

**GREAT MEADOWS REGIONAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

**Prepared by
Great Meadows Regional School District Board of Education
Department of Administration**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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GREAT MEADOWS REGIONAL SCHOOL DISTRICT

PO Box 74
Great Meadows, New Jersey 07838

DAVID C. MANGO
Superintendent

TIMOTHY HAVLUSCH
Business Administrator
Board Secretary

DAWN MCPEEK
Administrative Assistant

SUPERINTENDENT'S OFFICE
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December 6, 2017

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2017, is hereby submitted. Great Meadows Regional School District is a K-8 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section

includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels kindergarten through 12. Liberty School housed grades 3 through 5; Central School housed grades K-2; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2015-16 fiscal year with a K-8 enrollment of 714 students (Central School housed 198, Liberty School housed 235, Great Meadows Middle School housed 281). There was a grade 9-12 enrollment of 370 students, and an additional 18 students were sent out-of-district to special programs and 2 students attended the regional charter school for a total resident enrollment of 1,104 students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

Average Daily Enrollment			
	<u>Fiscal</u>	<u>Student</u>	<u>Percent</u>
	<u>Year</u>	<u>Enrollment</u>	<u>Change</u>
Central School	2016-17	219.6	10.91
	2015-16	198.0	(3.0)
	2014-15	203.0	(10.0)
	2013-14	224.6	(3.48)
	2012-13	232.7	(6.69)
	2011-12	249.4	(10.1)
	2010-11	277.0	(30.1) * 6
	2009-10	390.2	(0.002)
	2008-09	391.0	(0.001)
	2007-08	391.6	3.79
*6 Changed from K-5 TO K-2	2006-07	377.3	(1.10)
	2005-06	381.5	(3.07)
	2004-05	393.6	23.1 * 1
	2003-04	319.8	(7.6)
*1 Changed from K-4 to K-5 2004-05	2002-03	346.1	(5.8)
	2001-02	367.4	0.55
	2000-01	365.4	(2.09)
	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6 to K-4 1998-99	1997-98	535.5	1.00
Liberty School	2016-17	219.2	(6.0)
	2015-16	233.2	(10.0)
	2014-15	259.0	(10.0)
	2013-14	285.3	(2.19)
	2012-13	291.7	(6.47)
	2011-12	311.9	5.01
	2010-11	297.0	28.0 *8
	2009-10	229.7	(0.025)
	2008-09	235.5	(0.02)
*8 Changed from K-5 to 3-5.	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3

	2003-04	208.0	(4.37)
*3 Changed from K-4	2002-03	217.5	3.57
to K-5 2004-05	2001-02	210.0	1.06
	2000-01	207.8	(10.74)
	1999-00	232.8	(5.13)
*4 Changed from K-8	1998-99	245.4	(35.91) *4
to K-4 1998-99	1997-98	382.9	0.95
Middle School	2016-17	275.1	(1.56)
	2015-16	279.5	(7.0)
	2014-15	298.3	(2.0)
	2013-14	293.0	(8.92)
	2012-13	321.7	3.97
	2011-12	309.4	(6.24)
	2010-11	330.0	(1.2)
	2009-10	332.7	2.46
	2008-09	324.7	.003
	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8	2002-03	496.4	(0.16)
to gr. 6-8 2004-05	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90
Total ADE	2016-17	713.8	.04
	2015-16	710.7	(7.00)
	2014-15	760.3	(6.00)
	2013-14	803.0	(5.09)
	2012-13	846.1	(2.82)
	2011-12	870.7	(7.75)
	2010-11	888.0	(4.5)
	2009-10	930.0	(2.3)
	2008-09	951.2	(0.04)
	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)
	2002-03	1060.0	(1.36)
	2001-02	1074.6	0.46

2000-01	1069.7	(1.90)
1999-00	1090.4	(2.07)
1998-99	1113.5	21.24 *7
1997-98	918.4	0.98

*7 With the opening of the new Middle School, 7th and 8th graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

2) ECONOMIC CONDITION AND OUTLOOK: The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

3) MAJOR INITIATIVES: The school district is proud of its efforts over the past thirteen years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in light of inevitable reductions in state aid.
- Continued commitment to the district technology program.
- Continuing to address long range facility problems due to aging buildings
- Continuing efforts to provide revenue streams into district to offset reliance on tax levy.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state

