High	053	539,938	856,039	579,724	644,393	580,603	570,742	471,922	434,746	668,293	544,094
Early Learning Center	300	31,441	80,175	23,135	20,490	16,866	-	-	-	-	-
F.D. Roosevelt	302	24,910	139,539	24,630	25,860	30,140	-	-	-	-	-
<b>GRAND TOTAL</b>		<b>\$ 4,229,035</b>	<b>\$ 4,797,347</b>	<b>\$ 4,196,971</b>	<b>\$ 3,628,890</b>	<b>\$ 3,537,696</b>	<b>\$ 3,191,665</b>	<b>\$ 2,728,360</b>	<b>\$ 2,917,225</b>	<b>\$ 3,491,848</b>	<b>\$ 3,178,570</b>

SOURCE: DISTRICT RECORDS

**EDISON BOARD OF EDUCATION  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**Exhibit J-20**

<u>DESCRIPTION</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy - School Alliance Insurance Fund (SAIF)		
Buildings & Contents	\$ 400,000,000	\$ 5,000
Extra Expense - Blanket	25,000,000	
General Liability (Occurrence)	5,000,000	
Product Liability (Aggregate)	5,000,000	
Personal Injury	5,000,000	
Valuable Papers Blanket	1,000,000	
Software	500,000	
Money & Securities	2,500,000	1,000
Public Employees Dishonesty	500,000	1,000
Employee Benefits Liability	5,000,000	
 Bonds - SELECTIVE		
Business Administrator	750,000	
Assistant Business Administrator	250,000	
 Automobile Liability - SAIF	5,000,000	
Uninsured Motorist	\$15,000/\$30,000/\$5,000	
Comprehensive & Collision	included	1,000
 Educator's Legal Liability - SAIF	5,000,000	10,000
 Umbrella Liability - SAIF	15,000,000	
 Workers Compensation - SAIF	5,000,000	
Workers Compensation Supplemental - SAIF	included	
 Boiler & Machinery - SAIF	100,000,000	
 Berkley & United States Fire (Through McCloskey)		
High School Football - Incl.	5,000,000	
Catastrophic Student Accident	1,000,000	

**SINGLE AUDIT SECTION**

**SECTION – K**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
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K-1

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
The Township of Edison School District  
County of Middlesex  
Edison, 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 Governmental Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Edison Board of Education in the County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Edison Board of Education's basic financial statements and have issued our report thereon dated November 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Edison Board of Education'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 Edison Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edison Board of Education's internal control.

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

Our consideration of internal control over financial reporting 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 Edison Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

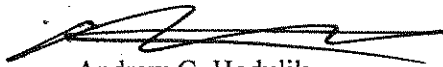
We noted other matters involving internal control and internal control over financial reporting that we reported to the Board of Education in a separate report entitled, Auditors Management Report on Administrative Findings dated November 14, 2017.

### **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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants



Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Highland Park, New Jersey  
November 14, 2017

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
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**K-2**

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ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

Honorable President and Members  
of the Board of Education  
Township of Edison School District  
County of Middlesex  
Edison, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Edison Board of Education's, County of Middlesex, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement and the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of the Edison Board of Education's major federal and state programs for the year ended June 30, 2017. The Edison Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Edison Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; audit requirements as prescribed by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants and State Aid. Those standards, Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Edison Board of Education'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 for each major federal and state program. However, our audit does not provide a legal determination on the Edison Board of Education's compliance.



### Opinion on each Major Federal and State Program

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

### Report on Internal Control Over Compliance

Management of the Edison Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Edison Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB 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 Edison Board of Education's internal control over compliance.

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

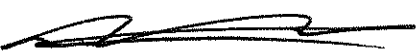
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

### Purpose of Report

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

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

  
Andrew G. Hodulik  
Public School Accountant  
PSA # 841

Highland Park, New Jersey  
November 14, 2017

Edison Township Board of Education  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2017

Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Def. Revenue/ (Accounts Rec.) at June 30, 2016	Carryover Amount	Due To Grantor June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017		
					From	To								Accounts Receivable	Deferred Revenue	Due to Grantor
<b>Enterprise Fund</b>																
U.S. Department of Agriculture - Cluster																
Passed-through State Department of Education:																
Food Distribution Program - Non-Cash Award/Program	10.555	171NJ304N1099	N/A	\$ 303,384.41	7/1/16	6/30/17	\$ 68,391.18		\$ 371,775.59	\$ (388,701.29)			\$ -	\$ 51,465.48	\$ -	
National School Lunch Program	10.555	171NJ304N1099	N/A	1,321,689.50	7/1/16	6/30/17	(100,437.59)		1,324,146.01	(1,321,689.50)			(97,981.08)			
National School Breakfast Program	10.553	171NJ304N1099	N/A	620,266.54	7/1/16	6/30/17	(50,157.71)		617,255.34	(620,266.54)			(53,168.91)			
<b>Total Enterprise Fund</b>							<b>(82,204.12)</b>		<b>2,313,176.94</b>	<b>(2,330,657.33)</b>			<b>(151,149.99)</b>	<b>51,465.48</b>	<b>-</b>	
<b>General Fund</b>																
U.S. Dept. of Health and Human Services/U.S. Dept of Education																
Passed-through State Department of Education:																
Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	151,148.00	7/1/16	6/30/17			376,403.00	(376,403.00)						
MAC/Random Moment in Time	93.778	1705NJ5MAP	N/A		7/1/16	6/30/17			22,382.00	(22,382.00)						
U.S. Department of Homeland Security - FEMA																
Passed-through NJ Depart. of Law and Public Safety:																
Disaster Grants - Public Assistance - Hurricane Sandy	97.036	N/A	N/A		1/1/14	12/31/15	(19,743.40)					19,743.40				
<b>Total General Fund</b>							<b>(19,743.40)</b>		<b>398,785.00</b>	<b>(398,785.00)</b>		<b>19,743.40</b>				
<b>Special Revenue Fund</b>																
U.S. Department of Education																
Passed-through State Department of Education:																
Title I	84.010	S010A160030	NCLB_17	1,406,944.00	7/1/16	6/30/17	(499,293.41)		1,410,471.00	(1,378,024.66)			(466,847.07)			
Title III Language Instruct	84.365	S365A160030	NCLB_17	80,150.00	7/1/16	6/30/17	8,418.42		85,128.00	(78,559.90)			-	14,986.52		
Title III Immigrant	84.365	S365A160030	NCLB_17	174,686.00	7/1/16	6/30/17			102,244.00	(151,697.37)			(49,453.37)			
Title II, Part A - Teacher/Principal Training	84.367	S367A160029	NCLB_17	316,246.00	7/1/16	6/30/17	(49,730.42)		239,422.00	(204,948.36)			(15,256.78)			
Title II, Part D Educ./Technology	84.318	NCLB_13	NCLB_13		7/1/12	6/30/13	(5,103.00)						(5,103.00)			
Title IV, Part A - Drug Free Schools	84.186A	NCLB_13	NCLB_13		7/1/12	6/30/13	(7,068.00)						(7,068.00)			
I.D.E.A. - Cluster																
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA_17	3,961,778.00	7/1/16	6/30/17	(949,752.49)		2,650,999.00	(3,237,753.31)			(1,536,506.80)			
Improving Achievement-IDEA	84.027A	H027A160100	IDEA_14		7/1/14	6/30/15	0.21					(0.21)				
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA_17	120,783.00	7/1/15	6/30/16	(9,044.40)		108,081.00	(114,334.81)			(15,298.21)			
Race to the Top	84.413A	N/AB413A120008	N/A	74,416.00	7/1/14	6/30/15	2,600.00					(2,600.00)				
<b>Total Special Revenue Fund</b>							<b>(1,508,973.09)</b>		<b>4,596,345.00</b>	<b>(5,165,318.41)</b>		<b>(2,600.21)</b>	<b>(2,095,533.23)</b>	<b>14,986.52</b>	<b>-</b>	
<b>Total Federal Financial Awards</b>							<b>\$ (1,610,920.61)</b>	<b>\$ -</b>	<b>\$ 7,308,306.94</b>	<b>\$ (7,894,760.74)</b>	<b>\$ 17,143.19</b>	<b>\$ -</b>	<b>\$ (2,246,683.22)</b>	<b>\$ 66,452.00</b>	<b>\$ -</b>	

Footnote(s):

N/A - Not Available

Note: See Accompanying Notes to Schedules of Expenditures of Awards/Financial Assistance

Edison Township Board of Education  
Schedule of Expenditures of State Financial Assistance  
For The Fiscal Year Ended June 30, 2017

Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Deferred Revenue (Assets Receivable)	Due to Grantor	MEMO Budgetary Receivable	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	MEMO Cumulative Total Expenditures
<b>State Dept of Education</b>															
<b>General Fund</b>															
Categorical Transportation Aid	17-495-034-5120-014	\$ 960,826.00	7/1/16	6/30/17	\$ -	\$(102,389.06)		\$ 960,136.06	\$(960,826.00)					\$(960,826.00)	\$ 960,826.00
Categorical Special Education Aid	17-495-034-5120-011	8,719,977.00	7/1/16	6/30/17		(692,406.13)		8,600,529.13	(8,719,977.00)					(811,854.60)	8,719,977.00
Equalization Aid	17-495-034-5120-078	3,547,227.00	7/1/16	6/30/17		(402,821.77)		3,595,328.77	(3,547,227.00)					(354,720.00)	3,547,227.00
Categorical Security Aid	17-495-034-5120-084	375,345.00	7/1/16	6/30/17		(81,011.02)		418,821.52	(375,345.00)					(37,534.50)	375,345.00
PARCC Readiness Aid	17-495-034-5120-097	142,270.00	7/1/16	6/30/17		(21,045.51)		149,888.51	(142,270.00)					(14,227.00)	142,270.00
Per Pupil Growth Aid	17-495-034-5120-098	142,270.00	7/1/16	6/30/17		(21,045.51)		149,888.51	(142,270.00)					(14,227.00)	142,270.00
Professional Learning Community Aid	17-495-034-5120-101	147,575.00	7/1/16	6/30/17				147,575.00	(147,575.00)					(14,757.50)	147,575.00
Non-Public Transportation Aid	17-180-034-5120-068	116,465.00	7/1/16	6/30/17				117,059.00	(116,465.00)			594.00		116,465.00	116,465.00
Homesite Childcare Aid	17-100-034-5120-095	1,516,090.00	7/1/16	6/30/17				1,510,129.00	(1,510,000.00)			129.00		(2,140,696.00)	1,510,000.00
Extraordinary Aid 2016-2017	17-100-034-5120-473	2,146,696.00	7/1/16	6/30/17					(2,140,696.00)				(2,140,696.00)	(2,140,696.00)	2,140,696.00
Extraordinary Aid 2015-2016	16-100-034-5120-473	700,000.00	7/1/16	6/30/17		(1,921,464.00)		1,921,464.00							1,921,464.00
On-Behalf T.P.A.F. Non-Cont. Insurance	17-495-034-5094-4094	11,607,957.00	7/1/16	6/30/17				11,607,957.00	(11,607,957.00)						11,607,957.00
On-Behalf T.P.A.F. Non-Cont. NCGI Premium	17-495-034-5094-4092	437,885.00	7/1/16	6/30/17				437,885.00	(437,885.00)						437,885.00
On-Behalf T.P.A.F. Post-Retirement Medical	17-495-034-5094-001	10,022,511.00	7/1/16	6/30/17				10,022,511.00	(10,022,511.00)						10,022,511.00
T.P.A.F. Social Security Aid	17-495-034-5094-003	8,078,426.47	7/1/16	6/30/17		(395,808.54)		8,072,628.14	(8,078,426.47)		(601,696.87)				8,078,426.47
<b>Total General Fund</b>						(3,242,183.00)		47,202,443.14	(47,949,430.47)		(400,973.87)			(3,484,095.00)	47,949,430.47
<b>Debt Service Fund</b>															
Debt Service Aid	17-495-034-5120-075	239,886.00	7/1/16	6/30/17				239,886.00	(239,886.00)						239,886.00
<b>Total Debt Service Fund</b>															239,886.00
<b>Special Revenue Fund</b>															
N.J. Nonpublic Aid	17-100-034-5120-064	140,074.00	7/1/16	6/30/17				133,840.00	(131,500.00)		(8,702.00)		2,340.00		131,500.00
Textbook Aid															
Auxiliary Services:															
Compensatory Education	17-100-034-5120-067	192,597.00	7/1/16	6/30/17				192,597.00	(121,828.00)		(42,301.00)		70,769.00		121,828.00
English as a Second Language	17-100-034-5120-067	10,902.00	7/1/16	6/30/17				10,902.00	(5,481.00)		(3,451.00)		5,481.00		5,481.00
Transportation	17-100-034-5120-067	30,024.00	7/1/16	6/30/17				30,024.00	(30,024.00)						30,024.00
Handicapped Services:															
Examination & Classification	17-100-034-5120-066	122,102.00	7/1/16	6/30/17				122,102.00	(115,984.00)		(35,220.00)		6,138.00		115,984.00
Concise Speech	17-100-034-5120-066	56,544.00	7/1/16	6/30/17				56,544.00	(40,641.00)		(3,344.00)		15,903.00		40,641.00
Supplemental Instruction	17-100-034-5120-066	69,422.00	7/1/16	6/30/17				69,422.00	(51,790.00)		(7,227.00)		8,632.00		51,790.00
Home Instruction	17-100-034-5120-067	7,552.23	7/1/16	6/30/17		(6,126.00)		6,128.00	(3,028.00)		(3,028.00)				3,028.00
Nursing Services	17-100-034-5120-070	213,300.00	7/1/16	6/30/17				213,300.00	(195,521.00)		(9,129.00)		13,779.00		199,521.00
Technology	17-100-034-5120-373	61,620.00	7/1/16	6/30/17				61,620.00	(58,341.00)		(3,627.00)		3,279.00		58,341.00
Security	17-100-034-5120-373	118,500.00	7/1/16	6/30/17				118,500.00	(112,363.00)		(4,866.00)		6,137.00		112,363.00
FHA/HERO Grant	17-100-034-5092-032	85,000.00	9/1/16	8/31/17		(46,016.35)		62,314.00	(133,296.02)			(56,998.37)			133,296.02
<b>Total Special Revenue Fund</b>						(62,144.35)		1,168,358.00	(1,023,777.02)		(113,433.00)		132,458.00		1,023,777.02
<b>Enterprise Fund</b>															
National School Lunch Program	17-100-010-3350-023	40,584.33	7/1/16	6/30/17		(6,109.22)		43,491.16	(40,292.68)		(3,009.74)				40,292.68
<b>Total Enterprise Fund</b>						(6,109.22)		43,491.16	(40,292.68)		(3,009.74)				40,292.68
<b>Total State Financial Assistance</b>						\$(3,242,183.00)		\$ 49,544,083.30	\$(49,253,386.17)		\$(113,433.00)		\$ 132,458.00		\$ 49,253,386.17

