

FLORENCE TOWNSHIP SCHOOL DISTRICT

Florence, New Jersey
County of Burlington

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

FLORENCE TOWNSHIP SCHOOL DISTRICT

FLORENCE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

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FLORENCE TOWNSHIP SCHOOL SYSTEM

201 CEDAR STREET
FLORENCE, NEW JERSEY 08518



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SUPERINTENDENT OF SCHOOLS
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MELISSA LIVENGOOD
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November 14, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Florence Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Florence Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Florence Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Preschool through twelfth grade. This includes six full day kindergarten classes. Additionally, the District provided for a full range of services to meet the needs of its disabled population in all grade levels including self-contained classes as well as Resource Center and Inclusion Programs. The School District's enrollment, as of October 15th, for the current and past nine fiscal years are detailed below:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,608	-9.26%
2015-2016	1,772	-0.73%
2014-2015	1,785	9.71%
2013-2014	1,627	0.99%
2012-2013	1,611	-6.50%
2011-2012	1,723	-0.12%
2010-2011	1,725	0.52%
2009-2010	1,716	3.00%
2008-2009	1,666	2.02%
2007-2008	1,633	2.83%

ECONOMIC CONDITION AND OUTLOOK

The district has worked diligently to utilize local funds to create a thorough and efficient education system. The district worked to utilize federal and state grants, as well as identify additional grant opportunities. We have encountered an increase in special education students and related service needs.

An increase of students who received Free & Reduced lunch services increased.

2016/2017: FREE LUNCH 28% REDUCED LUNCH 6% OR TOTAL FREE/REDUCED LUNCH 34%

2017/2018: FREE LUNCH 37% REDUCED LUNCH 9% OR TOTAL FREE/REDUCED LUNCH 46%

A demographic study was recently conducted to identify trends for enrollment. The district anticipates a small growth due to changes in the community and housing developments that are also anticipated in the next few years.

MAJOR INITIATIVES

The 2016-2017 school year focused on the integration of a Chromebook initiative in grades 3-12. To launch this initiative the district provided ongoing support to staff, students, and parents. Staff explored different curriculum programs and resources that promoted 21st century programs and skills.

A staff committee comprised of teachers and administrators meet regularly to articulate those staff development activities that are mandated by the State and aligned to the goals established by the district for the given year. This has all been in compliance with the professional development committee (SCIP and DEAC). Special attention has been given to professional development in the area of technology, higher level thinking, and differentiated instruction to reach all students. Data driven practices are utilized to try to reach all students.

The Coordinator of Technology has continued to upgrade the bandwidth and infrastructure. This has expanded to further technology throughout the school community.

Curriculum development, research, feedback and articulation are through PLC and faculty meetings implemented in support of the necessary modifications, enhancements and extensions of curricular programs and course offerings. An emphasis in designated unit assessments was placed for this school year.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require 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 evaluations by the district management.

As part of the School 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.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School 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 cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

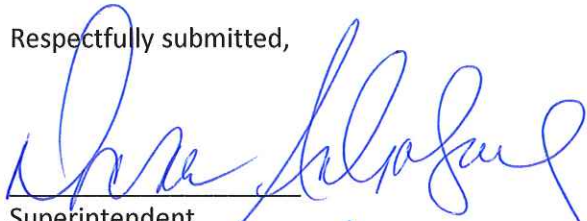
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting 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.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "John K. [unclear]", written over a horizontal line.

Superintendent

A handwritten signature in blue ink, appearing to read "M. Swengood", written over a horizontal line.

School Business Administrator/Board Secretary

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Superintendent of Schools

▼ Business Administrator	▼ Educational Facilities Manager	▼ Director Special Services	▼ Principal High School	▼	▼ Principal Riverfront	▼ Principal Roebling	▼ Computer Coordinator
			▼ Assistant Principal	▼ Assistant Principal (HS & RF Shared)	▼ Assistant Principal		
▼	▼	▼	▼	▼	▼	▼	▼
Business Office	Operations & Maintenance	Child Study Team	Classroom Instruction	Athletics	Classroom Instruction	Classroom Instruction	IT Technician
Operations & Maintenance		Speech Services	Library/ Media Services	NCLB/ IDEA B Programs	Library/ Media Services	Library/ Media Services	
Transportation Department		Mentor Services	ESL Services	Student Discipline	ESL Services	ESL Services	
District Security		Non-Public Services	G&T Program		G&T Program	G&T Program	
Attendance Services			Co-Curricular Advisors		Co-Curricular Advisors	Co-Curricular Advisors	
Extended Day Program			Guidance Department		Guidance Department	Guidance Department	
Food Service Management			Cafeteria Monitors		Cafeteria Monitors	Café/ Campus Monitors	

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FLORENCE TOWNSHIP PUBLIC SCHOOL DISTRICT
201 Cedar Street
Florence, New Jersey 08518

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Emma Cartier, President	2019
Anthony Nutter, Vice President	2019
Toby Popso	2019
Christine S. Skinner	2018
Debbie Reyes	2017
Bruce Benedetti	2017
Joseph Valdora	2017
Christopher Conti	2017
Laurie Tindall	2017

OTHER DISTRICT OFFICIALS

Donna Ambrosius, Superintendent

Melissa Livengood, Business Administrator

Donald J. Cammus, Treasurer of School Monies

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FLORENCE TOWNSHIP PUBLIC SCHOOL DISTRICT
201 Cedar Street
Florence, New Jersey 08518

Consultants and Advisors

Board Auditor

Holman Frenia Allison, P.C.
6 East Park Street, PO Box 614
Bordentown, New Jersey 08505-0614

Board Solicitor

Capehart & Scatchard, P.A.
Laurel Corporate Center
8000 Midlantic Drive, Suite 300S
Mt. Laurel, New Jersey 08054

Official Depositories

Investors Bank
2150 Route 130 North
Burlington, New Jersey 08016

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 2, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

The School District's enterprise funds (Food Service Fund and Extended Day Program) is listed individually and is considered to be a major fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,100,362	\$ 1,510,536	\$ 589,826	39.0%
Capital Assets, Net	<u>34,603,147</u>	<u>36,039,536</u>	<u>(1,436,389)</u>	-4.0%
Total Assets	<u>36,703,509</u>	<u>37,550,072</u>	<u>(846,563)</u>	-2.3%
Deferred Outflow of Resources	<u>4,778,491</u>	<u>2,946,773</u>	<u>1,831,718</u>	62.2%
Current and other Liabilities	650,523	418,220	232,303	55.5%
Noncurrent Liabilities	<u>35,786,302</u>	<u>35,693,928</u>	<u>92,374</u>	0.3%
Total Liabilities	<u>36,436,825</u>	<u>36,112,148</u>	<u>324,677</u>	0.9%
Deferred Inflow of Resources	<u>472,738</u>	<u>382,447</u>	<u>90,291</u>	23.6%
Net Position:				
Net Investment in Capital Assets	14,036,963	14,001,461	35,502	0.3%
Restricted	1,938,022	1,352,626	585,396	43.3%
Unrestricted (Deficit)	<u>(11,402,548)</u>	<u>(11,351,837)</u>	<u>(50,711)</u>	0.4%
Total Net Position	<u>\$ 4,572,437</u>	<u>\$ 4,002,250</u>	<u>\$ 570,187</u>	14.2%

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 614,363	\$ 605,029	\$ 9,334	1.5%
Operating Grants & Contributions	4,215,931	3,863,009	352,922	9.1%
General Revenues:				
Property Taxes	18,580,367	18,333,624	246,743	1.3%
Federal & State Aid	9,908,612	9,581,584	327,028	3.4%
Other General Revenues	323,159	285,101	38,058	13.3%
Special Items:				
Gain/(Loss) on Capital Asset Adjustment	(92,315)	-	(92,315)	100.0%
Total Revenues	33,550,117	32,668,347	881,770	2.7%
Function/Program Expenditures:				
Regular Instruction	8,133,504	8,007,632	125,872	1.6%
Special Education Instruction	3,539,887	3,758,212	(218,325)	-5.8%
Other Instruction	948,774	1,076,469	(127,695)	-11.9%
Tuition	1,537,242	1,680,585	(143,343)	-8.5%
Student & Instruction Related Services	3,429,065	3,190,840	238,225	7.5%
General Administrative	590,851	584,194	6,657	1.1%
School Administrative Services	1,204,123	1,232,583	(28,460)	-2.3%
Central Services	531,675	524,546	7,129	1.4%
Administrative Info. Technology	432,504	320,706	111,798	34.9%
Plant Operations & Maintenance	2,883,819	2,950,827	(67,008)	-2.3%
Pupil Transportation	1,644,647	1,746,825	(102,178)	-5.8%
Unallocated Benefits	487,856	281,568	206,288	73.3%
On Behalf TPAF Pension and Social				
Security Contributions	2,811,383	2,498,372	313,011	12.5%
Transfer to Charter Schools	1,357,915	1,377,669	(19,754)	-1.4%
Interest & Other Charges	957,696	994,387	(36,691)	-3.7%
Unallocated Depreciation	1,497,377	1,453,950	43,427	3.0%
Food Service	685,063	664,885	20,178	3.0%
Daycare	306,549	290,781	15,768	5.4%
Total Expenditures	32,979,930	32,635,031	344,899	1.1%
Change In Net Position	570,187	33,316	536,871	1611.5%
Net Position - Beginning	4,002,250	3,968,934	33,316	0.8%
Net Position - Ending	\$ 4,572,437	\$ 4,002,250	\$ 570,187	14.2%

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$583,667 or 15.79%. The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$4,279,359, with an unrestricted deficit balance of \$11,545,406. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(11,545,406)
Add back: PERS Pension Liability		10,805,326
Less: Deferred Outflows related to pensions		(3,191,873)
Add back: Deferred Inflows related to pensions		<u>472,738</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(3,459,215)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities decreased by \$13,480 or -4.40%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$293,078.

General Fund Budgeting Highlights

Final budgeted revenues was \$25,816,738, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$423,984.

Final budgeted appropriations was \$26,637,776, which was an increase of \$8,575 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increases the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,028,856.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$2,707,538 at June 30, 2017, an increase of \$631,802 from the prior year.

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,856,306, an increase of \$633,937 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$633,936 to \$1,856,303 at June 30, 2017. The net position decreased in the prior year by \$115,503. The primary factor(s) affecting the change in fund balance of the general fund compared to the change in fund balance in the prior year is as follows:

- Local revenues increased by 406,252 or 2.55% from the prior year. The biggest component of local revenues being the local tax levy increased \$313,673 or 2.00%.
- State revenues increased by \$551,794 or 4.57% from the prior year
- Total expenditures increased by \$77,869 or 0.27% from the prior year

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund – There was no activity in the capital project fund for the fiscal year 2017.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$2 to \$3 at June 30, 2017.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$224 to \$192,979 at June 30, 2017. The net position decreased in the prior year by \$22,397. The primary factor(s) affecting the change in net position of the food service fund compared to the change in net position in the prior year is as follows:

- In the current fiscal year, there was a gain on adjustment to capital assets based on the School District's appraisal report
- Operating revenues increased by \$20,689 from prior year but operating expenses increased by \$20,178.
- The District's Federal and State reimbursements increased by \$5,701 compared to the prior year.

Extended Day Program - During the current fiscal year, the net position of the School District's Extended Day Program decreased by \$13,704 to \$100,099 at June 30, 2017. The net position increased in the prior by \$13,419. The primary factor(s) affecting the change in net position compared to the prior year change in net position is as follows:

- Tuition revenue decreased by \$11,355 from the prior year to \$292,845 in current fiscal year.
- Operating expenses increased by \$15,768 from the prior year to \$306,549 in current fiscal year.

FLORENCE TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$34,603,147 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$35,502. This decrease is primarily due to the current year depreciation of capital assets. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 918,785	\$ 918,785	\$ -	0.0%
Land Improvements	804,624	916,008	(111,384)	-12.2%
Building and Improvements	31,417,866	32,575,646	(1,157,780)	-3.6%
Equipment	1,461,872	1,629,097	(167,225)	-10.3%
	<u>\$ 34,603,147</u>	<u>\$ 36,039,536</u>	<u>\$ (1,436,389)</u>	<u>-4.0%</u>

Depreciation expense for the year was \$1,518,750. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$20,525,000, which is a decrease of \$1,725,000 from the prior year.

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

Factors on the School District's Future

At the time these financial statements were prepared and audited, the Florence Township School District was aware of no existing circumstances that could significantly affect its financial health in the future. The contractual agreements with all recognized bargaining units in the Florence Township School District were renegotiated and will expire on June 30, 2017.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, Florence Township School District, 201 Cedar Street, Florence, New Jersey 08518-1599.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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FLORENCE 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>
ASSETS:			
Cash & Cash Equivalents	\$ 1,560,640	\$ 145,477	\$ 1,706,117
Receivables, Net (Note 4)	360,138	20,129	380,267
Inventory		12,825	12,825
Restricted Cash & Cash Equivalents	1,153		1,153
Capital Assets, Net (Note 5)			
Non-depreciable	918,785		918,785
Depreciable	33,534,142	150,220	33,684,362
	<hr/>		
Total Assets	36,374,858	328,651	36,703,509
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	3,191,873	-	3,191,873
Related to Loss on Debt Refunding	1,170,764		1,170,764
Related to Water & Sewer Special Assessment	415,854		415,854
	<hr/>		
Total Deferred Outflow of Resources	4,778,491	-	4,778,491
<hr/>			
LIABILITIES:			
Accounts Payable	8,446		8,446
Due to Other Governments	328,334		328,334
Unearned Revenue	19,743	35,573	55,316
Accrued Interest	258,427		258,427
Noncurrent Liabilities (Note 7):			
Due within one year	2,118,469		2,118,469
Due in more than one year	33,667,833		33,667,833
	<hr/>		
Total Liabilities	36,401,252	35,573	36,436,825
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	472,738	-	472,738
	<hr/>		
Total Deferred Inflow of Resources	472,738	-	472,738
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	13,886,743	150,220	14,036,963
Restricted for:			
Capital Projects	1,153		1,153
Debt Service	3		3
Excess Surplus	1,936,866		1,936,866
Unrestricted (Deficit)	(11,545,406)	142,858	(11,402,548)
	<hr/>		
Total Net Position	\$ 4,279,359	\$ 293,078	\$ 4,572,437
	<hr/>		

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 8,133,504				(8,133,504)		(8,133,504)
Special Education Instruction	3,539,887		1,057,188		(2,482,699)		(2,482,699)
Other Instruction	948,774				(948,774)		(948,774)
Support Services:							
Tuition	1,537,242				(1,537,242)		(1,537,242)
Student & Instruction Related Services	3,429,065				(3,429,065)		(3,429,065)
General Administrative	590,851				(590,851)		(590,851)
School Administrative Services:	1,204,123				(1,204,123)		(1,204,123)
Central Services	531,675				(531,675)		(531,675)
Administrative Info. Technology	432,504				(432,504)		(432,504)
Plant Operations & Maintenance	2,883,819				(2,883,819)		(2,883,819)
Pupil Transportation	1,644,647				(1,644,647)		(1,644,647)
Unallocated Benefits	487,856				(487,856)		(487,856)
On Behalf TPAP Pension and Social Security Contributions	2,811,383		2,811,383		-		-
Transfer to Charter Schools	1,357,915				(1,357,915)		(1,357,915)
Interest & Other Charges	957,696				(957,696)		(957,696)
Unallocated Depreciation	1,497,377				(1,497,377)		(1,497,377)
Total Governmental Activities	31,988,318	-	3,868,571	-	(28,119,747)	-	(28,119,747)
Business-Type Activities:							
Food Service	685,063	\$ 321,518	347,360		-	(16,185)	(16,185)
Extended Day Program	306,549	292,845			-	(13,704)	(13,704)
Total Business-Type Activities	991,612	614,363	347,360		-	(29,889)	(29,889)
Total Primary Government	\$ 32,979,930	\$ 614,363	\$ 4,215,931	\$ -	(28,119,747)	(29,889)	(28,149,636)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					16,011,085		16,011,085
Property Taxes, Levied for Debt Service					2,569,282		2,569,282
Federal & State Aid Not Restricted					9,908,612		9,908,612
Tuition Charges					107,071		107,071
Miscellaneous					216,088		216,088
Special Items:							
Gain/(Loss) on Capital Asset Adjustment					(108,724)	16,409	(92,315)
Total General Revenues					28,703,414	16,409	28,719,823
Change In Net Position					583,667	(13,480)	570,187
Net Position - Beginning					3,695,692	306,558	4,002,250
Net Position - Ending					\$ 4,279,359	\$ 293,078	\$ 4,572,437