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

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

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

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

7) DEBT ADMINISTRATION: At June 30, 2017 the District's outstanding debt issue is \$ 4,235,000.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION: A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki and Company, CPA's P.C., was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was

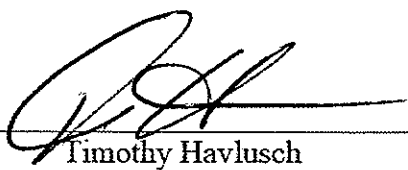
also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

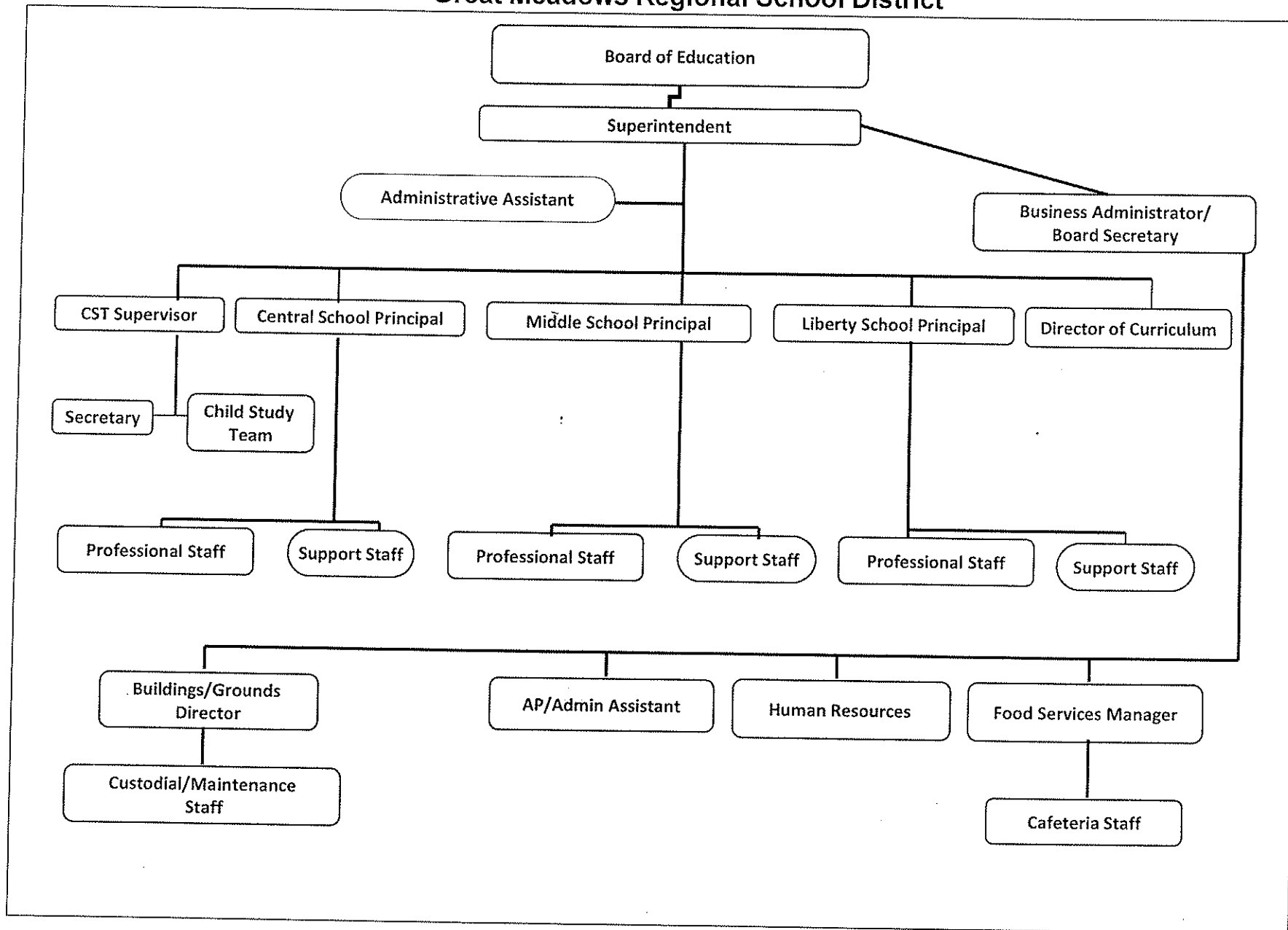


David Mango
Superintendent



Timothy Havlusch
Business Administrator/Board Secretary

Great Meadows Regional School District



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2017

Members of the Board of Education

Term Expires

Edward O'Melia, President	December 31, 2019
Joseph Mailloux, Vice President	December 31, 2019
Jamie Cicerelle	December 31, 2017
Susan Cullen	December 31, 2017
Dawn Frost	December 31, 2018
Lori Prymak	December 31, 2019
David Schmitz	December 31, 2018
Agatha Wilke	December 31, 2017
William Vonder Haar	December 31, 2018