Footnotes:  
N/A - Not Available  
Note: See Accompanying Notes to Schedules of Expenditures of Awards Financial Assistance.  
Pursuant to the directive of the New Jersey State Department of Education, on-balance payments for T.P.A.F. Pensions, Post-Retirement Medical and Non-Contributory Insurance are excluded from the scope of the State Single Audit and are not considered when determining Type A or Major Programs under NJOMB Circular 15-08.

EDISON SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2017

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Edison School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements (GASB 34 Model – basic financial statements). All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements (GASB 34 – Model - basic financial statements). The information in this schedule is presented in accordance with requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. In addition, the District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A: 22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP does not. The special revenue fund also recognizes the one or more June payments in the current budget year, consist with N.J.S.A. 18A: 22-4.2.

See Note 1(D) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

EDISON SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF EXPENDITURES  
 OF AWARDS/FINANCIAL ASSISTANCE  
JUNE 30, 2016

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 398,784.88	\$47,707,647.47	\$48,106,432.35
Special Revenue Fund	5,165,318.41	1,023,777.02	6,189,095.43
Debt Service Fund	-0-	239,886.00	239,886.00
Food Service Fund	2,262,266.15	44,408.40	2,306,674.55
Total Awards & Financial Assist.	<u>\$7,826,369.44</u>	<u>\$49,015,718.89</u>	<u>\$56,842,088.33</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, Non-Contributory Insurance, and Post-Retirement Medical represents the amount paid or accrued by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal Control over financial reporting:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- 2) Significant deficiencies identified ? \_\_\_\_\_ yes  X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- 2) Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200 section .516(a) of U.S. OMB Uniform Guidance? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>Child Nutrition Cluster</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>84.365</u>	<u>S365A160030</u>	<u>National School Lunch Program</u>
		<u>English Language Acquisition (Title III)</u>

Dollar threshold used to distinguish between type A and B programs: \$ 750,000.00

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

EDISON SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (continued)

*Section 1 – Summary of Auditor's Results (cont'd.)*

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 810,705.00

Auditee qualified as low-risk auditee?  X  yes   no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120 -044</u>	<u>Extraordinary Aid</u>
<u>17-495-034-5120 -014</u>	<u>Categorical Transportation Aid</u>
<u>17-495-034-5120-075</u>	<u>Debt Service Aid</u>
<u>17-100-034-5120-067</u>	<u>Non-Public Auxiliary Services Chapter 192</u>
<u>17-100-034-5120-066</u>	<u>Non-Public Handicapped Services Chapter 193</u>
<u>17-100-034-5120-070</u>	<u>Non-Public Nursing Aid</u>
<u>17-495-034-5120-005</u>	<u>Homeless Children Aid</u>
<u> </u>	<u> </u>

EDISON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(continued)

Section II – Financial Statement Findings

None

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

None



EDISON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(continued)

IV. STATUS OF PRIOR YEAR FINDINGS

Section II – Financial Statement Findings

No Prior Year Findings Noted.

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

No Prior Year Findings Noted.