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

B. Fund Financial Statements

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:				
Cash & Cash Equivalents	\$ 1,362,112	\$ 198,525	\$ 3	\$ 1,560,640
Receivables, Net:				
Interfund Receivable	292,231			292,231
Due from Other Governments:				
State	187,848			187,848
Federal		32,802		32,802
Other Receivables	28,747	595		29,342
Restricted Cash & Cash Equivalents	1,153			1,153
Total Assets	\$ 1,872,091	\$ 231,922	\$ 3	\$ 2,104,016
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 8,446	\$ -		\$ 8,446
Due to Other Governments	4,342	33,094		37,436
Interfund Payable	-	182,085	-	182,085
Unearned Revenue	3,000	16,743		19,743
Total Liabilities	15,788	231,922	-	247,710
Fund Balances:				
Restricted for:				
Capital Reserve	1,153			1,153
Excess Surplus - Current year	1,212,358			1,212,358
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	724,508			724,508
Debt Service			3	3
Assigned to:				
Other Purposes	105,324			105,324
Unassigned	(187,040)			(187,040)
Total Fund Balances	\$ 1,856,303	-	3	1,856,306
Total Liabilities & Fund Balances	\$ 1,872,091	\$ 231,922	\$ 3	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$57,861,385 and the accumulated depreciation is \$23,408,458.				34,452,927
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.				
Deferred Outflows related to pensions				3,191,873
Deferred Inflows related to pensions				(472,738)
Deferred Outflow related to the loss on bond refunding of debt				1,170,764
Deferred Outflow related to Water & Sewer Special Assessment				415,854
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.				(258,427)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(290,898)
Long-term liabilities, including net pension liability on bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(35,786,302)
Net Position of Governmental Activities				\$ 4,279,359

FLORENCE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 16,011,085		\$ 2,569,282	\$ 18,580,367
Tuition Charges	107,071			107,071
Miscellaneous	216,088	\$ 82,643		298,731
Total Local Sources	16,334,244	82,643	2,569,282	18,986,169
State Sources	12,629,169	111,790		12,740,959
Federal Sources	90,826	862,755	-	953,581
Total Revenues	29,054,239	1,057,188	2,569,282	32,680,709
Expenditures:				
Instruction:				
Regular Instruction	8,133,504			8,133,504
Special Education Instruction	2,486,792	1,053,095		3,539,887
Other Instruction	948,774			948,774
Support Services:				
Tuition	1,537,242			1,537,242
Student & Instruction Related Services	3,429,065			3,429,065
General Administrative	590,851			590,851
School Administrative Services	1,204,123			1,204,123
Central Services	531,675			531,675
Administrative Info. Technology	432,504			432,504
Plant Operations & Maintenance	2,869,957			2,869,957
Pupil Transportation	1,644,647			1,644,647
Unallocated Benefits	99,975			99,975
On Behalf TPAF Pension and Social Security Contributions	2,811,383			2,811,383
Transfer to Charter Schools	1,357,915			1,357,915
Capital Outlay	170,583	4,093		174,676
Debt Service:				
Principal	130,958		1,725,000	1,855,958
Interest & Other Charges	131,743		844,281	976,024
Total Expenditures	28,511,691	1,057,188	2,569,281	32,138,160
Excess/(Deficiency) of Revenues over Expenditures	542,548	-	1	542,549
Other Financing Sources (Uses):				
Capital Lease (non-budgeted)	91,388			91,388
Total Other Financing Sources (Uses)	91,388	-	-	91,388
Net changes in fund balances	633,936	-	1	633,937
Fund Balance, July 1	1,222,367	-	2	1,222,369
Fund Balance, June 30	\$ 1,856,303	\$ -	\$ 3	\$ 1,856,306

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

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

Total Net Changes in Fund Balances - Governmental Funds (B-2)		633,937
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	(1,497,377)
	Adjustment to Capital Assets	(108,724)
	Capital Outlays	<u>174,676</u>
		(1,431,425)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(603,795)
Repayment of long-term debt principal, assessments and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,855,958
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.		
	Capital lease proceeds	<u>(91,388)</u>
		(91,388)
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
	Amortization of premium on bonds	152,439
	Amortization of loss on Bond Refunding	<u>(157,111)</u>
		(4,672)
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 accrued interest is an addition in the reconciliation (+).		
		23,000
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 (+).		
		215,914
In the statement of net position, the assessment for the water and sewer line extension is capitalized and amortized over the life of the debt. In the governmental funds, annual repayments are reported as expenditures.		
	Amortization of Special Assessment	<u>(13,862)</u>
Change in Net Position of Governmental Activities		<u>\$ 583,667</u>

**FLORENCE TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	<u>EXTENDED DAY PROGRAM</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Current Assets:			
Cash & Cash Equivalents	\$ 131,932	\$ 13,545	\$ 145,477
Accounts Receivable:			
State	-	414	414
Federal	-	19,715	19,715
Inventories	-	12,825	12,825
Total Current Assets	<u>131,932</u>	<u>46,499</u>	<u>178,431</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	-	466,019	466,019
Less: Accumulated Depreciation	-	(315,799)	(315,799)
Total Capital Assets	<u>-</u>	<u>150,220</u>	<u>150,220</u>
Total Assets	<u>131,932</u>	<u>196,719</u>	<u>328,651</u>
LIABILITIES			
Unearned Revenue	<u>31,833</u>	<u>3,740</u>	<u>35,573</u>
Total Liabilities	<u>31,833</u>	<u>3,740</u>	<u>35,573</u>
NET POSITION			
Net Investment in Capital Assets	-	150,220	150,220
Unrestricted	<u>100,099</u>	<u>42,759</u>	<u>142,858</u>
Total Net Position	<u>\$ 100,099</u>	<u>\$ 192,979</u>	<u>\$ 293,078</u>

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

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

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	EXTENDED DAY PROGRAM	FOOD SERVICE	TOTAL
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ -	\$ 188,427	\$ 188,427
Daily Sales - Nonreimbursable Programs	-	123,495	123,495
Miscellaneous	-	143	143
Special Functions	-	9,453	9,453
Tuition	292,845	-	292,845
	<hr/>		
Total Operating Revenue	292,845	321,518	614,363
	<hr/>		
Operating Expenses:			
Salaries & Wages	237,864	226,550	464,414
Employee Benefits	49,908	56,701	106,609
Management Fee	-	61,000	61,000
Miscellaneous Expenses	18,777	30,021	48,798
Supplies and Materials	-	22,916	22,916
Cost of Sales - Reimbursable	-	181,711	181,711
Cost of Sales - Nonreimbursable	-	84,791	84,791
Depreciation	-	21,373	21,373
	<hr/>		
Total Operating Expenses	306,549	685,063	991,612
	<hr/>		
Operating Income/(Loss)	(13,704)	(363,545)	(377,249)
	<hr/>		
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	-	6,156	6,156
Federal Sources:			
National School Lunch Program	-	224,002	224,002
National School Breakfast Program	-	57,122	57,122
National School Lunch HHFKA	-	7,742	7,742
Food Distribution Program	-	52,338	52,338
Gain/(Loss) on Capital Asset Adjustment		16,409	16,409
	<hr/>		
Total Nonoperating Revenues/(Expenses)	-	363,769	363,769
	<hr/>		
Change in Net Position	(13,704)	224	(13,480)
Net Position - Beginning	113,803	192,755	306,558
	<hr/>		
Total Net Position - Ending	\$ 100,099	\$ 192,979	\$ 293,078
	<hr/>		

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

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	EXTENDED DAY	FOOD	<u>TOTAL</u>
	<u>PROGRAM</u>	<u>SERVICE</u>	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 277,565	\$ 321,778	\$ 599,343
Payments to Employees	(237,864)	(226,550)	(464,414)
Payments for Employee Benefits	(49,908)	(56,701)	(106,609)
Payments to Suppliers	(18,777)	(380,633)	(399,410)
Net Cash Provided/(Used) by Operating Activities	<u>(28,984)</u>	<u>(342,106)</u>	<u>(371,090)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	-	6,789	6,789
Federal Sources	-	371,118	371,118
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>-</u>	<u>377,907</u>	<u>377,907</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(28,984)	35,801	6,817
Balances - Beginning of Year	160,916	(22,256)	138,660
Balances - End of Year	<u>\$ 131,932</u>	<u>\$ 13,545</u>	<u>\$ 145,477</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (13,704)	\$ (363,545)	\$ (377,249)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	-	21,373	21,373
Increase/(Decrease) in Unearned Revenue	(15,280)	260	(15,020)
(Increase)/Decrease in Inventories	-	(194)	(194)
Total Adjustments	<u>(15,280)</u>	<u>21,439</u>	<u>6,159</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (28,984)</u>	<u>\$ (342,106)</u>	<u>\$ (371,090)</u>

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

**FLORENCE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE TRUST FUNDS			AGENCY FUNDS			TOTAL
	SCHOLARSHIP ACCOUNT	UNEMPLOYMENT COMPENSATION TRUST	FLEXIBLE SPENDING TRUST	STUDENT ACTIVITY	PAYROLL	SUMMER PAY	
Cash & Cash Equivalents	\$ 12,705	\$ 27,793	\$ 685	\$ 52,966	\$ 124,613	\$ 487,100	\$ 705,862
Interfund Receivable		3,327					3,327
Total Assets	12,705	31,120	685	52,966	124,613	487,100	709,189
LIABILITIES							
Payroll Deductions & Withholdings					11,140	487,100	498,240
Due to Student Groups				52,966	-	-	52,966
Interfund Payable				-	113,473	-	113,473
Total Liabilities	-	-	-	52,966	124,613	487,100	664,679
NET POSITION							
Held in Trust for Unemployment Claims & Other Purposes	12,705	31,120	685				44,510
Total Net Position	\$ 12,705	\$ 31,120	\$ 685	\$ -	\$ -	\$ -	\$ 44,510

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

**FLORENCE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ADDITIONS	PRIVATE PURPOSE TRUST FUNDS			<u>TOTAL</u>
	<u>SCHOLARSHIP ACCOUNT</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>FLEXIBLE SPENDING TRUST</u>	
Contributions:				
Other	\$ 10,000	\$ 75,000	\$ -	\$ 85,000
Total Contributions	10,000	105,403	-	115,403
Investment Earnings:				
Interest	22	99	-	121
Net Investment Earnings	22	99	-	121
Total Additions	10,022	105,502	-	115,524
 DEDUCTIONS				
Unemployment Claims	-	85,986	-	85,986
Dependent Care Payments	-	-	1,082	1,082
Scholarships Awarded	12,050	-	-	12,050
Total Deductions	12,050	85,986	1,082	99,118
Change in Net Position	(2,028)	19,516	(1,082)	16,406
Net Position - Beginning of the Year	14,733	11,604	1,767	28,104
Net Position - End of the Year	\$ 12,705	\$ 31,120	\$ 685	\$ 44,510

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Florence Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Florence Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelfth at its three schools. The School District has an approximate enrollment at June 30, 2017 of 1,608 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components 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. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the School 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District reports the following major proprietary funds:

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

Extended Day Program – This fund accounts for the revenues and expenses pertaining to the District’s extended day care program.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

The School District reports the following fiduciary funds:

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

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Flexible Spending Trust – Revenues consist of payroll withholdings and interest income. Expenditures consist of dependent day care reimbursements.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds (payroll, summer pay and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned 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 School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments

Cash and Cash equivalents 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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

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

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

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

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$2,971,904 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 2,201,171
Uninsured and Uncollateralized	<u>590,733</u>
	<u>\$ 2,791,904</u>

Investments

The School District had no investments at June 30, 2017.

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by inclusion of \$1,000 on June 30, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued)

Capital Reserve (continued)

Beginning Balance, July 1, 2016	\$	1,150
Increased by:		
Interest Earnings		3
Ending Balance, June 30, 2017	\$	1,153

The June 30, 2017 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2017 is 4,565,707. There were no withdrawals from the capital reserve account during the fiscal year.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental <u>Activities</u>	Proprietary Funds	Total Business-Type <u>Activities</u>
	General <u>Fund</u>	Special Revenue <u>Fund</u>		Food Service <u>Fund</u>	
Federal Awards	\$ -	\$ 32,802	\$ 32,802	\$ 19,715	\$ 19,715
State Awards	187,848	-	187,848	414	414
Tuition	28,747	-	28,747	-	-
Other	110,146	595	110,741	-	-
Total	\$ 326,741	\$ 33,397	\$ 360,138	\$ 20,129	\$ 20,129

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets

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

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 918,785	\$ -	\$ -	\$ 918,785
Total Capital Assets not being depreciated	918,785	-	-	918,785
Capital Assets being depreciated:				
Land Improvements	2,299,876	-		2,299,876
Buildings and Improvements	48,208,218	-		48,208,218
Equipment	6,510,684	174,676	(250,854)	6,434,506
Total Capital Assets being depreciated	57,018,778	174,676	(250,854)	56,942,600
Less: Accumulated Depreciation:				
Land Improvements	(1,383,868)	(111,384)	-	(1,495,252)
Buildings and Improvements	(15,632,572)	(1,157,780)	-	(16,790,352)
Equipment	(5,036,771)	(228,213)	142,130	(5,122,854)
Total Accumulated Depreciation	(22,053,211)	(1,497,377)	142,130	(23,408,458)
Total Capital Assets being depreciated, net	34,965,567	(1,322,701)	(108,724)	33,534,142
Total Governmental Activities Capital Assets, net	\$ 35,884,352	\$ (1,322,701)	\$ (108,724)	\$ 34,452,927
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 475,879	\$ -	\$ (9,860)	\$ 466,019
	475,879	-	(9,860)	466,019
Less: Accumulated Depreciation:				
Equipment	(320,695)	(21,373)	26,269	(315,799)
	(320,695)	(21,373)	26,269	(315,799)
Total Business-Type Activities Capital Assets, net	\$ 155,184	\$ (21,373)	\$ 16,409	\$ 150,220

Depreciation expense was not allocated among the various functions/programs of the School District.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 292,231	\$ -
Special Revenue Fund	-	182,085
Payroll Fund	-	113,473
Unemployment Fund	<u>3,327</u>	<u>-</u>
	<u>\$ 295,558</u>	<u>\$ 295,558</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

There were no interfund transfers during the fiscal year.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 22,250,000	\$ -	\$ 1,725,000	\$ 20,525,000	\$ 1,725,000
Capital Leases	258,083	91,388	99,066	250,405	80,437
Unamortized Bond Premiums	1,113,982	-	152,439	961,543	141,347
Compensated Absences	3,318,233	393,384	609,298	3,102,319	138,438
Net Pension Liability	8,580,029	4,211,330	1,986,033	10,805,326	
Florence Township Water & Sewer Line Assessment	<u>173,601</u>	<u>-</u>	<u>31,892</u>	<u>141,709</u>	<u>33,247</u>
	<u>\$ 35,693,928</u>	<u>\$ 4,696,102</u>	<u>\$ 4,603,728</u>	<u>\$ 35,786,302</u>	<u>\$ 2,118,469</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, unamortized bond premiums, assessments and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On March 1, 2012 the School District issued \$26,065,000 of General Obligation Refunding Bonds. The General Obligation Refunding Bonds were issued at interest rates varying from 2.000% to 5.000% and mature on March 1, 2029.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued)

Bonds Payable (continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,725,000	\$ 775,281	\$ 2,500,281
2019	1,725,000	706,281	2,431,281
2020	1,725,000	637,281	2,362,281
2021	1,700,000	594,081	2,294,081
2022	1,715,000	509,081	2,224,081
2023-2027	8,590,000	1,489,606	10,079,606
2028-2029	3,345,000	187,563	3,532,563
	\$ 20,525,000	\$ 4,899,175	\$ 25,424,175

Capital Lease Payable

On July 20, 2012, the School District entered into a lease purchase agreement in the amount of \$85,313 for one 54-passenger school bus. The lease obligation was issued at an interest rate of 1.95% and matures on July 20, 2017.

On January 16, 2014, the School District entered into a lease purchase agreement in the amount of \$119,631 for one blue bird wheelchair accessible school bus. The lease obligation was issued at an interest rate of 2.547% and matures on January 16, 2019.

On August 10, 2015, the School District entered into a lease purchase agreement in the amount of \$206,000 for one 54-passenger school bus and one 46-passenger/lift school bus. The lease obligation was issued at an interest rate of 2.250% and matures on August 10, 2021.

On September 1, 2015, the School District entered into a lease purchase agreement in the amount of \$20,120 for one 16-passenger school bus. The lease obligation was issued at an interest rate of 2.300% and matures on September 1, 2020

On September 16, 2016, the School District entered into a lease purchase agreement in the amount of \$91,388 for one 54-passenger school bus. The lease obligation was issued at an interest rate of 4.470% and matures on September 16, 2021.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 7. Long-Term Obligations (continued)

Capital Lease Payable (continued)

The future minimum lease payments for these leases is as follows:

Fiscal Year Ending <u>June 30,</u>		
2018	\$	87,751
2019		62,606
2020		62,606
2021		<u>54,797</u>
Total Minimum Lease Payments		267,760
Less: Amount Representing Interest		<u>(17,355)</u>
Present Value of Minimum Lease Payments	\$	<u>250,405</u>

Amortization of the leased equipment (buses) under capital assets is included with depreciation expense.