Other Officials

David Mango, Superintendent

Timothy Havlusch, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Mark Toscano, Esq. Attorney

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Comegno Law Group, PC
521 Pleasant Valley Avenue
Morrestown, New Jersey 08057

AUDIT FIRM

Bedard, Kurowicki & Co., PC
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Flemington, NJ 08822

FISCAL AGENT

Depository Trust
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New York, NY 10041

First Hope Bank
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Hope, New Jersey 07844

OFFICIAL DEPOSITORIES

First Hope Bank
Route 519
Hope, New Jersey 07844

Bank of America
Main Street
Hackettstown, New Jersey 07840



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, 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 Great Meadows Regional School District (the District) in the County of Warren, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

December 6, 2017
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

This section of the Great Meadows Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Our discussion and analysis of the Great Meadows Regional School District financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter and the District's financial statements.

Financial Highlights

- In total, net position increased \$1,016,308, which represents a 215.76 percent increase from 2016.
- General revenues accounted for \$25,325,401 in revenue, or 96.48 percent of all revenues. Program specific revenues in the form of charges for services and operating grants were \$923,203 or 3.52 percent of total revenues of \$26,248,604.
- Total assets of governmental activities decreased by \$643,557 as cash and cash equivalents decreased by \$236,300, receivables decreased by \$106,039 and capital assets decreased by \$301,218.
- The School District had \$25,232,296 in expenses; only \$923,203 of these expenses was offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$25,325,401 were adequate to provide for these programs.
- Among major funds, the General Fund had \$21,487,214 in revenues and \$20,735,126 in expenditures. The General Fund balance increased by \$752,088 from fiscal year 2016.

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

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District, as a whole and present a long-term view of the District's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins with the Statement of Net Position and Statement of Activities. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about the activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in it. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** most of the School District's basic services are reported here, including general administration. Local taxes, tuition, and state and federal aid finance most of these activities.
- **Business-type Activity:** The District has one proprietary fund, which is the Food Service Fund. The Food Service Fund provides low cost, well balanced meals to the students and staff in the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State Law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

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Governmental Funds

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic service it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

When the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for the Student Activity and Payroll and Agency Funds. All of the District's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

The Statement of Net Position provides the perspectives of the District as a whole, showing assets, liabilities, and the difference between them (net position). Net position may serve over time as a useful indicator of a district's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net position at June 30, 2017 with comparisons to June 30, 2016.

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Table 1
Net Position

	6/30/17	6/30/16	Variance	
			Dollars	%
ASSETS				
Current & Other Assets	\$ 1,080,716	\$ 1,439,426	\$ (358,710)	(24.92)
Capital Assets	10,915,389	11,218,478	(303,089)	(2.70)
Total Assets	11,996,105	12,657,904	(661,799)	(5.23)
Deferred Outflows of Resources:				
Deferred Amount on Pension Activity	1,424,898	812,346	612,552	75.41
LIABILITIES				
Long-Term Liabilities	11,364,346	11,461,210	(96,864)	(.85)
Other Liabilities	224,279	1,326,983	(1,102,704)	(83.10)
Total Liabilities	11,588,625	12,788,193	(1,199,568)	(9.38)
Deferred Outflows of Resources:				
Deferred Amount on Pension Activity	345,031	211,018	134,013	63.51
NET POSITION				
Net Investment in Capital Assets	4,087,735	3,552,270	535,465	15.07
Restricted	862,712	415,757	446,955	107.50
Unrestricted	3,463,100	(3,496,988)	33,888	.97
Total Net Position	\$ 1,487,347	\$ 471,039	\$ 1,016,308	215.76

The net position of the District's activities increased by 215.76 percent. Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased by \$33,888 or .97 percent. Restricted net position, those restricted mainly for capital projects increased by \$446,955 or 107.50 percent. The net investment in capital assets increased by \$535,465 or 15.07 percent.