Municipal Water & Sewer Line Assessment

One March 15, 2008, the School District entered into a special assessment agreement with the Township of Florence to make installment payments annually with interest at 4.25% through 2020-21 associated with a municipal water and sewer assessment obligation established at \$554,474. The balance at June 30, 2017 was \$141,709.

Bonds Authorized but not Issued

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

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 2, 2008
3	Members who were eligible to enroll 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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$10,805,326 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .03648%, which was a decrease of .00174% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$927,908 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 200,967	\$ -
Changes of Assumptions	2,238,286	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	412,017	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	49,705	472,738
School District contributions subsequent to measurement date	290,898	
	\$ 3,191,873	\$ 472,738

\$290,898 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Year Ending June 30,		
2018	\$	547,412
2019		547,414
2020		652,923
2021		555,715
2022		124,750
	\$	2,428,214

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized)

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

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

Inflation Rate	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, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate 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 the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 13,240,666</u>	<u>\$ 10,805,326</u>	<u>\$ 8,794,742</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for TPAF:

<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 2, 2008
3	Members who were eligible to enroll 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

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. 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 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$78,826,344. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .100203%, which was an increase of .003553% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$5,922,703 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

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

Inflation Rate	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 generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market 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%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 94,136,271	\$ 78,826,344	\$ 66,323,813
	\$ 94,136,271	\$ 78,826,344	\$ 66,323,813

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$9,777, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$5,020.

Note 9. State Post-Retirement Medical Benefits

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,133,661, \$944,597 and \$2,568, respectively.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 75,000	\$ 30,403	\$ 99	\$ 85,986	\$ 31,120
2015-2016	-	26,027	26	68,454	11,604
2014-2015	-	24,375	49	22,309	54,005

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

Joint Insurance Pool – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 12. Contingencies (continued)

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, 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. The plan administrators are as follows:

Thomas Seely, Inc.
Lincoln Investment Planning
Syracusa Benefits Program
VALIC and Equitable Life

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$3,102,319 and \$0, respectively.

FLORENCE TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$105,324.

Note 17. Operating Leases

The School District has a commitment to lease copier equipment under an operating lease which expires July 2020. The District also has a commitment to lease chrome books under two operating leases which expire June 2019. These leases contain a cancellation provision and is subject to annual appropriation. Normal operating lease payments made during the year ended June 30, 2017 totaled \$133,055. Future minimum lease payments are as follows:

Fiscal Year Ending	
<u>June 30,</u>	
2018	\$ 144,693
2019	144,694
2020	<u>59,011</u>
Total Minimum Lease Payments	<u>\$ 348,398</u>

FLORENCE TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$1,212,358.

Note 19. Fund Balances

General Fund – Of the \$1,856,303 General Fund fund balance at June 30, 2017, \$1,153 has been restricted for the Capital Reserve Account; \$1,212,358 has been restricted for current year excess surplus; \$724,508 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$105,324 has been assigned to other purposes; and (\$187,040) has been unassigned.

Debt Service Fund – Of the \$3 Debt Service Fund fund balance at June 30, 2017, \$3 is restricted for future debt service payments.

Note 20. Deficit Fund Balances

The School District has a deficit fund balance of \$187,040 in the General Fund as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$187,040 is less than the last state aid payment.

Note 21. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$11,545,406 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 16,011,085	\$ -	\$ 16,011,085	\$ 16,011,085	\$ -
Tuition	10-1300	31,200	-	31,200	107,071	75,871
Unrestricted Miscellaneous Revenues	10-1900	78,246	-	78,246	216,088	137,842
Total Local Sources		16,120,531	-	16,120,531	16,334,244	213,713
State Sources:						
Categorical Special Education Aid	10-3132	1,015,559	-	1,015,559	1,015,559	-
Equalization Aid	10-3176	8,371,715	-	8,371,715	8,371,715	-
Categorical Security Aid	10-3177	110,028	-	110,028	110,028	-
Categorical Transportation Aid	10-3121	104,945	-	104,945	104,945	-
Under Adequacy Aid	10-3178	7,868	-	7,868	7,868	-
PARCC Readiness Aid	10-3179	17,910	-	17,910	17,910	-
Per Pupil Growth Aid	10-3175	17,910	-	17,910	17,910	-
Professional Learning Community Aid	10-3183	17,700	-	17,700	17,700	-
Extraordinary Aid	10-3131	-	-	-	139,315	139,315
Nonpublic Transportation Aid	10-3190	-	-	-	12,702	12,702
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,133,661	1,133,661
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	944,597	944,597
On-Behalf TPAF Disability Insurance Contributions		-	-	-	2,568	2,568
Reimbursed TPAF Social Security Contributions		-	-	-	730,557	730,557
Total State Sources		9,663,635	-	9,663,635	12,627,035	2,963,400
Federal Sources:						
Special Education Medicaid Initiative (SEMI)	10-4200	32,572	-	32,572	78,385	45,813
Special Education Medicaid Initiative (SEMI) - MAC 15/16	10-4210	-	-	-	5,079	5,079
Special Education Medicaid Initiative (SEMI) - ARRA	10-4210	-	-	-	7,362	7,362
Total Federal Sources		32,572	-	32,572	90,826	58,254
Total Revenues		\$ 25,816,738	\$ -	\$ 25,816,738	\$ 29,052,105	\$ 3,235,367
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool	11-105-100-101	\$ 54,220	\$ (54,220)	\$ -	\$ -	\$ -
Kindergarten	11-110-100-101	346,430	-	346,430	346,430	-
Grades 1 - 5	11-120-100-101	2,386,001	15,896	2,401,897	2,398,222	3,675
Grades 6 - 8	11-130-100-101	1,562,249	(10,180)	1,552,069	1,547,992	4,077
Grades 9 - 12	11-140-100-101	1,767,831	47,034	1,814,865	1,813,528	1,337
Other Purchased Services	11-120-200-500	1,500	(1,500)	-	-	-
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	34,500	12,499	46,999	46,999	-
Purchased Professional/Educational Services	11-150-100-320	16,000	2,965	18,965	15,852	3,113
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	11,875	150	12,025	12,025	-
Purchased Technical Services	11-190-100-340	185,238	24,300	209,538	202,926	6,612
Cleaning, Repair & Maintenance Services	11-190-100-420	3,509	-	3,509	304	3,205
Other Purchased Services	11-190-100-440	77,860	4,002	81,862	79,819	2,043
General Supplies	11-190-100-610	145,566	8,413	153,979	152,972	1,007
Textbooks	11-190-100-640	52,953	42,668	95,621	83,844	11,777
Field trip - Nurse Coverage	11-190-100-890	10,707	2,667	13,374	13,374	-
Total Regular Programs		6,656,439	94,694	6,751,133	6,714,287	36,846
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	74,916	-	74,916	74,916	-
Other Salaries for Instruction	11-204-100-106	22,185	25	22,210	22,210	-
General Supplies	11-204-100-610	300	-	300	288	12
Total Learning and/or Language Disabilities		97,401	25	97,426	97,414	12
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	236,224	(15,079)	221,145	221,145	-
Other Salaries for Instruction	11-212-100-106	68,255	(22,535)	45,720	45,134	586
General Supplies	11-212-100-610	2,635	(1,107)	1,528	1,528	-
Total Learning and/or Language Disabilities		307,114	(38,721)	268,393	267,807	586

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	772,968	140,369	913,337	913,336	1
Other Salaries for Instruction	11-213-100-106	22,910	21,963	44,873	44,762	111
General Supplies	11-213-100-610	2,980	(64)	2,916	2,916	-
Total Resource Room		798,858	162,268	961,126	961,014	112
Autism:						
Salaries of Teachers	11-214-100-101	158,664	(96,923)	61,741	60,941	800
Other Salaries for Instruction	11-214-100-106	66,765	3,218	69,983	69,165	818
General Supplies	11-214-100-610	500	(341)	159	159	-
Total Autism		225,929	(94,046)	131,883	130,265	1,618
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	212,843	(74,705)	138,138	138,138	-
Other Salaries for Instruction	11-215-100-106	46,605	(44,395)	2,210	713	1,497
General Supplies	11-215-100-610	1,130	(3)	1,127	1,127	-
Total Preschool Disabilities - Part-Time		260,578	(119,103)	141,475	139,978	1,497
Preschool Disabilities - Full-Time:						
Salaries of Teachers	11-216-100-101	-	80,448	80,448	80,448	-
Other Salaries for Instruction	11-216-100-106	-	21,685	21,685	21,685	-
Total Preschool Disabilities - Full-Time		-	102,133	102,133	102,133	-
Total Special Education		1,689,880	12,556	1,702,436	1,698,611	3,825
Other Instruction:						
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	423,869	(166,428)	257,441	257,441	-
General Supplies	11-230-100-610	869	(120)	749	749	-
Total Basic Skills/Remedial		424,738	(166,548)	258,190	258,190	-
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-100	82,023	-	82,023	82,023	-
Purchased Technical Services	11-240-100-340	50	-	50	-	50
Other Purchased Services	11-240-100-500	600	-	600	346	254
General Supplies	11-240-100-610	830	958	1,788	1,788	-
Total Bilingual Education - Instruction		83,503	958	84,461	84,157	304
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	57,650	9,899	67,549	56,424	11,125
Purchased Technical Services	11-401-100-340	150	-	150	-	150
Supplies & Materials	11-401-100-610	3,400	(1,008)	2,392	1,716	676
Other Objects	11-401-100-800	885	(5)	880	880	-
Total School Sponsored Cocurricular Activities		62,085	8,886	70,971	59,020	11,951
School Sponsored Athletics:						
Salaries	11-402-100-100	362,698	(15,292)	347,406	344,759	2,647
Purchased Technical Services	11-402-100-340	19,700	7,436	27,136	26,672	464
Cleaning, Repair & Maintenance Services	11-402-100-420	3,950	(2,901)	1,049	1,049	-
Purchased Services	11-402-100-500	27,800	1,788	29,588	26,030	3,558
Supplies & Materials	11-402-100-600	32,100	10,078	42,178	40,922	1,256
Other Objects	11-402-100-800	15,975	1,148	17,123	14,971	2,152
Total School Sponsored Athletics		462,223	2,257	464,480	454,403	10,077
Other Instruction Programs:						
Salaries of Teachers	11-404-100-101	26,417	26,416	52,833	52,833	-
Total Other Instruction Programs		26,417	26,416	52,833	52,833	-
Total Other Instruction		1,058,966	(128,031)	930,935	908,603	22,332
Total - Instruction		9,405,285	(20,781)	9,384,504	9,321,501	63,003

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Undistributed Expenditures:						
Tuition:						
Tuition Other LEA's - In State - Regular	11-000-100-561	123,191	(51,448)	71,743	55,378	16,365
Tuition Other LEA's - In State - Special Education	11-000-100-562	44,170	36,728	80,898	74,778	6,120
Tuition to County Voc. School Dist-Regular	11-000-100-563	162,400	(16,240)	146,160	146,160	-
Tuition to County Voc. School Dist.-Special	11-000-100-564	38,976	(6,496)	32,480	32,480	-
Tuition to CSSD & Reg. Day Schools	11-000-100-565	992,258	(31,990)	960,268	940,180	20,088
Tuition to Private Schools for the Handicapped - In State	11-000-100-566	157,107	32,476	189,583	173,649	15,934
Tuition - State Facilities	11-000-100-568	114,617	-	114,617	114,617	-
Total Tuition		1,632,719	(36,970)	1,595,749	1,537,242	58,507
Student & Instruction Related Services:						
Attendance & Social Work Services:						
Salaries	11-000-211-100	8,200	-	8,200	8,200	-
Travel	11-000-211-580	1,210	-	1,210	1,210	-
Total Attendance & Social Work Services		9,410	-	9,410	9,410	-
Health Services:						
Salaries	11-000-213-100	212,952	(7,306)	205,646	205,646	-
Purchased Professional & Technical Services	11-000-213-300	35,985	(546)	35,439	34,465	974
Other Purchased Professional Services	11-000-213-330	226,227	(30,965)	195,262	60,277	134,985
Supplies and Materials	11-000-213-610	5,731	(1,476)	4,255	4,215	40
Total Health Services		480,895	(40,293)	440,602	304,603	135,999
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	189,209	6,318	195,527	195,527	-
Purchased Professional & Educational Services	11-000-216-320	404,060	154,391	558,451	536,933	21,518
Supplies & Materials	11-000-216-610	1,550	(383)	1,167	1,167	-
Total Other Services - Students - Related Services		594,819	160,326	755,145	733,627	21,518
Other Support Services - Students - Extra Services:						
Other Salaries for Instruction	11-000-217-106	66,305	50	66,355	66,355	-
Purchased Professional & Educational Services	11-000-217-320	400,000	77,942	477,942	444,931	33,011
Total Other Services - Students - Extra Services		466,305	77,992	544,297	511,286	33,011
Other Support Services - Students - Guidance						
Salaries of Other Professional Staff	11-000-218-104	393,068	23,627	416,695	416,332	363
Salaries of Secretarial and Clerical Assistants	11-000-218-105	47,912	-	47,912	47,912	-
Other Purchased Professional & Technical Services	11-000-218-390	4,300	265	4,565	4,565	-
Supplies & Materials	11-000-218-600	6,300	(1,181)	5,119	5,080	39
Total Other Support Services - Students - Guidance		451,580	22,711	474,291	473,889	402
Other Support Services - Students - Child Study Team:						
Salaries of Other Professional Staff	11-000-219-104	386,011	(23,684)	362,327	359,927	2,400
Salaries of Secretarial & Clerical Assistants	11-000-219-105	86,806	-	86,806	86,806	-
Other Salaries	11-000-219-110	7,362	(1,044)	6,318	6,318	-
Other Purchased Prof. & Technical Services	11-000-219-390	15,379	20,349	35,728	24,180	11,548
Miscellaneous Purchased Services	11-000-219-4XX	13,648	18	13,666	13,665	1
Supplies & Materials	11-000-219-600	3,000	(1,070)	1,930	1,226	704
Other Objects	11-000-219-800	820	-	820	820	-
Total Other Support Services - Students - Child Study Team		513,026	(5,431)	507,595	492,942	14,653
Improvement of Instructional Staff						
Salaries of Supervisors of Instruction	11-000-221-102	18,070	34,608	52,678	49,530	3,148
Other Salaries	11-000-221-110	32,300	(1,124)	31,176	31,176	-
Other Purchased Professional & Technical Services	11-000-221-390	3,701	(516)	3,185	2,878	307
Other Objects	11-000-221-800	-	-	-	-	-
Total Instructional Staff Training		54,071	32,968	87,039	83,584	3,455
Educational Media Services/School Library:						
Salaries	11-000-222-100	103,958	(44,341)	59,617	59,617	-
Supplies and Materials	11-000-222-610	17,224	3,050	20,274	20,274	-
Total Educational Media Services/School Library		121,182	(41,291)	79,891	79,891	-

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Instructional Staff Training:						
Other Salaries	11-000-223-110	4,050	382	4,432	4,432	-
Other Purchased Professional & Technical Services	11-000-223-390	3,300	(380)	2,920	2,120	800
Other Objects	11-000-223-600	1,400	(771)	629	629	-
Total Instructional Staff Training		8,750	(769)	7,981	7,181	800
Total Student & Instruction Related Services		2,700,038	206,213	2,906,251	2,696,413	209,838
Support Services General Administration:						
Salaries	11-000-230-100	226,540	(2,087)	224,453	224,453	-
Legal Services	11-000-230-331	41,000	-	41,000	34,686	6,314
Audit Fees	11-000-230-332	32,370	2,750	35,120	34,220	900
Architectural/Engineering Services	11-000-230-334	10,000	-	10,000	7,836	2,164
Purchased Technical Services	11-000-230-340	38,492	(12,921)	25,571	22,665	2,906
Communications/Telephone	11-000-230-530	117,118	5,858	122,976	117,993	4,983
Other Purchased Services	11-000-230-5XX	13,650	-	13,650	12,557	1,093
General Supplies	11-000-230-610	6,522	(388)	6,134	5,270	864
Miscellaneous Expenditures	11-000-230-890	3,321	22,446	25,767	24,807	960
BOE Membership Dues & Fees	11-000-230-895	11,140	-	11,140	11,140	-
Total Support Services General Administration		500,153	15,658	515,811	495,627	20,184
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	590,950	(5,978)	584,972	574,597	10,375
Salaries of Secretarial & Clerical Assistants	11-000-240-105	240,085	(10,314)	229,771	226,992	2,779
Salaries - Earned Vacation Pay	11-000-240-199	-	12,188	12,188	12,188	-
Purchased Technical Services	11-000-240-340	5,877	(3,248)	2,629	2,629	-
Other Purchased Services	11-000-240-500	2,397	363	2,760	2,760	-
Supplies and Materials	11-000-240-600	11,600	1,583	13,183	13,183	-
Other Objects	11-000-240-800	5,290	(80)	5,210	5,210	-
Total Support Services School Administration		856,199	(5,486)	850,713	837,559	13,154
Central Services:						
Salaries	11-000-251-100	343,947	(45,341)	298,606	298,606	-
Salaries - Earned Vacation Pay	11-000-251-199	4,931	-	4,931	4,931	-
Purchased Technical Services	11-000-251-340	33,240	-	33,240	32,562	678
Other Purchased Professional & Technical Services	11-000-251-330	1,000	(1,000)	-	-	-
Miscellaneous Purchased Services	11-000-251-440	6,169	133	6,302	4,939	1,363
Supplies and Materials	11-000-251-600	8,532	1,090	9,622	8,989	633
Miscellaneous Expenditures	11-000-251-800	680	1,185	1,865	1,497	368
Total Central Services		398,499	(43,933)	354,566	351,524	3,042
Administrative Information Technology:						
Salaries	11-000-252-100	131,886	-	131,886	131,886	-
Purchased Technical Services	11-000-252-340	113,532	43,208	156,740	156,132	608
Supplies and Materials	11-000-252-600	78,263	18,444	96,707	82,174	14,533
Other Objects	11-000-252-800	450	-	450	450	-
Total Administrative Information Technology		324,131	61,652	385,783	370,642	15,141
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	360,863	(2,550)	358,313	358,021	292
Cleaning, Repair & Maintenance Services	11-000-261-420	369,656	(44,131)	325,525	240,769	84,756
General Supplies	11-000-261-610	68,447	(3,570)	64,877	49,238	15,639
Other Objects	11-000-261-800	6,105	762	6,867	3,721	3,146
Total Required Maintenance for School Facilities		805,071	(49,489)	755,582	651,749	103,833
Custodial Services:						
Salaries - Aides	11-000-262-107	50,707	5,351	56,058	52,479	3,579
Other Salaries	11-000-262-110	204,853	431	205,284	199,284	6,000
Cleaning, Repair & Maintenance Services	11-000-262-420	332,214	(816)	331,398	328,374	3,024
Insurance	11-000-262-520	159,500	3,043	162,543	162,543	-
General Supplies	11-000-262-610	46,100	(2,500)	43,600	43,594	6
Energy (Natural Gas)	11-000-262-621	170,000	(24,889)	145,111	126,873	18,238
Energy (Electricity)	11-000-262-622	530,000	24,889	554,889	521,566	33,323
Other Objects	11-000-262-800	39,270	39,270	78,540	78,540	-
Total Custodial Services		1,532,644	44,779	1,577,423	1,513,253	64,170

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Care and Upkeep of Grounds:						
Cleaning, Repair & Maintenance Services	11-000-263-420	33,500	58,054	91,554	87,973	3,581
General Supplies	11-000-263-610	28,985	(4,387)	24,598	20,299	4,299
Total Care and Upkeep of Grounds:		62,485	53,667	116,152	108,272	7,880
Security:						
Salaries	11-000-266-100	110,662	1,546	112,208	112,208	-
Other Purchased Professional Services	11-000-266-330	20,000	(20,000)	-	-	-
Purchased Technical Services	11-000-266-340	1,045	365	1,410	1,401	9
General Supplies	11-000-266-610	210	4,105	4,315	4,315	-
Other Objects	11-000-266-800	900	-	900	900	-
Total Security		132,817	(13,984)	118,833	118,824	9
Total Operation & Maintenance of Plant Services		2,533,017	34,973	2,567,990	2,392,098	175,892
Student Transportation Services:						
Salaries - Non Instruction	11-000-270-107	98,166	(4,909)	93,257	84,476	8,781
Salaries - Pupil Transport. - (Between Home & School) - Regular	11-000-270-160	314,102	(2,051)	312,051	298,520	13,531
Salaries - Pupil Transport. - (Between Home & School) - Special	11-000-270-161	172,980	(3,030)	169,950	141,731	28,219
Salaries - Pupil Transport. - (Other than Between Home & School)	11-000-270-162	13,073	4,373	17,446	15,913	1,533
Other Purchased Professional & Technical Services	11-000-270-390	14,540	495	15,035	10,941	4,094
Cleaning, Repair & Maintenance Services	11-000-270-420	181,481	14,671	196,152	179,060	17,092
Lease Purchase Payments - School Buses	11-000-270-443	226,131	(105,773)	120,358	105,479	14,879
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	63,648	-	63,648	59,920	3,728
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	67,524	4,020	71,544	64,138	7,406
Miscellaneous Purchased Services - Transportation	11-000-270-593	36,244	-	36,244	32,076	4,168
General Supplies	11-000-270-610	9,450	633	10,083	8,309	1,774
Transportation Supplies	11-000-270-615	126,902	(25,001)	101,901	78,597	23,304
Other Objects	11-000-270-890	5,074	485	5,559	3,705	1,854
Total Student Transportation Services		1,329,315	(116,087)	1,213,228	1,082,865	130,363
ALLOCATED BENEFITS						
Regular Programs - Instruction						
Workmen's Compensation	11-1XX-100-260	115,869	712	116,581	116,581	-
Health Benefits	11-1XX-100-270	1,004,609	(2,610)	1,001,999	969,213	32,786
Tuition Reimbursement	11-1XX-100-280	19,500	10,125	29,625	27,145	2,480
Other Employee Benefits	11-1XX-100-290	311,047	(4,769)	306,278	306,278	-
Total Regular Programs - Instruction		1,451,025	3,458	1,454,483	1,419,217	35,266
Special Programs - Instruction						
Social Security Contributions	11-2XX-100-220	27,205	-	27,205	6,236	20,969
Other Retirement - Regular	11-2XX-100-241	31,906	(12,794)	19,112	18,526	586
Workmen's Compensation	11-2XX-100-260	38,314	-	38,314	38,314	-
Health Benefits	11-2XX-100-270	741,369	(29,401)	711,968	599,075	112,893
Other Employee Benefits	11-2XX-100-290	123,852	2,210	126,062	126,030	32
Total Special Programs - Instruction		962,646	(39,985)	922,661	788,181	134,480
Other Instruction:						
School-Spon. Cocurricular Actvts. - Inst.						
Social Security Contributions	11-401-100-220	7,806	-	7,806	-	7,806
Total School-Spon. Cocurricular Actvts. - Inst.		7,806	-	7,806	-	7,806
School Sponsored Athletics						
Social Security Contributions	11-402-100-220	38,231	-	38,231	27,224	11,007
Other Retirement - Regular	11-402-100-241	22,580	(22,580)	-	-	-
Workmen's Compensation	11-402-100-260	2,694	-	2,694	2,694	-
Health Benefits	11-402-100-270	43,018	(425)	42,593	-	42,593
Total School Sponsored Athletics		106,523	(23,005)	83,518	29,918	53,600
Other Instructional Programs						
Workmen's Compensation	11-404-100-260	460	-	460	459	1
Health Benefits	11-404-100-270	12,362	(9,794)	2,568	-	2,568
Other Employee Benefits	11-404-100-290	-	9,794	9,794	9,794	-
Total Other Instructional Programs		12,822	-	12,822	10,253	2,569
Total Other Instruction		127,151	(23,005)	104,146	40,171	63,975

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>ACCOUNT NUMBERS</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Student & Instruction Related Services:						
Attendance/Social Work Services						
Social Security Contributions	11-000-211-220	984	-	984	984	-
Other Retirement Regular	11-000-211-241	1,188	-	1,188	1,188	-
Workmen's Compensation	11-000-211-260	142	-	142	142	-
Total Attendance/Social Work Services		2,314	-	2,314	2,314	-
Health Services						
Workmen's Compensation	11-000-213-260	3,632	-	3,632	3,632	-
Health Benefits	11-000-213-270	86,256	-	86,256	86,256	-
Other Employee Benefits	11-000-213-299	3,108	-	3,108	3,108	-
Total Health Services		92,996	-	92,996	92,996	-
Other Support Services - Students - Related Services						
Workmen's Compensation	11-000-216-260	3,237	-	3,237	3,237	-
Health Benefits	11-000-216-270	88,641	-	88,641	88,641	-
Other Employee Benefits	11-000-217-29X	6,159	(386)	5,773	5,773	-
Total Other Support Services - Students - Related Services		98,037	(386)	97,651	97,651	-
Other Support Services - Students - Extra Services						
Social Security Contributions	11-000-217-220	7,956	-	7,956	7,956	-
Other Retirement Regular	11-000-217-241	9,609	-	9,609	9,609	-
Workmen's Compensation	11-000-217-260	1,146	-	1,146	1,146	-
Health Benefits	11-000-217-270	60,404	-	60,404	60,404	-
Other Employee Benefits	11-000-217-29X	10,803	(897)	9,906	9,906	-
Total Other Support Services - Students - Extra Services		89,918	(897)	89,021	89,021	-
Other Support Services - Students - Guidance						
Social Security Contributions	11-000-218-220	5,749	-	5,749	5,749	-
Other Retirement - Regular	11-000-218-241	6,943	-	6,943	6,943	-
Workmen's Compensation	11-000-218-260	7,625	-	7,625	7,625	-
Health Benefits	11-000-218-270	157,683	-	157,683	157,683	-
Other Employee Benefits	11-000-217-29X	29,254	5,001	34,255	34,255	-
Total Other Support Services - Students - Guidance		207,254	5,001	212,255	212,255	-
Other Support Services - Students - Child Study Team						
Social Security Contributions	11-000-219-220	10,417	-	10,417	10,417	-
Other Retirement - Regular	11-000-219-241	12,579	-	12,579	12,579	-
Workmen's Compensation	11-000-219-260	8,487	-	8,487	8,487	-
Health Benefits	11-000-219-270	160,411	-	160,411	160,411	-
Other Employee Benefits	11-000-217-29X	3,336	18,008	21,344	21,344	-
Total Other Support Services - Students - Child Study Team		195,230	18,008	213,238	213,238	-
Improvement of Instruction Services						
Other Employee Benefits	11-000-217-29X	5,592	-	5,592	5,592	-
Total Improvement of Instruction Services		5,592	-	5,592	5,592	-
Educational Media Services - School Library						
Workmen's Compensation	11-000-222-260	1,797	-	1,797	1,797	-
Health Benefits	11-000-222-270	12,788	-	12,788	12,788	-
Other Employee Benefits	11-000-217-29X	5,000	-	5,000	5,000	-
Total Educational Media Services - School Library		19,585	-	19,585	19,585	-
Total Student & Instruction Related Services		710,926	21,726	732,652	732,652	-
Support Services - General Administration						
Social Security Contributions	11-000-230-220	9,106	-	9,106	9,106	-
Other Retirement - Regular	11-000-230-241	10,996	-	10,996	10,996	-
Workmen's Compensation	11-000-230-260	3,917	-	3,917	3,917	-
Health Benefits	11-000-230-270	60,314	-	60,314	60,314	-
Tuition Reimbursement	11-000-230-280	3,000	4,300	7,300	7,300	-
Other Employee Benefits	11-000-230-290	-	3,591	3,591	3,591	-
Total Support Services - General Administration		87,333	7,891	95,224	95,224	-

FLORENCE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR FISCAL YEAR ENDED JUNE 30, 2017

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services - School Administration						
Social Security Contributions	11-000-240-220	28,479	-	28,479	28,479	-
Other Retirement - Regular	11-000-240-241	34,392	-	34,392	34,392	-
Workmen's Compensation	11-000-240-260	14,321	-	14,321	14,321	-
Health Benefits	11-000-240-270	260,942	-	260,942	260,942	-
Other Employee Benefits	11-000-240-290	32,775	(4,345)	28,430	28,430	-
Total Support Services - School Administration		370,909	(4,345)	366,564	366,564	-
Central Services						
Social Security Contributions	11-000-251-220	29,454	-	29,454	29,454	-
Other Retirement - Regular	11-000-251-241	35,567	-	35,567	35,567	-
Workmen's Compensation	11-000-251-260	5,938	-	5,938	5,938	-
Health Benefits	11-000-251-270	98,953	-	98,953	98,953	-
Tuition Reimbursement	11-000-251-280	1,000	(850)	150	150	-
Other Employee Benefits	11-000-251-290	12,094	(1,071)	11,023	10,089	934
Total Central Services		183,006	(1,921)	181,085	180,151	934
Undist. Expend. - Support Serv. - Administration Information Serv.						
Social Security Contributions	11-000-252-220	15,826	-	15,826	15,826	-
Other Retirement - Regular	11-000-252-241	19,111	-	19,111	19,111	-
Workmen's Compensation	11-000-252-260	2,280	-	2,280	2,280	-
Health Benefits	11-000-252-270	14,426	-	14,426	14,426	-
Other Employee Benefits	11-000-252-290	11,964	(1,745)	10,219	10,219	-
Total Undist. Expend. - Support Serv. - Administration Info Serv.		63,607	(1,745)	61,862	61,862	-
Operation and Maintenance of Plant Services						
Social Security Contributions	11-000-260-220	85,247	-	85,247	85,247	-
Other Retirement - Regular	11-000-260-241	102,940	-	102,940	102,940	-
Workmen's Compensation	11-000-260-260	12,393	-	12,393	12,393	-
Health Benefits	11-000-260-270	257,155	-	257,155	257,155	-
Other Employee Benefits	11-000-260-290	37,789	21,892	59,681	59,394	287
Total Operation and Maintenance of Plant Services		495,524	21,892	517,416	517,129	287
Student Transportation Services						
Social Security Contributions	11-000-270-220	74,136	-	74,136	57,041	17,095
Other Retirement - Regular	11-000-270-241	73,653	-	73,653	73,653	-
Workmen's Compensation	11-000-270-260	8,748	(3,560)	5,188	5,188	-
Health Benefits	11-000-270-270	483,994	(9,794)	474,200	474,200	-
Tuition Reimbursement	11-000-270-280	1,894	(634)	1,260	820	440
Other Employee Benefits	11-000-270-29X	47,528	9,527	57,055	56,359	696
Total Student Transportation Services		689,953	(4,461)	685,492	667,261	18,231
TOTAL ALLOCATED BENEFITS		5,142,080	(20,495)	5,121,585	4,868,412	253,173
Unallocated Benefits - Employee Benefits:						
Unemployment Compensation	11-000-291-250	75,000	-	75,000	75,000	-
Other Employee Benefits	11-000-291-290	24,976	(1)	24,975	24,975	-
Total Unallocated Benefits - Employee Benefits		99,976	(1)	99,975	99,975	-
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,133,661	(1,133,661)
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	944,597	(944,597)
On-Behalf TPAF Disability Insurance Contributions		-	-	-	2,568	(2,568)
Reimbursed TPAF Social Security Contributions		-	-	-	730,557	(730,557)
Total Nonbudgeted		-	-	-	2,811,383	(2,811,383)
Total Undistributed Expenditures		15,516,127	95,524	15,611,651	17,543,740	(1,932,089)
Transfer to Charter Schools	10-000-100-56X	1,586,136	(142,051)	1,444,085	1,357,915	86,170
Total Expenditures - Current Expense		26,507,548	(67,308)	26,440,240	28,223,156	(1,782,916)
Capital Outlay:						
Equipment:						
Upkeep of Grounds	12-000-263-730	-	14,713	14,713	14,713	-
Security	12-000-266-730	-	10,966	10,966	10,966	-
Student Transportation Services	12-000-270-730	-	53,516	53,516	53,516	-
Total Equipment		-	79,195	79,195	79,195	-

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Facilities Acquisition & Construction Services: Assessment of Debt Service on SDA Funding	12-000-400-896	117,952	-	117,952	117,952	-
Total Facilities Acquisition & Construction Services		117,952	-	117,952	117,952	-
Assets Acquired Under Capital Leases (Nonbudgeted): Undistributed Expenditures: Transportation	12-000-270-732	-	-	-	91,388	(91,388)
Total Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	91,388	(91,388)
Total Capital Outlay		117,952	79,195	197,147	288,535	(91,388)
Total Expenditures		26,625,500	11,887	26,637,387	28,511,691	(1,874,304)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(808,762)	(11,887)	(820,649)	540,414	1,361,063
Other Financing Sources/(Uses): Capital Lease Proceeds (Nonbudgeted)		-	-	-	91,388	91,388
Total Other Financing Sources/(Uses)		-	-	-	91,388	91,388
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		(808,762)	(11,887)	(820,649)	631,802	1,452,451
Fund Balances, July 1		2,075,736	-	2,075,736	2,075,736	-
Fund Balances, June 30		\$ 1,266,974	\$ (11,887)	\$ 1,255,087	\$ 2,707,538	\$ 1,452,451