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

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2017 with comparisons to June 30, 2016.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	6/30/17	6/30/16	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 547,830	\$ 187,704	\$ 360,126	191.86
Operating Grants	375,373	390,834	(15,461)	(3.96)
General Revenues:				
Property Taxes	14,216,811	13,778,732	438,079	3.18
Unrestricted Grants	11,040,473	9,809,299	1,231,174	12.55
Other	68,117	9,341	58,776	629.23
Total Revenues	<u>26,248,604</u>	<u>24,175,910</u>	<u>2,072,694</u>	8.57
Program Expenses				
Instruction:				
Regular	8,368,806	7,910,503	458,303	5.79
Special	2,952,136	1,769,666	1,182,470	66.82
Other	700,181	815,655	(115,474)	(14.16)
Support Services:				
Tuition	6,163,701	6,857,821	(694,120)	(10.12)
Student & Instructional Staff	2,163,420	2,047,647	115,773	5.65
General & Business Administration	713,839	765,762	(51,923)	(6.78)
School Administration	1,119,479	978,926	140,553	14.36
Maintenance	1,383,480	1,285,345	98,135	7.63
Transportation	1,181,826	1,203,671	(21,845)	(1.81)
Charter Schools	22,811	22,811	-	0.00
Food Service	209,843	203,262	6,581	3.24
Interest on Long-Term Debt	252,774	263,557	(10,783)	(4.09)
Total Expenses	<u>25,232,296</u>	<u>24,124,626</u>	<u>1,107,670</u>	4.59
Increase (Decrease) in Net Position	<u>\$ 1,016,308</u>	<u>\$ 51,284</u>	<u>\$ 965,024</u>	1881.73

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 54.56 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2017. The District's total governmental revenues were \$26,055,497 for the year ended June 30, 2017.

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The total cost of all program expenses and services for governmental activities was \$25,022,453.

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

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/17	6/30/16	6/30/17	6/30/16
Instruction	\$ 12,021,123	\$ 10,495,824	\$ 11,778,459	\$ 10,401,188
Support Services:				
Tuition	6,163,701	6,857,821	5,811,449	6,638,390
Student & Instructional Staff	2,163,420	2,047,647	2,106,892	2,027,817
General & Business Administration	713,839	765,762	713,839	765,762
School Administration	1,119,479	978,926	1,119,479	978,926
Plant Operations & Maintenance	1,383,480	1,285,345	1,353,480	1,234,672
Pupil Transportation	1,181,826	1,203,671	1,132,901	1,203,671
Charter Schools	22,811	22,811	22,811	22,811
Interest on Long-Term Debt	252,774	263,557	252,774	263,557
Total Expenses	<u>\$ 25,022,453</u>	<u>\$ 23,921,364</u>	<u>\$ 24,292,084</u>	<u>\$ 23,536,794</u>

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

Pupils and instructional staff include activities involved with assisting staff with the content and process of teaching to students.

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

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

Curriculum and staff development includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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Extracurricular activities include expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

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

The School District's Funds

All governmental funds, which are comprised of the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund, presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$22,497,479 and expenditures were \$21,750,175. The net increase in fund balance was most significant in the General Fund due to an adjustment to tuition costs applied to the current year tuition arrangement.

General Fund Budgeting Highlights

The Great Meadows Regional School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Budgets are prepared in December/January with revenue information made available in February/March. The budget must be approved by the Board of Education in the beginning of March and sent to the county office for review. The budget is then approved by the Board of Education in late April. The fiscal year runs from July 1 through June 30. Changes can occur over that 18-month period.

Unanticipated shifts in enrollment, staffing needs, students requiring special services, uncertain energy costs, and unfunded programs are often mandated after a budget is adopted.

The District builds a budget to meet the needs of its students based on the information and projections that are available during the budget cycle.

During the course of the 2017 fiscal year, the District amended its General Fund Budget by transferring funds as needed to prevent over-expenditures in specific line item accounts.

For the General Fund, budgeted revenues were \$19,975,413, which was \$65,663 above original budget estimates of \$19,909,750. The difference was due primarily to actual revenues from tuition charges exceeding budgeted amounts. General Fund revenues and other financing sources were more than expenditures and other financing uses by \$748,100.