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ (11,887)
Total	<u>\$ (11,887)</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	\$ 1,153
Excess Surplus	1,212,358
Reserved Excess Surplus Designated for Subsequent Year's Expenditures	724,508
Assigned Fund Balance:	
Year-end Encumbrances	105,324
Unassigned Fund Balance	<u>664,195</u>
Subtotal	2,707,538
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(851,235)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,856,303</u>

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 104,885	\$ 104,885	\$ 75,643	\$ (29,242)
State Sources	-	145,625	145,625	118,696	(26,929)
Federal Sources	705,245	320,985	1,026,230	862,755	(163,475)
Total Revenues	705,245	571,495	1,276,740	1,057,094	(219,646)
EXPENDITURES:					
Instruction:					
Salaries		27,632	27,632	16,771	10,861
Salaries of Teachers	260,971	-	260,971	260,971	-
Purchased Professional & Technical Services		52,417	52,417	15,949	36,468
Tuition	444,274	(79,697)	364,577	364,577	-
General Supplies		118,798	118,798	71,968	46,830
Textbooks		15,505	15,505	15,004	501
Total Instruction	705,245	134,655	839,900	745,240	94,660
Support Services:					
Personal Services - Employee Benefits		133,523	133,523	65,670	67,853
Purchased Professional & Technical Services		176,853	176,853	146,633	30,220
Purchased Professional Services		109,476	109,476	85,598	23,878
Other Purchased Services		12,895	12,895	9,860	3,035
Total Support Services	-	432,747	432,747	307,761	124,986
Facilities Acquisition & Construction Services:					
Instructional Equipment	-	4,093	4,093	4,093	-
Total Facilities Acquisition & Construction Services	-	4,093	4,093	4,093	-
Total Expenditures	705,245	571,495	1,276,740	1,057,094	219,646
Total Outflows	705,245	571,495	1,276,740	1,057,094	219,646
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**FLORENCE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI - PART II
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 29,052,105	\$ 1,057,094
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	853,369	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(851,235)	-
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Current Year (State)	-	(6,906)
Prior Year (Local)	-	7,000
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 29,054,239	\$ 1,057,188
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 28,511,691	\$ 1,057,094
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	94
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 28,511,691	\$ 1,057,188

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS*

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
School District's proportion of the net pension liability	0.03648%		0.03822%		0.03782%		0.03968%
School District's proportionate share of the net pension liability \$	10,805,326	\$	8,580,029	\$	7,081,833	\$	7,583,695
School District's covered payroll	\$ 2,597,869	\$	2,646,666	\$	2,618,784	\$	2,579,352
School District's proportionate share of the net pension liability as a percentage of its covered payroll	415.93%		324.18%		270.42%		294.02%
Plan fiduciary net position as a percentage of the total pension liability	40.14%		47.93%		52.08%		48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 290,898	\$ 324,113	\$ 328,605	\$ 311,822
Contributions in relation to the contractually required contribution	<u>(290,898)</u>	<u>(324,113)</u>	<u>(328,605)</u>	<u>(311,822)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,217,516	\$ 2,597,869	\$ 2,646,666	\$ 2,618,784
Contributions as a percentage of covered payroll	13.12%	12.48%	12.42%	11.91%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	78,826,344	61,087,012	54,178,933	55,586,266
	<u>\$ 78,826,344</u>	<u>\$ 61,087,012</u>	<u>\$ 54,178,933</u>	<u>\$ 55,586,266</u>
School District's covered payroll	\$ 10,243,835	\$ 10,047,441	\$ 9,794,918	\$ 9,687,546
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, government should present information for those years for which information is available.

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**FLORENCE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	NO CHILD LEFT BEHIND				
	<u>TITLE I</u>	<u>TITLE I PRIOR YEAR</u>	<u>TITLE II - PART A</u>	<u>TITLE II - PART A PRIOR YEAR</u>	<u>I.D.E.A. PART B BASIC</u>
Revenues:					
Federal Sources	\$ 240,530	\$ 57,721	\$ 57,707	\$ 12,595	\$ 493,926
State Sources	-	-	-	-	-
Local Sources	-	-	-	-	-
Total Revenues	\$ 240,530	\$ 57,721	\$ 57,707	\$ 12,595	\$ 493,926
Expenditures:					
Instruction:					
Salaries	\$ 13,192	\$ 3,579	\$ -	\$ -	-
Salaries of Teachers	212,057	-	48,914	-	-
Purchased Professional - Technical Services	-	-	-	-	15,949
Tuition	-	-	-	-	364,577
General Supplies	15,281	-	-	-	-
Total Instruction	240,530	3,579	48,914	-	380,526
Support Services:					
Employee Benefits	-	54,142	-	11,528	-
Purchased Professional - Technical Services	-	-	-	-	113,400
Other Purchased Services	-	-	8,793	1,067	-
Total Support Services	-	54,142	8,793	12,595	113,400
Total Expenditures	\$ 240,530	\$ 57,721	\$ 57,707	\$ 12,595	\$ 493,926

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	I.D.E.A.			NJ NONPUBLIC AUXILIARY SERVICES CH. 192	
	PART B <u>PRESCHOOL</u>	NJ NONPUBLIC <u>TEXTBOOK AID</u>	NJ NONPUBLIC <u>NURSING AID</u>	<u>COMPENSATORY EDUCATION</u>	<u>TRANSPORTATION</u>
Revenues:					
Federal Sources	\$ 276	\$ -	\$ -	\$ -	\$ -
State Sources	-	15,004	24,570	23,649	6,443
Local Sources	-	-	-	-	-
Total Revenues	\$ 276	\$ 15,004	\$ 24,570	\$ 23,649	\$ 6,443
Expenditures:					
Instruction:					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
General Supplies	276	-	-	-	-
Textbooks	-	15,004	-	-	-
Total Instruction	276	15,004	-	-	-
Support Services:					
Purchased Professional Services	-	-	24,570	23,649	6,443
Total Support Services	-	-	24,570	23,649	6,443
Total Expenditures	\$ 276	\$ 15,004	\$ 24,570	\$ 23,649	\$ 6,443

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	NJ NONPUBLIC HANDICAPPED SERVICES CH. 193			NJ NONPUBLIC TECHNOLOGY INITIATIVE AID	NJ NONPUBLIC SECURITY AID
	SUPPLEMENTAL INSTRUCTION	EXAMINATION & CLASSIFICATION	CORRECTIVE SPEECH		
Revenues:					
Federal Sources	\$ -	\$ -	\$ -	\$ -	-
State Sources	9,181	10,270	11,485	6,906	11,188
Local Sources	-	-	-	-	-
Total Revenues	\$ 9,181	\$ 10,270	\$ 11,485	\$ 6,906	\$ 11,188
Expenditures:					
Instruction:					
Salaries	\$ -	\$ -	\$ -	\$ -	-
General Supplies	-	-	-	6,906	-
Total Instruction	-	-	-	6,906	-
Support Services:					
Purchased Professional - Technical Services	-	-	-	-	11,188
Purchased Professional Services	9,181	10,270	11,485	-	-
Total Support Services	9,181	10,270	11,485	-	11,188
Total Expenditures	\$ 9,181	\$ 10,270	\$ 11,485	\$ 6,906	\$ 11,188

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	<u>CHROME BOOK DONATION</u>	<u>NJ SCHOOLS INSURANCE GROUP SAFETY GRANT</u>	<u>INVESTORS BANK TECHNOLOGY DONATION</u>	<u>PSE&G STEAMING UP SUMMER GRANT</u>
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Local Sources	48,505	4,093	1,000	60
Total Revenues	\$ 48,505	\$ 4,093	\$ 1,000	\$ 60
Expenditures:				
Instruction:				
Salaries	\$ -	\$ -	\$ -	\$ -
General Supplies	48,505	-	1,000	-
Total Instruction	48,505	-	1,000	-
Support Services:				
Purchased Professional - Technical Services	-	-	-	60
Total Support Services	-	-	-	60
Facilities Acquisition & Construction Services:				
Instructional Equipment	-	4,093	-	-
Total Facilities Acquisition & Construction Services	-	4,093	-	-
Total Expenditures	\$ 48,505	\$ 4,093	\$ 1,000	\$ 60

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	SOUTHERN NJ REGIONAL EMPLOYEE WELLNESS GRANT 16/17	SOUTHERN NJ REGIONAL EMPLOYEE WELLNESS GRANT 15/16	TOTALS
Revenues:			
Federal Sources	\$ -	\$ -	862,755
State Sources	-	-	118,696
Local Sources	595	21,390	75,643
Total Revenues	\$ 595	\$ 21,390	\$ 1,057,094
Expenditures:			
Instruction:			
Salaries	\$ -	\$ -	16,771
Salaries of Teachers	-	-	260,971
Purchased Professional - Technical Services	-	-	15,949
Tuition	-	-	364,577
General Supplies	-	-	71,968
Textbooks	-	-	15,004
Total Instruction	-	-	745,240
Support Services:			
Employee Benefits	-	-	65,670
Purchased Professional - Technical Services	595	21,390	146,633
Purchased Professional Services	-	-	85,598
Other Purchased Services	-	-	9,860
Total Support Services	595	21,390	307,761
Facilities Acquisition & Construction Services			
Instructional Equipment	-	-	4,093
Total Facilities Acquisition & Construction Services	-	-	4,093
Total Expenditures	\$ 595	\$ 21,390	\$ 1,057,094

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G. Proprietary Funds

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Enterprise Funds

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		<u>TOTAL</u>
	<u>EXTENDED DAY PROGRAM</u>	<u>FOOD SERVICE</u>	
Current Assets:			
Cash & Cash Equivalents	\$ 131,932	\$ 13,545	\$ 145,477
Accounts Receivable			
State	-	414	414
Federal	-	19,715	19,715
Inventories	-	12,825	12,825
Total Current Assets	<u>131,932</u>	<u>46,499</u>	<u>178,431</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	-	466,019	466,019
Less: Accumulated Depreciation	-	(315,799)	(315,799)
Total Capital Assets	<u>-</u>	<u>150,220</u>	<u>150,220</u>
Total Assets	<u>131,932</u>	<u>196,719</u>	<u>328,651</u>
LIABILITIES			
Unearned Revenue	<u>31,833</u>	<u>3,740</u>	<u>35,573</u>
Total Liabilities	<u>31,833</u>	<u>3,740</u>	<u>35,573</u>
NET POSITION			
Investment in Capital Assets	-	150,220	150,220
Unrestricted	<u>100,099</u>	<u>42,759</u>	<u>142,858</u>
Total Net Position	<u>\$ 100,099</u>	<u>\$ 192,979</u>	<u>\$ 293,078</u>

**FLORENCE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		<u>TOTAL</u>
	<u>EXTENDED DAY PROGRAM</u>	<u>FOOD SERVICE</u>	
Operating Revenues:			
Local Sources:			
Daily Sales - Reimbursable Programs		\$ 188,427	\$ 188,427
Daily Sales - Nonreimbursable Programs		123,495	123,495
Miscellaneous		143	143
Special Functions		9,453	9,453
Tuition	\$ 292,845	-	292,845
Total Operating Revenue	292,845	321,518	614,363
Operating Expenses:			
Salaries & Wages	237,864	226,550	464,414
Employee Benefits	49,908	56,701	106,609
Management Fee		61,000	61,000
Miscellaneous Expenses	18,777	30,021	48,798
Supplies and Materials		22,916	22,916
Cost of Sales - Reimbursable		181,711	181,711
Cost of Sales - Nonreimbursable		84,791	84,791
Depreciation		21,373	21,373
Total Operating Expenses	306,549	685,063	991,612
Operating Income/(Loss)	(13,704)	(363,545)	(377,249)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program		6,156	6,156
Federal Sources:			
National School Lunch Program		224,002	224,002
National School Breakfast Program		57,122	57,122
National School Lunch HHFKA		7,742	7,742
Food Distribution Program		52,338	52,338
Gain/(Loss) on Capital Asset Adjustment		16,409	16,409
Total Nonoperating Revenues/(Expenses)	-	363,769	363,769
Change in Net Position	(13,704)	224	(13,480)
Net Position - July 1	113,803	192,755	306,558
Total Net Position - Ending	\$ 100,099	\$ 192,979	\$ 293,078

**FLORENCE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	EXTENDED DAY PROGRAM	FOOD SERVICE	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 277,565	\$ 321,778	\$ 599,343
Payments to Employees	(237,864)	(226,550)	(464,414)
Payments for Employee Benefits	(49,908)	(56,701)	(106,609)
Payments to Suppliers	(18,777)	(380,633)	(399,410)
Net Cash Provided/(Used) by Operating Activities	(28,984)	(342,106)	(371,090)
Cash Flows From Noncapital Financing Activities:			
State Sources	-	6,789	6,789
Federal Sources	-	371,118	371,118
Net Cash Provided/(Used) by Noncapital Noncapital Financing Activities	-	377,907	377,907
Net Increase/(Decrease) in Cash & Cash Equivalents	(28,984)	35,801	6,817
Balances - Beginning of Year	160,916	(22,256)	138,660
Balances - End of Year	\$ 131,932	\$ 13,545	\$ 145,477

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (13,704)	\$ (363,545)	\$ (377,249)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	-	21,373	21,373
Increase/(Decrease) in Unearned Revenue	(15,280)	260	(15,020)
(Increase)/Decrease in Inventories	-	(194)	(194)
Total Adjustments	(15,280)	21,439	6,159
Net Cash Provided/(Used) by Operating Activities	\$ (28,984)	\$ (342,106)	\$ (371,090)

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H. Fiduciary Fund

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE TRUST FUNDS			AGENCY FUNDS			TOTAL
	SCHOLARSHIP ACCOUNT	FLEXIBLE SPENDING EXPENDABLE TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	SUMMER PAY	
Cash & Cash Equivalents	\$ 12,705	\$ 685	\$ 27,793	\$ 52,966	\$ 124,613	\$ 487,100	\$ 705,862
Interfund Receivable			3,327				3,327
Total Assets	12,705	685	31,120	52,966	124,613	487,100	709,189
LIABILITIES							
Payroll Deductions & Withholdings					11,140	487,100	498,240
Due to Student Groups				52,966			52,966
Interfund Payable					113,473		113,473
Total Liabilities	-	-	-	52,966	124,613	487,100	664,679
NET POSITION:							
Held in Trust for Unemployment Claims & Other Purposes	12,705	685	31,120	-	-	-	44,510
Total Net Position	\$ 12,705	\$ 685	\$ 31,120	\$ -	\$ -	\$ -	\$ 44,510

**FLORENCE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE TRUST FUNDS			<u>TOTAL</u>
	<u>SCHOLARSHIP ACCOUNT</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>FLEXIBLE SPENDING EXPENDABLE TRUST</u>	
ADDITIONS				
Payroll withholdings	\$ -	\$ 30,403	\$ -	\$ 30,403
Contributions:				
Other	10,000	75,000	-	85,000
Total Contributions	10,000	105,403	-	115,403
Investment Earnings:				
Interest	22	99	-	121
Net Investment Earnings	22	99	-	121
Total Additions	10,022	105,502	-	115,524
DEDUCTIONS				
Unemployment claims	-	85,986	-	85,986
Dependent day care payments	-	-	1,082	1,082
Scholarship payments	12,050	-	-	12,050
Total Deductions	12,050	85,986	1,082	99,118
Change in Net Position	(2,028)	19,516	(1,082)	16,406
Net Position - Beginning of the Year	14,733	11,604	1,767	28,104
Net Position - End of the Year	\$ 12,705	\$ 31,120	\$ 685	\$ 44,510

**FLORENCE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
SCHEDULE OF STUDENT ACTIVITY 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>
Florence Middle School/Memorial High School	\$ 62,237	\$ 120,877	\$ 130,148	\$ 52,966
Total All Activity	<u>\$ 62,237</u>	<u>\$ 120,877</u>	<u>\$ 130,148</u>	<u>\$ 52,966</u>

**FIDUCIARY FUND
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS AND LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 22,485	\$ 7,286,351	\$ 7,184,223	\$ 124,613
Accounts Receivable	1,548	-	1,548	-
Total Assets	<u>\$ 24,033</u>	<u>\$ 7,286,351</u>	<u>\$ 7,185,771</u>	<u>\$ 124,613</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 10,525	\$ 7,184,838	\$ 7,184,223	\$ 11,140
Interfund Payable	13,508	101,513	1,548	113,473
Total Liabilities	<u>\$ 24,033</u>	<u>\$ 7,286,351</u>	<u>\$ 7,185,771</u>	<u>\$ 124,613</u>

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I. Long-Term Debt

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
			DATE	AMOUNT					
General Obligation Refunding Bonds	3/1/2012	\$ 26,065,000			4.000%	\$ 22,250,000	\$ -	\$ 1,725,000	\$ 20,525,000
			\$ 1,725,000		4.000%				
				\$ 1,725,000		4.000%			
					\$ 1,700,000	2.504%			
					\$ 1,715,000	5.000%			
					\$ 1,735,000	4.500%			
					\$ 1,740,000	2.750%			
					\$ 1,720,000	3.000%			
					\$ 1,700,000	4.000%			
					\$ 1,695,000	3.342%			
					\$ 1,685,000	3.250%			
					\$ 1,660,000	4.000%			
						Total	\$ 22,250,000	\$ -	\$ 1,725,000

**FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Principal</u>	<u>Interest</u>					
1 54 Passenger School Bus	7/20/2012	5 Years	\$ 85,313	\$ 4,895	1.950%	\$ 17,389	\$	17,389	\$ -
1 Blue Bird Wheelchair Accessible School Bus	1/16/2014	5 Years	119,631	6,092	2.547%	48,431		23,911	24,520
1 54 Passenger School Bus and 1 46 Passenger/Lift School Bus	8/10/2015	6 Years	206,000	11,148	2.250%	162,743		31,116	131,627
1 16 Passenger School Bus	9/1/2015	5 Years	50,120	1,717	2.300%	29,520		7,130	22,390
1 54 Passenger School Bus	9/16/2016	5 Years	91,388	8,706	4.470%	-	\$ 91,388	19,520	71,868
						\$ 258,083	\$ 91,388	\$ 99,066	\$ 250,405

**FLORENCE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE/ (NEGATIVE) FINAL TO ACTUAL</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,569,280	\$ -	\$ 2,569,280	\$ 2,569,282	\$ 2
Total Revenues	2,569,280	-	2,569,280	2,569,282	2
Expenditures:					
Regular Debt Service:					
Interest	844,282	-	844,282	844,281	1
Redemption of Principal	1,725,000	-	1,725,000	1,725,000	-
Total Expenditures	2,569,282	-	2,569,282	2,569,281	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2)	-	(2)	1	1
Fund Balance, July 1	2		2	2	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 3	\$ 1

**FLORENCE TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF COMPENSATED ABSENCES
 JUNE 30, 2017**

	OUTSTANDING BALANCE <u>2016</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	OUTSTANDING BALANCE <u>2017</u>
Compensated Absences	\$ 3,318,233	\$ 393,384	\$ 609,298	\$ 3,102,319

**FLORENCE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF WATER & SEWER ASSESSMENTS
JUNE 30, 2017**

<u>PURPOSE</u>	<u>DATE OF ASSESSMENT</u>	<u>AMOUNT OF ASSESSMENT</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2016</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>					
Florence Township Water & Sewer Assessment	3/15/2008	\$ 554,474	3/13/2018	\$ 33,247	4.250%	\$ 173,601	\$ -	\$ 31,892	\$ 141,709
			3/13/2019	34,660	4.250%				
			3/13/2020	36,133	4.250%				
			3/13/2021	37,669	4.250%				
			Total			\$ 173,601	\$ -	\$ 31,892	\$ 141,709

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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FLORENCE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 13,886,743	\$ 13,846,277	\$ 14,035,431	\$ 12,057,653	\$ 11,537,939	\$ 10,790,353	\$ 10,691,880	\$ 10,537,181	\$ 10,543,414	\$ 12,318,078
Restricted	1,938,022	1,352,626	1,030,393	1,105,990	1,867,658	1,671,227	1,154,995	1,548,226	1,585,853	1,065,041
Unrestricted	(11,545,406)	(11,503,211)	(11,877,606)	(3,536,231)	(3,410,658)	(3,270,322)	(3,581,795)	(4,321,808)	(4,097,268)	(3,492,170)
Total Governmental Activities	\$ 4,279,359	\$ 3,695,692	\$ 3,188,218	\$ 9,627,412	\$ 9,994,939	\$ 9,191,258	\$ 8,265,080	\$ 7,763,599	\$ 8,031,999	\$ 9,890,949
Business-Type Activities:										
Net Investment in Capital Assets	\$ 150,220	\$ 155,184	\$ 81,888	\$ 108,723	\$ 118,829	\$ 133,954	\$ 139,936	\$ 155,534	\$ 171,809	\$ 188,764
Unrestricted	142,858	151,374	137,876	156,269	172,562	134,299	246,241	337,827	263,887	145,310
Total Business-Type Activities	\$ 293,078	\$ 306,558	\$ 219,764	\$ 264,992	\$ 291,391	\$ 268,253	\$ 386,177	\$ 493,361	\$ 435,696	\$ 334,074
Government-Wide:										
Net Investment in Capital Assets	\$ 14,036,963	\$ 14,001,461	\$ 14,117,319	\$ 12,166,376	\$ 11,656,768	\$ 10,924,307	\$ 10,831,816	\$ 10,692,715	\$ 10,715,223	\$ 12,506,842
Restricted	1,938,022	1,352,626	1,030,393	1,105,990	1,867,658	1,671,227	1,154,995	1,548,226	1,585,853	1,065,041
Unrestricted	(11,402,548)	(11,351,837)	(11,739,730)	(3,379,962)	(3,238,096)	(3,136,023)	(3,335,554)	(3,983,981)	(3,833,381)	(3,346,860)
Total District Net Position	\$ 4,572,437	\$ 4,002,250	\$ 3,407,982	\$ 9,892,404	\$ 10,286,330	\$ 9,459,511	\$ 8,651,257	\$ 8,256,960	\$ 8,467,695	\$ 10,225,023

FLORENCE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 8,133,504	\$ 8,841,351	\$ 8,030,336	\$ 8,972,615	\$ 8,796,474	\$ 8,896,535	\$ 8,618,827	\$ 9,450,710	\$ 8,787,047	\$ 8,602,122
Special Education	3,539,887	2,157,934	2,951,366	2,872,957	2,671,300	2,654,929	2,814,569	2,339,663	2,424,889	2,205,302
Other Instruction	948,774	1,076,469	1,043,941	1,161,248	1,124,375	990,821	1,011,875	1,222,637	1,219,991	1,074,940
Support Services:										
Tuition	1,537,242	1,847,144	1,567,872	1,654,028	1,698,507	1,193,891	1,032,473	1,059,333	1,188,188	960,420
Student & Instruction Related Services	3,429,065	3,040,898	3,149,700	2,972,028	2,988,470	2,981,191	2,947,254	3,213,847	2,947,425	2,944,604
General Administration	590,851	584,194	610,755	486,031	541,174	543,113	512,970	439,454	484,915	487,733
School Administrative Services	1,204,123	1,553,289	1,133,673	1,071,002	1,053,881	853,090	1,023,489	992,477	1,106,041	1,062,792
Central Services	531,675	524,546	519,672	634,069	589,964	559,423	484,163	462,700	418,837	414,597
Administration Information Technology	432,504	149,942	314,225	263,835	129,446	145,268	136,866	170,982	204,297	244,682
Plant Operations & Maintenance	2,883,819	2,950,827	3,245,387	3,290,210	3,065,679	2,918,232	2,849,752	2,683,126	2,670,424	2,483,679
Pupil Transportation	1,644,647	1,746,825	1,811,605	1,654,051	1,544,363	1,603,444	1,356,646	1,308,279	1,221,317	1,252,255
Employee Benefits	3,299,239	7,275,693	4,496,614	1,872,505	2,253,652	1,814,277	1,519,838	1,537,890	1,423,132	2,239,652
Charter Schools	1,357,915	1,377,669	1,434,177	1,347,452	1,277,448	1,126,585	847,036	559,701	-	-
Interest & Other Charges	957,696	994,387	919,198	951,416	763,980	1,155,542	1,262,967	1,339,285	1,384,936	1,446,040
Unallocated Depreciation	1,497,377	1,453,950	1,378,568	1,362,042	1,358,300	1,392,022	1,551,286	1,538,180	1,550,463	1,134,464
Amortization of Debt Issue Costs	-	-	-	-	13,518	11,730	11,826	11,922	12,018	12,114
Amortization of Intangible Assets	-	13,862	13,862	13,862	13,862	13,862	13,862	13,862	13,862	13,862
Decrease in Compensated Absences	-	22,565	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	31,988,318	36,211,545	32,620,951	30,579,351	29,884,393	28,853,955	27,995,699	28,344,048	27,057,782	26,579,238
Business-Type Activities:										
Food Service	685,063	664,885	686,528	728,263	732,537	719,845	718,651	756,719	748,748	664,311
Cable TV Access	-	-	-	-	6,000	2,000	4,000	8,000	8,000	8,000
Extended Day Program	306,549	290,781	292,403	287,094	282,878	262,653	301,205	278,457	261,852	267,614
Total Business-Type Activities Expense	991,612	955,666	978,931	1,015,357	1,021,415	984,498	1,023,856	1,043,176	1,018,580	939,925
Total District Expenses	\$ 32,979,930	\$ 37,167,211	\$ 33,599,882	\$ 31,594,708	\$ 30,905,808	\$ 29,838,453	\$ 29,019,555	\$ 29,387,224	\$ 28,076,362	\$ 27,519,163
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 3,868,571	\$ 8,053,530	\$ 5,598,286	\$ 3,124,194	\$ 3,433,779	\$ 3,050,132	\$ 2,775,547	\$ 3,107,579	\$ 2,599,032	\$ 3,845,523
Total Governmental Activities Program Revenues	3,868,571	8,053,530	5,598,286	3,124,194	3,433,779	3,050,132	2,775,547	3,107,579	2,599,032	3,845,523
Business-Type Activities:										
Charges for Services:										
Food Service	321,518	300,829	305,349	340,822	349,458	358,147	358,609	451,833	438,894	392,175
Cable TV Access	-	-	-	-	-	5,313	4,000	3,779	9,976	6,999
Extended Day Program	292,845	304,200	283,197	313,719	321,422	270,266	232,617	311,311	330,602	318,473
Operating Grants & Contributions	347,360	341,659	345,157	334,760	373,659	366,243	321,439	333,845	300,563	275,584
Total Business Type Activities Program Revenues	961,723	946,688	933,703	989,301	1,044,539	999,969	916,665	1,100,768	1,080,035	993,231
Total District Program Revenues	\$ 4,830,294	\$ 9,000,218	\$ 6,531,989	\$ 4,113,495	\$ 4,478,318	\$ 4,050,101	\$ 3,692,212	\$ 4,208,347	\$ 3,679,067	\$ 4,838,754
Net (Expense)/Revenue:	\$ (28,119,747)	\$ (28,158,015)	\$ (27,022,665)	\$ (27,455,157)	\$ (26,450,614)	\$ (25,803,823)	\$ (25,220,152)	\$ (25,236,469)	\$ (24,458,750)	\$ (22,733,715)
Governmental Activities	(29,889)	(8,978)	(45,228)	(26,056)	23,124	15,471	(107,191)	57,592	61,455	53,306
Business-Type Activities	(28,149,656)	(28,166,993)	(27,067,893)	(27,481,213)	(26,427,490)	(25,788,352)	(25,327,343)	(25,178,877)	(24,397,295)	(22,680,409)

FLORENCE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 16,011,085	\$ 15,697,142	\$ 15,389,355	\$ 15,065,536	\$ 14,594,866	\$ 14,222,554	\$ 13,917,990	\$ 13,221,502	\$ 12,583,617	\$ 12,613,700
Taxes Levied for Debt Service	2,569,282	2,636,482	2,698,981	2,624,379	2,747,490	2,667,640	2,682,415	2,578,665	2,596,872	2,351,363
Unrestricted Grants & Contributions	9,908,612	9,581,584	9,855,832	9,701,360	9,542,117	9,436,856	8,810,926	9,126,706	9,696,833	7,397,360
SCC Grant Not Restricted to Specific Functions	-	-	-	-	-	-	-	-	-	1,113,985
Payments in Lieu of Taxes	-	-	39,989	20,975	67,236	177,065	58,438	46,958	81,643	119,088
Tuition Received	107,071	285,101	4,525	6,537	7,784	15,135	21,232	27,234	27,007	107,480
Investment Earnings	216,088	-	178,486	311,014	298,771	77,337	226,562	127,217	141,870	99,950
Miscellaneous Income	-	-	-	-	(3,969)	-	(8,470)	-	-	(15,758)
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	343	-	133,414	-	-	(40,128)	-
Special items	(108,724)	465,180	-	-	-	-	-	-	-	(963,673)
Total Governmental Activities	28,703,414	28,665,489	28,167,168	27,730,144	27,254,295	26,730,001	25,709,093	25,128,282	25,087,714	22,823,495
Business-Type Activities:										
Investment Earnings	-	-	-	-	14	19	7	74	39	53
Transfers	-	-	-	(343)	-	(133,414)	-	-	40,128	-
Special items	16,409	95,772	-	-	-	-	-	-	-	(7,790)
Total Business-Type Activities	16,409	95,772	-	(343)	14	(133,395)	7	74	40,167	(7,737)
Total Government-Wide	\$ 28,719,823	\$ 28,761,261	\$ 28,167,168	\$ 27,729,801	\$ 27,254,309	\$ 26,596,606	\$ 25,709,100	\$ 25,128,356	\$ 25,127,881	\$ 22,815,758
Change in Net Position:										
Governmental Activities	\$ 583,667	\$ 507,474	\$ 1,144,503	\$ 274,987	\$ 803,681	\$ 926,178	\$ 488,941	\$ (108,187)	\$ 628,964	\$ 89,780
Business-Type Activities	(13,480)	86,794	(45,228)	(26,399)	23,138	(117,924)	(107,184)	57,666	101,622	45,569
Total District	\$ 570,187	\$ 594,268	\$ 1,099,275	\$ 248,588	\$ 826,819	\$ 808,254	\$ 381,757	\$ (50,521)	\$ 730,586	\$ 135,349

**FLORENCE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409,049	\$ 1,261,451	\$ 965,416
Unreserved	-	1,352,624	1,030,393	1,105,990	1,774,377	1,670,854	1,022,719	(441,818)	157,563	268,808
Restricted	1,938,019	11,887	-	-	-	-	-	-	-	-
Committed	-	181,796	443,092	401,936	31,327	275,370	32,695	-	-	-
Assigned	105,324	(323,940)	(292,815)	(312,167)	(270,672)	(474,785)	-	-	-	-
Unassigned	(187,040)	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 1,856,303	\$ 1,222,367	\$ 1,180,670	\$ 1,195,759	\$ 1,535,032	\$ 1,471,439	\$ 1,055,414	\$ 967,231	\$ 1,419,014	\$ 1,234,224
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,015
Unreserved, reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	356,916	(31,894)
Debt Service Fund	-	-	-	-	-	-	-	237,825	2	1
Assigned to:										
Debt Service Fund	-	-	-	-	63,281	373	132,233	-	-	-
Unassigned:										
Debt Service Fund	3	2	2	2	-	-	43	-	-	-
Total All Other Governmental Funds	\$ 3	\$ 2	\$ 2	\$ 2	\$ 63,281	\$ 373	\$ 132,276	\$ 237,825	\$ 356,918	\$ 220,122

**FLORENCE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 18,580,367	\$ 18,333,624	\$ 18,088,336	\$ 17,689,915	\$ 17,342,356	\$ 16,890,194	\$ 16,600,405	\$ 15,800,167	\$ 15,180,489	\$ 14,965,063
Tuition Charges	107,071	46,316	-	-	-	-	-	-	-	-
Interest Earnings	-	2	4,525	6,537	7,784	15,135	21,232	27,234	27,007	107,480
Miscellaneous	298,731	238,783	218,475	332,331	367,283	331,110	270,117	174,175	260,125	219,037
State Sources	12,740,959	12,182,271	11,983,929	11,728,041	11,966,448	11,143,069	10,554,675	9,488,770	11,391,264	11,473,460
Federal Sources	953,581	920,663	1,077,380	1,097,513	1,009,448	1,343,919	1,031,798	2,745,515	904,601	883,408
Total Revenue	32,680,709	31,721,659	31,372,645	30,854,337	30,693,319	29,723,427	28,478,227	28,235,861	27,763,486	27,648,448
Expenditures:										
Instruction:										
Regular Instruction	8,133,504	8,841,351	8,449,567	8,975,142	8,847,749	8,949,443	8,685,667	9,386,808	8,825,965	8,601,839
Special Education Instruction	3,539,887	2,757,934	2,953,265	2,894,072	2,697,219	2,672,256	2,791,162	2,291,990	2,405,188	2,144,744
Other Instruction	948,774	1,101,584	1,163,194	1,066,157	1,052,249	1,120,065	1,223,163	1,184,592	1,001,523	218,158
Support Services:										
Tuition	1,537,242	1,847,144	1,567,872	1,654,028	1,698,507	1,193,891	1,032,473	1,059,333	1,188,188	960,420
Student & Instruction Related	3,429,065	3,040,898	3,307,507	3,069,329	2,936,047	3,008,784	3,008,914	3,236,115	2,931,892	2,923,494
General Administration	590,851	584,194	522,299	512,186	513,696	540,846	512,723	487,155	473,933	509,508
School Administrative Services	1,204,123	1,553,289	1,142,600	1,072,773	1,040,386	954,134	1,035,042	993,081	1,076,651	1,043,485
Central Services	531,675	524,546	614,741	618,605	584,585	557,586	481,364	458,418	489,555	416,221
Administrative Information Technology	432,504	149,942	310,872	261,165	125,627	141,715	134,498	170,048	200,274	239,908
Plant Operations & Maintenance	2,869,957	2,981,419	3,219,830	3,147,929	3,012,090	2,900,941	2,921,048	2,727,870	2,655,533	2,461,087
Pupil Transportation	1,644,647	1,774,211	1,785,786	1,732,820	1,571,913	1,486,839	1,388,032	1,319,105	1,220,184	1,261,149
Employee Benefits	2,911,358	2,550,962	2,103,805	1,872,505	2,253,652	1,814,277	1,519,838	1,537,890	1,423,132	2,239,632
Charter Schools	1,357,915	1,377,669	1,434,177	1,347,452	1,277,448	1,126,585	847,036	559,701	-	-
Capital Outlay	174,676	396,772	174,848	258,605	224,239	66,799	332,888	195,650	673,068	2,475,359
Debt Service:										
Principal	1,855,958	1,740,000	1,750,000	1,790,000	2,000,000	1,700,000	1,635,000	1,640,000	1,645,000	1,650,000
Interest & Other Charges	976,024	896,482	948,981	1,006,716	802,815	1,224,525	1,285,485	1,361,904	1,407,561	1,468,667
Total Expenditures	32,138,160	32,093,282	31,387,734	31,376,521	30,652,130	29,390,870	28,731,235	28,648,231	27,800,716	29,397,036
Excess (Deficiency) of Revenues Over/(Under) Expenditures	542,549	(371,623)	(15,089)	(522,184)	41,189	332,557	(253,008)	(412,370)	(37,230)	(1,748,588)
Other Financing Sources/(Uses):										
Sale of Capital Asset - Duffy School	-	-	-	-	-	-	-	-	-	130,000
Capital Leases (non-budgeted)	91,388	256,120	-	119,631	85,313	-	235,642	156,620	43,690	-
Proceeds from Refunding	-	-	-	-	-	27,966,204	-	-	-	-
Payments to Escrow Agent	-	-	-	-	-	(27,966,204)	-	-	-	-
Transfers In	-	-	-	-	-	-	-	483,321	286,309	590,316
Transfers Out	-	-	-	-	-	-	-	(483,321)	(286,309)	(590,316)
Unrealized Accounts Receivable	-	-	-	-	(48,435)	-	-	-	-	-
Florence Twp Sewer Agreement Obligation	-	-	-	-	-	-	-	-	-	554,474
Florence Twp Sewer Agreement	-	-	-	-	-	-	-	-	-	(554,474)

**FLORENCE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

Total Other Financing Sources/ (Uses)	91,388	256,120	-	119,631	85,313	(48,435)	235,642	156,620	43,690	130,000
Net Change in Fund Balances	\$ 633,937	\$ (115,503)	\$ (15,089)	\$ (402,553)	\$ 126,502	\$ 284,122	\$ (17,366)	\$ (255,750)	\$ 6,460	\$ (1,618,588)
Debt Service as a Percentage of Noncapital Expenditures	9.72%	9.07%	9.47%	9.87%	10.15%	11.08%	11.46%	11.79%	12.68%	13.10%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

FLORENCE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

FISCAL YEAR ENDING JUNE 30,	INTEREST ON <u>INVESTMENTS</u>	<u>TUITION</u>	<u>ERATE REIMB</u>	<u>ATHLETICS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2017	\$ -	\$ 107,071	\$ 40,639	\$ 13,194	\$ 162,255	\$ 323,159
2016	2	46,316			184,532	230,850
2015	4,525	39,989			147,488	192,002
2014	6,537	20,975			311,356	338,868
2013	7,784	67,236			294,930	369,950
2012	14,806	177,065			143,040	334,911
2011	19,790	58,438			197,428	275,656
2010	25,629	46,958			115,579	188,166
2009	22,121	81,643			171,950	275,714
2008	57,941	119,088			219,034	396,063

Source: District records

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Revenue Capacity Information

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

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FLORENCE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2017	\$ 25,253,700	\$ 1,007,111,800	\$ 9,900,100	\$ 1,156,100	\$ 51,904,600	\$ 142,517,900	\$ 11,429,100	\$ 1,249,273,300	\$ -	\$ 100	\$ 1,249,273,400	\$ 1,247,775,969	1.498
2016	26,237,600	1,004,456,300	10,585,600	1,185,600	48,471,900	143,001,800	11,429,100	1,245,367,900	-	2,083,890	1,247,451,790	1,196,012,460	1.479
2015	27,317,300	1,009,500,300	11,140,600	1,267,400	49,907,700	145,153,800	11,429,100	1,255,716,200	-	2,228,341	1,257,944,541	1,165,611,174	1.447
2014	26,229,800	1,022,637,700	10,774,900	1,383,000	50,131,400	146,639,400	11,568,100	1,269,364,300	-	2,174,145	1,271,538,445	1,207,951,318	1.406
2013	28,220,700	1,030,421,300	11,114,400	1,362,800	49,760,100	81,672,600	11,568,100	1,214,120,000	-	2,493,080	1,216,613,080	1,252,176,999	1.439
2012	30,559,000	1,035,610,900	11,104,400	1,357,700	49,613,100	83,158,800	11,568,100	1,222,972,000	-	2,697,840	1,225,669,840	1,292,259,696	1.396
2011	35,176,000	1,038,169,700	10,858,600	1,107,700	51,100,900	90,764,800	11,568,100	1,238,745,800	-	2,612,300	1,241,358,100	1,357,839,126	1.348
2010	41,255,100	1,011,064,100	10,858,600	1,137,700	51,376,700	83,339,700	11,568,100	1,210,600,000	-	3,044,900	1,213,644,900	1,327,629,731	1.334
2009	19,705,800	516,594,350	5,790,400	722,600	24,942,500	40,302,000	5,787,300	613,844,950	-	1,505,130	615,350,080	1,265,436,233	2.517
2008	24,163,300	503,065,550	5,396,400	851,000	24,596,300	35,561,500	5,834,800	599,468,850	-	1,423,618	600,892,468	1,200,532,441	2.509

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

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100

**FLORENCE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)
Unaudited**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF FLORENCE	BURLINGTON COUNTY	
2017	\$ 1.360	0.138	\$ 1.498	\$ 0.439	\$ 0.409	\$ 2.346
2016	1.335	0.144	1.479	0.439	0.392	2.310
2015	1.231	0.216	1.447	0.439	0.385	2.271
2014	1.197	0.209	1.406	0.448	0.364	2.218
2013	1.211	0.228	1.439	0.449	0.392	2.280
2012	1.176	0.220	1.396	0.449	0.401	2.246
2011	1.133	0.215	1.348	0.414	0.415	2.177
2010	1.117	0.217	1.334	0.356	0.416	2.106
2009	2.096	0.421	2.517	0.647	0.781	3.945
2008	2.107	0.402	2.509	0.637	0.777	3.923

Source: Municipal Tax Collector

FLORENCE TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
Unaudited

2017		2008	
TAXPAYER	TAXABLE ASSESSED VALUE	TAXPAYER	TAXABLE ASSESSED VALUE
	RANK		RANK
	% OF TOTAL DISTRICT NET ASSESSED VALUE		% OF TOTAL DISTRICT NET ASSESSED VALUE
Haines Center Florence, LLC	\$ 61,338,800	RTC Properties Inc.	\$ 8,635,400
Christmas Tree Shops, Inc.	33,166,000	Griffin Pipe Products Company	5,675,500
RTC Properties Inc.	8,212,000	Haines Center Florence, LLC	4,772,000
Foxdale Properties, LLC.	7,700,000	Academy Woods Apartments	3,250,000
Individual Taxpayer #1	6,750,000	Foxdale Properties	3,091,400
SPAF Cedar Management Co.	4,574,000	Dean Northeast, LLC	2,550,000
Dean Northeast, LLC	4,450,000	DC Fabricators	2,500,000
Turnpike Crossings Urban Renewal, LLC	3,870,000	SPAF Cedar Management Co.	2,394,000
DC Fabricators	3,798,000	Americo Real Estate Co.	2,250,000
Griffin Pipe Products Company	3,787,500	Health Care REIT, Inc.	1,898,600
Total	\$ 137,646,300		\$ 37,016,900
	10.71%		6.16%

Source: Municipal Tax Assessor

**FLORENCE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**
Unaudited

FISCAL YEAR ENDED <u>JUNE 30.</u>	TAXES LEVIED FOR THE FISCAL <u>YEAR</u>	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT <u>YEARS</u>
		<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>	
2017	\$ 18,580,367	\$ 18,580,367	100%	\$ -
2016	18,333,624	18,333,624	100%	-
2015	18,210,979	18,210,979	100%	-
2014	17,889,126	17,889,126	100%	-
2013	17,516,136	17,516,136	100%	-
2012	17,116,275	17,116,275	100%	-
2011	16,744,999	16,744,999	100%	-
2010	16,200,587	16,200,587	100%	-
2009	15,490,327	15,490,327	100%	-
2008	15,072,777	15,072,777	100%	-

Source: Municipal Audit Reports

Debt Capacity Information

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

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FLORENCE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERSONAL INCOME	PERCENTAGE OF PERSONAL INCOME	POPULATION	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES						
2017	\$ 20,525,000	\$ 250,405	\$	20,775,405	N/A	N/A	12,664 *	1,641
2016	22,250,000	258,083		22,508,083	N/A	N/A	12,664	1,777
2015	23,990,000	111,941		24,101,941	N/A	N/A	12,688	1,900
2014	25,740,000	200,417		25,940,417	680,060,791	3.81%	12,653	2,050
2013	27,530,000	202,115		27,732,115	652,232,075	4.25%	12,595	2,202
2012	29,530,000	220,066		29,750,066	647,411,220	4.60%	12,598	2,361
2011	30,961,000	302,968		31,263,968	617,943,350	5.06%	12,370	2,527
2010	32,596,000	171,617		32,767,617	582,281,593	5.63%	12,119	2,704
2009	34,236,000	104,709		34,340,709	548,582,937	6.26%	11,513	2,983
2008	35,881,000	140,293		36,021,293	544,767,688	6.61%	11,393	3,162

* Estimated

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 20,525,000	\$ -	\$ 20,525,000	1.65%	\$ 1,620.74
2016	22,250,000	-	22,250,000	1.78%	1,756.95
2015	23,990,000	-	23,990,000	1.91%	1,890.76
2014	25,740,000	-	25,740,000	2.02%	2,034.30
2013	27,530,000	-	27,530,000	2.26%	2,185.79
2012	29,530,000	-	29,530,000	2.41%	2,344.02
2011	30,961,000	-	30,961,000	2.49%	2,502.91
2010	32,596,000	-	32,596,000	2.69%	2,689.66
2009	34,236,000	-	34,236,000	5.56%	2,973.68
2008	35,881,000	-	35,881,000	5.97%	3,149.39

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
Unaudited

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>SHARE OF OVERLAPPING DEBT</u>
Debt Repaid With Property Taxes:			
Township of Florence:			
Issued	\$ 3,511,966	100.00%	\$ 3,511,966
Authorized But Not Issued	8,425,664	100.00%	8,425,664
Burlington County General Obligation Debt	314,942,084	2.886%	9,088,923
Subtotal, Overlapping Debt			21,026,553
District Direct Debt			20,525,000
Total Direct & Overlapping Debt			\$ 41,551,553

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)
Unaudited

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 47,202,551	\$ 46,406,178	\$ 46,369,415	\$ 47,490,919	\$ 49,327,760	\$ 50,569,844	\$ 50,196,727	\$ 48,832,871	\$ 45,442,068	\$ 40,720,469
Total Net Debt Applicable to Limit	<u>20,525,000</u>	<u>22,250,000</u>	<u>23,990,000</u>	<u>25,740,000</u>	<u>27,530,000</u>	<u>29,530,000</u>	<u>30,961,000</u>	<u>32,596,000</u>	<u>34,236,000</u>	<u>35,881,000</u>
Legal Debt Margin	\$ 26,677,551	\$ 24,156,178	\$ 22,379,415	\$ 21,750,919	\$ 21,797,760	\$ 21,039,844	\$ 19,235,727	\$ 16,236,871	\$ 11,206,068	\$ 4,839,469
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.48%	47.95%	51.74%	54.20%	55.81%	58.39%	61.68%	66.75%	75.34%	88.12%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 1,196,012,460
2015	1,186,316,675
2014	1,157,862,173
	<u>\$ 3,540,191,308</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,180,063,769</u>
Debt Limit (4 % of Average Equalization Value)	\$ 47,202,551
Net Bonded School Debt	<u>20,525,000</u>
Legal Debt Margin	<u>\$ 26,677,551</u>

Source: Equalized valuation bases were obtained from the Burlington County Board of Taxation, Abstract of Rates (Net Valuation)

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Demographic and Economic Information

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

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
*Unaudited***

FISCAL YEAR ENDED <u>JUNE 30,</u>	<u>POPULATION (a)</u>	<u>PERSONAL INCOME(b)</u>	BURLINGTON COUNTY PER CAPITA <u>PERSONAL INCOME (c)</u>	<u>UNEMPLOYMENT RATE (d)</u>
2017	N/A	N/A	N/A	N/A
2016	12,664	N/A	N/A	4.50%
2015	12,688	700,720,176	55,227	5.70%
2014	12,653	680,060,791	53,747	6.10%
2013	12,595	652,232,075	51,785	8.40%
2012	12,598	647,411,220	51,390	12.50%
2011	12,370	617,943,350	49,955	12.10%
2010	12,119	582,281,593	48,047	12.40%
2009	11,513	548,582,937	47,649	11.70%
2008	11,393	544,767,688	47,816	6.90%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Column (a) x Column (c)

^c Per Capita Bureau of Economic Analysis: Regional Economic Information System

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

FLORENCE TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
Unaudited

	2017			2008		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
<i>Information not available</i>						
	0		0.00%	0		0.00%

Source: Township and School District Officials

Operating Information

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

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FLORENCE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR
Unaudited

FUNCTION/PROGRAM	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	93.12	104.40	99.50	92.55	91.16	92.95	96.80	102.80	102.00	95.00
Special Education	35.00	32.00	39.00	43.06	44.73	53.20	47.50	55.00	50.00	47.00
Other Special Education	10.00	-	-	-	-	-	-	-	4.00	3.00
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.00	-	-	-	-	-	-	-	-	-
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & Instruction Related Services	26.50	26.49	29.38	28.94	28.20	27.00	31.00	30.50	30.00	30.00
General Administration Services	3.00	2.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50
School Administrative Services	11.00	11.00	10.60	9.50	9.80	10.00	9.50	11.00	11.00	11.00
Other Administrative Services	-	-	-	-	-	-	-	-	-	-
Central Services	4.00	5.00	5.00	5.50	5.25	5.25	5.25	4.50	4.50	4.50
Administrative Information Technology	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Plant Operations and Maintenance	22.00	17.00	17.00	30.50	31.75	30.75	30.25	30.00	31.00	27.00
Pupil Transportation	26.56	28.00	26.31	24.63	25.00	25.00	26.00	27.00	25.00	23.00
Other Support Services	-	-	2.49	3.20	2.00	2.50	2.50	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	235.18	227.89	234.28	241.88	241.39	250.15	252.30	264.30	261.00	244.00

Source: District Personnel Records

FLORENCE TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO					AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ROEBLING ELEMENTARY	RIVERFRONT SCHOOL	FLORENCE TWP MEMORIAL HIGH SCHOOL						
2017	1,608	\$ 29,131,502	\$ 18,117	10.47%	129	1:09	1:10	1:11	1:11	1,586.2	1,494.6	1.060%	94.23%	
2016	1,772	29,060,028	16,400	2.66%	137	1:09	1:10	1:11	1:11	1,592.5	1,512.9	0.099%	94.90%	
2015	1,785	28,513,905	15,974	-8.23%	139	1:09	1:10	1:12	1:12	1,659.2	1,546.8	0.094%	94.36%	
2014	1,627	28,321,200	17,407	1.51%	147	1:11	1:10	1:08	1:08	1,556.6	1,471.5	1.060%	94.53%	
2013	1,611	27,625,076	17,148	11.92%	148	1:10	1:15	1:06	1:06	1,608.7	1,521.3	1.060%	94.57%	
2012	1,723	26,399,546	15,322	3.74%	155	1:08	1:09	1:08	1:08	1,606.4	1,539.6	1.040%	95.84%	
2011	1,725	25,477,862	14,770	-0.42%	150	0:05	1:11	1:10	1:10	1,605.3	1,508.3	0.099%	93.96%	
2010	1,716	25,450,677	14,831	2.63%	152	2:09	1:08	1:09	1:09	1,624.8	1,522.0	0.094%	93.67%	
2009	1,666	24,075,087	14,451	-0.86%	151	1:10	1:08	1:10	1:10	1,637.1	1,515.9	1.079%	92.60%	
2008	1,633	23,803,010	14,576	2.84%	153	1:10	1:08	1:11	1:11	1,606.0	1,499.7	0.093%	93.38%	

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)

FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
Unaudited

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Roebing Elementary (1905)										
Square Feet	61,648	61,648	61,648	61,648	61,648	61,648	61,759	61,759	61,759	61,759
Capacity (Students)	497	497	497	497	497	497	497	497	497	497
Enrollment (a)	450	441	472	473	527	647	651	501	517	473
Middle School/Elementary Schools:										
Riverfront School (1993/2006)										
Square Feet	138,377	138,377	138,377	138,377	138,377	132,377	133,858	133,858	133,858	133,858
Capacity (Students)	875	875	875	875	875	875	875	875	875	875
Enrollment	719	691	736	691	637	632	619	657	610	649
High Schools										
Florence Twp Memorial High School (2006)										
Square Feet	132,702	132,702	132,702	132,702	132,702	132,702	127,000	127,000	127,000	127,000
Capacity (Students)	600	600	600	600	600	600	600	600	600	600
Enrollment	404	411	426	447	447	444	455	452	459	455
Other										
Central Administration (1953)										
Square Feet	2,220	2,220	2,220	2,220	2,220	2,220	2,220	2,220	2,220	2,220

Number of Schools at June 30, 2017:
 Elementary = 2 (Roebing Pre-K-3, Riverfront 4-5);
 Middle School = 1 (Riverfront 6-8)
 Senior High School = 1 (FTMHS 9-12)

Source: District Facilities Office

Note: Year of original construction is shown in parentheses.
 Enrollment is based on the annual October district count.
 Capacity is from five year Long Range Facility Plan October 2005

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
*Unaudited***

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

	<u>Roebling</u>		<u>Florence Twp</u>		
	<u>Elementary School</u>	<u>Riverfront School</u>	<u>Memorial High</u>	<u>School</u>	<u>Total</u>
2017	\$ 180,247	\$ 369,507	\$ 351,482	\$	901,236
2016	255,136	279,054	263,109		797,299
2015	180,217	369,445	351,423		901,085
2014	163,253	334,668	318,343		816,264
2013	169,851	348,195	331,210		849,256
2012	149,166	305,790	290,873		745,829
2011	156,362	320,542	304,906		781,810
2010	136,997	280,843	267,143		684,983
2009	128,317	263,050	250,219		641,586
2008	102,882	210,909	200,621		514,412

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

Source: District records

FLORENCE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
Unaudited

	COVERAGE	DEDUCTIBLE
School Package Policy (1)		
Building and Contents (All Locations)	\$ 83,723,064	\$ 1,000
School Board Legal Liability	1,000,000	10,000
Commercial Crime/Blanket Employee Dishonesty	200,000	-
Umbrella Declarations	15,000,000	10,000
Excess Umberalla (2) Effective 7/1/2013	30,000,000	-
Workers' Compensation (3)	2,000,000	-
Student Accident Insurance (4)	5,000,000	25,000
Athletic Accident (5)	25,000	-
Surety Bonds (6)		
Treasurer	225,000	-
Board Secretary/Business Administrator	225,000	-

- (1) Utica National Insurance Company
- (2) Fireman's Fund Insurance Company
- (3) NJ School Board's Association Insurance Group
- (4) Berkeley Life & Health Insurance Company
- (5) Berkeley Life & Health Insurance Company
- (6) RLI Surety

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Florence Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Florence Township School District’s basic financial statements, and have issued our report thereon dated November 4, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Florence Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 2, 2017



EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Florence Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2017. The Florence Township School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

John J. Maley, Jr.
Certified Public Accountant
Public School Accountant, No. 454

Bordentown, New Jersey
November 2, 2017

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FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2017	
											(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services												
Medical Assistance Program (SEMI)	93.778	160SNJ5MAP	100-054-7540-211	\$	7/1/16-6/30/17	(34,956)	90,826	(90,826)			\$	\$
Medical Assistance Program (SEMI)	93.778	170SNJ5MAP	100-054-7540-211		7/1/15-6/30/16	(34,956)	34,956	(90,826)				
Total U.S. Department of Health and Human Services						(34,956)	125,762	(90,826)				
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028		7/1/16-6/30/17	(10,187)	52,797	(57,122)		(4,325)		
School Breakfast Program	10.553	16161NJ304N1099	100-010-3350-028		7/1/15-6/30/16	(10,187)	62,984	(57,122)		(4,325)		
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026		7/1/16-6/30/17	(38,136)	209,134	(224,002)		(14,868)		
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-026		7/1/15-6/30/16	(38,136)	38,136					
Healthy Hunger-Free Kids Act	10.555	171NJ304N1099	100-010-3350-026		7/1/16-6/30/17		7,220	(7,742)		(522)		
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	100-010-3350-026		7/1/15-6/30/16		1,306					
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable		7/1/16-6/30/17	3,480	52,338	(48,598)			3,740	
Food Distribution Program (Noncash Assistance)	10.555	16161NJ304N1099	Unavailable		7/1/15-6/30/16	(35,962)	308,134	(283,822)		(15,390)		3,740
Total Child Nutrition Cluster						(46,149)	371,118	(340,944)		(19,715)		3,740
Total U.S. Department of Agriculture						(46,149)	371,118	(340,944)		(19,715)		3,740
U.S. Department of Education Passed Through New Jersey Department of Education:												
I.D.E.A., Part B (Special Education Cluster)												
Basic	84.027	H027A160100	100-034-5065-016		7/1/16-6/30/17	(98,646)	489,731	(493,926)		(4,195)		
Basic	84.027	H027A150100	100-034-5065-016		7/1/15-6/30/16	22,197	102,413		(3,767)			
Basic	84.027	H027A150100	100-034-5065-016		7/1/15-6/30/14	(76,449)	592,144	(493,926)		(22,197)		
Preschool	84.173	H173A160114	100-034-5065-020		7/1/16-6/30/17		276	(276)				
Preschool	84.173	H173A150114	100-034-5065-020		7/1/15-6/30/16	(5,000)	8,146				3,146	
Total Special Education Cluster						(81,449)	600,566	(494,202)		(25,964)		3,146
No Child Left Behind (N.C.L.B.):												
Title I - Part A	84.010	S010A160030	100-034-5064-194		7/1/16-6/30/17	(97,589)	217,861	(240,530)		(22,669)		
Title I - Part A	84.010	S010A150030	100-034-5064-194		7/1/15-6/30/16	(97,589)	151,065	(57,721)		7,245	3,000	
Title I - Part A	84.010	S010A150030	100-034-5064-194		7/1/15-6/30/16	(97,589)	368,926	(298,251)		7,245	3,000	
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290		7/1/16-6/30/17	(17,854)	52,516	(57,707)		(5,191)		
Title II - Part A, Supporting Effective Instruction	84.367	S367A150029	100-034-5063-290		7/1/15-6/30/16	(747)	30,467	(12,595)			18	
Title II - Part A, Supporting Effective Instruction	84.367	S367A120029	100-034-5063-290		9/1/12-6/30/13	(18,601)	82,983	(70,302)		(747)		
Total U.S. Department of Education						(197,639)	1,052,475	(862,755)		(18,719)	6,164	
Total Expenditures of Federal Awards						(278,724)	1,549,355	(1,294,525)		(18,719)	\$	6,164
											\$	3,740

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

FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

GRANTOR STATE PROJECT NUMBER	STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE, JUNE 30, 2017		MEMO CUMULATIVE TOTAL EXPENDITURES	
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE		RECEIVABLE
New Jersey Department of Education:												
General Fund:												
State Aid Public:												
495-034-5120-078	Equization Aid	7/1/16-6/30/17	\$ 8,371,715	\$ -	\$ 8,371,715	\$ (8,371,715)	\$ -	\$ -	\$ -	\$ -	\$ 737,434	\$ 8,371,715
495-034-5120-084	Special Aid	7/1/16-6/30/17	110,028	110,028	(110,028)	(110,028)	-	-	-	-	9,692	110,028
495-034-5120-089	Special Education Categorical Aid	7/1/16-6/30/17	1,015,559	1,015,559	(1,015,559)	(1,015,559)	-	-	-	-	89,457	1,015,559
495-034-5120-096	Under Adequacy Aid	7/1/16-6/30/17	7,868	7,868	(7,868)	(7,868)	-	-	-	-	693	7,868
495-034-5120-097	Per Pupil Growth Aid	7/1/16-6/30/17	17,910	17,910	(17,910)	(17,910)	-	-	-	-	1,578	17,910
495-034-5120-098	PARCC Readiness	7/1/16-6/30/17	17,910	17,910	(17,910)	(17,910)	-	-	-	-	1,578	17,910
495-034-5120-101	Professional Learning Community Aid	7/1/16-6/30/17	17,700	17,700	(17,700)	(17,700)	-	-	-	-	1,559	17,700
Total State Aid Public												
495-034-5120-014	Transportation Aid	7/1/16-6/30/17	104,945	104,945	(104,945)	(104,945)	-	-	-	-	9,244	104,945
495-034-5120-014	Additional Nonpublic School Transportation Aid	7/1/16-6/30/17	12,702	(15,842)	(12,702)	(12,702)	-	-	(12,702)	-	-	12,702
495-034-5120-014	Additional Nonpublic School Transportation Aid	7/1/15-6/30/16	15,842	-	(139,315)	(139,315)	-	-	-	-	-	15,842
495-034-5120-044	Extraordinary Aid	7/1/16-6/30/17	139,315	-	(139,315)	(139,315)	-	-	-	-	-	139,315
495-034-5120-044	Extraordinary Aid	7/1/15-6/30/16	730,557	-	(730,557)	(730,557)	-	-	-	-	-	730,557
100-034-5094-003	Reimbursed TPAF Social Security Contributions	7/1/16-6/30/17	740,825	(36,900)	694,726	(730,557)	-	-	(35,831)	-	-	730,557
100-034-5094-003	Reimbursed TPAF Social Security Contributions	7/1/15-6/30/16	740,825	-	36,900	(730,557)	-	-	-	-	-	740,825
495-034-5094-001	Medical (Noncash Assistance)	7/1/16-6/30/17	944,597	-	944,597	(944,597)	-	-	-	-	-	944,597
TPAF - Pension	Contributions (Noncash Assistance)	7/1/16-6/30/17	1,133,661	-	1,133,661	(1,133,661)	-	-	-	-	-	1,133,661
TPAF - Long-Term Disability	Contributions (Noncash Assistance)	7/1/16-6/30/17	2,568	-	2,568	(2,568)	-	-	-	-	-	2,568
495-034-5094-004	Insurance (Noncash Assistance)	7/1/16-6/30/17	2,568	-	2,568	(2,568)	-	-	-	-	-	2,568
Total General Fund												
			(62,742)	12,491,929	(12,627,035)	(187,848)	-	-	-	-	851,235	13,383,702
Special Revenue Fund:												
Non-Public Aid:												
Auxiliary Services Aid Cluster (Ch. 192):												
100-034-5120-067	Compensatory Education	7/1/16-6/30/17	26,874	4,654	26,874	(23,649)	-	-	-	3,225	-	23,649
100-034-5120-067	Compensatory Education	7/1/15-6/30/16	21,997	-	-	(4,654)	-	-	-	-	-	-
100-034-5120-068	Transportation	7/1/16-6/30/17	6,443	4,654	6,443	(6,443)	-	-	-	-	6,443	6,443
Total Auxiliary Services Aid Cluster												
100-034-5120-066	Handicapped Services Cluster (Ch. 193):	7/1/16-6/30/17	18,048	2,822	18,048	(9,181)	-	-	-	8,867	-	9,181
100-034-5120-066	Supplemental Instruction	7/1/15-6/30/16	12,624	-	-	(2,822)	-	-	-	-	-	-
100-034-5120-066	Supplemental Instruction	7/1/16-6/30/17	16,754	5,794	16,754	(10,270)	-	-	-	6,484	-	10,270
100-034-5120-066	Examination & Classification	7/1/15-6/30/16	13,812	-	-	(5,794)	-	-	-	-	-	-
100-034-5120-066	Examination & Classification	7/1/16-6/30/17	16,787	12,373	16,787	(11,485)	-	-	-	5,302	-	11,485
100-034-5120-066	Corrective Speech	7/1/15-6/30/16	23,410	-	-	(12,373)	-	-	-	-	-	-
Total Handicapped Services Cluster												
100-034-5120-064	Textbook Aid	7/1/16-6/30/17	15,505	24,570	15,505	(15,004)	-	-	-	20,653	-	30,936
100-034-5120-070	Nursing Services	7/1/16-6/30/17	24,570	6,994	24,570	(24,570)	-	-	-	501	-	15,004
100-034-5120-373	Technology Initiative	7/1/16-6/30/17	6,994	13,650	6,994	(6,906)	-	-	-	88	-	24,570
100-034-5120-509	Security Aid	7/1/16-6/30/17	13,650	-	13,650	(11,188)	-	-	-	2,462	-	6,906
Total Special Revenue Fund												
			25,643	145,625	(118,696)	(25,643)	-	-	-	-	-	118,696

FLORENCE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE, JUNE 30, 2017		MEMO	
									ACCOUNTS RECEIVABLE	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE
<u>New Jersey Department of Agriculture:</u>												
Enterprise Fund:												
National School Lunch Program	100-010-3350-023	6,156	7/1/16-6/30/17	(1,047)	5,742	(6,156)	-	-	(414)	-	-	6,156
National School Lunch Program	100-010-3350-023	6,129	7/1/15-6/30/16	(1,047)	1,047	-	-	-	-	-	-	6,129
Total Enterprise Fund				(1,047)	6,789	(6,156)	-	-	(414)	-	-	12,285
Total State Financial Assistance				\$ (28,146)	\$ 12,644,343	\$ (12,751,887)	\$ -	\$ (25,643)	\$ (188,262)	\$ -	\$ 26,929	\$ 13,514,683
State Financial Assistance Programs not subject to Calculation for Major Program Determination:												
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	\$ 944,597	7/1/16-6/30/17		\$	944,597						
TPAF - Pension Contributions (Noncash Assistance)	495-034-5094-002	1,133,661	7/1/16-6/30/17			1,133,661						
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	2,568.00	7/1/16-6/30/17			2,568						
Total State Financial Assistance subject to Calculation for Major Program Determination						<u>\$ (10,671,061)</u>						

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

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**FLORENCE TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Florence Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

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 represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

**FLORENCE TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,134 for the general fund and (\$6,906) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 90,826	\$ 12,629,169	\$ 12,719,995
Special Revenue Fund	862,755	111,790	974,545
Food Service Fund	340,944	6,156	347,100
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 1,294,525</u>	<u>\$ 12,747,115</u>	<u>\$ 14,041,640</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Florence Township School District had no loan balances outstanding at June 30, 2017.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of 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>
84.027	H027A160100	Special Education Cluster:
84.173	H173A160114	I.D.E.A. Part B - Basic
		I.D.E.A. Part B - Preschool

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

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

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

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

State Financial Assistance

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

Auditee qualified as low-risk auditee? yes no

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes no

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid Public Cluster:
495-034-5120-084	Equalization Aid
495-034-5120-089	Security Aid
495-034-5120-096	Special Education Categorical Aid
495-034-5120-097	Under Adequacy Aid
495-034-5120-098	Per Pupil Growth Aid
495-034-5120-101	PARCC Readiness Aid
	Professional Learning Community Aid

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

Section II – Financial Statement Findings

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

None.

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

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**FLORENCE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Financial Statement Findings

Finding No. 2016-001

Condition:

A physical inventory of capital assets was prepared during October 2015; however, the general ledger control account was not adjusted to reflect the results of the physical inventory. Further, a test of transactions indicated that some capital assets were recorded in error.

Current Status:

This finding has been corrected.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.