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Capital Assets

At the end of the fiscal year 2017, the School District had \$10,915,389 invested in land, buildings, furniture and equipment, vehicles and construction in progress.

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/2017 with comparisons to 6/30/2016.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/17	6/30/16	Variance	
			Dollars	%
Land	\$ 159,653	\$ 159,653	\$ -	0.00
Construction in Progress	32,748	-	32,748	*
Land Improvements	138,134	147,124	(8,990)	(6.11)
Buildings & Improvements	10,471,364	10,811,929	(340,565)	(3.15)
Furniture & Equipment	113,490	99,772	13,718	13.75
Total	<u>\$ 10,915,389</u>	<u>\$ 11,218,478</u>	<u>\$ (303,089)</u>	<u>(2.70)</u>

* Undefined

Overall capital assets decreased \$303,089 from fiscal year 2016 to fiscal year 2017. This is attributable to depreciation expense exceeding capital outlays for the fiscal year.

Long-term Liabilities and Debt

At year end, the District had total long-term liabilities of \$11,364,346 outstanding as compared to \$11,461,210 in the previous year - a decrease of .85 percent - as shown in Table 5. Increases in net pension liability were offset by decreases in amounts due for bonded debt and capital leases.

Table 5 provides a summary of the District's long-term liabilities at June 30, 2017 with comparisons to June 30, 2016.

Table 5
Long-term Liabilities at Year-end

	6/30/17	6/30/16	Variance	
			Dollars	%
PERS Net Pension Liability	\$ 4,295,820	\$ 3,564,366	\$ 731,454	20.52
2008 Refunding Bonds	4,235,000	4,735,000	(500,000)	(10.56)
Capital Leases Payable	2,592,654	2,931,208	(338,554)	(11.55)
Compensated Absences	240,872	230,636	10,236	4.44
Total	<u>\$ 11,364,346</u>	<u>\$ 11,461,210</u>	<u>\$ (96,864)</u>	<u>(.85)</u>

* = Undefined

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
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The general obligation bonded debt of the District is limited by State law to 3 percent of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$24,985,874. General obligation debt authorized and outstanding at June 30, 2017 is \$4,235,000 resulting in a legal debt margin of \$20,750,874.

An analysis of the District's Debt is presented in Note 5 to the basic financial statements.

Factors Bearing on the District's Future

The Great Meadows Regional School District is working to be in good financial condition. A major concern is the ever-increasing cost of special education with an increased reliance on property taxes to fund the District programs. Future finances are not without challenges as the community continues to struggle in these difficult financial circumstances. District generated tuition amounts and cost avoidance due to in-house programs continue to trend in a positive direction. This coupled with the exemplary practice of "sharing" costs and services with the Hackettstown School District are just some of the beneficial practices within The Great Meadows Regional School District to offer some relief on the reliance on local property taxes.

The Great Meadows Regional School District will continue to make every possible effort to keep the local tax levy increase within the 2 percent cap. This tax levy cap presents significant challenges to the district as costs for special education, personnel, benefits and operating costs tend to rise at a faster rate. That fact in conjunction with a pending decrease in state aid will provide substantial challenges and hurdles as the district continues to move forward as it relates to the education of the students in the district.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact, Timothy Havlusch, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ -	\$ 23,692	\$ 23,692
Due from other funds	2,620	6	2,626
Receivables, net	589,741	2,516	592,257
Inventory	-	6,213	6,213
Restricted assets			
Capital reserve account - cash	220,254	-	220,254
Maintenance reserve account - cash	161,615	-	161,615
Capital projects fund - cash	74,059	-	74,059
Capital assets, net			
Land and construction in progress	192,401	-	192,401
Other capital assets, net of depreciation	10,720,063	2,925	10,722,988
Total assets	<u>11,960,753</u>	<u>35,352</u>	<u>11,996,105</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>1,424,898</u>	<u>-</u>	<u>1,424,898</u>
Liabilities			
Accounts payable	116,022	-	116,022
Accrued interest	97,487	-	97,487
Unearned revenue	4,631	6,139	10,770
Long-term liabilities (Note 5)			
Due within one year	895,916	-	895,916
Due beyond one year	10,468,430	-	10,468,430
Total liabilities	<u>11,582,486</u>	<u>6,139</u>	<u>11,588,625</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>345,031</u>	<u>-</u>	<u>345,031</u>
Net position			
Net investment in capital assets	4,084,810	2,925	4,087,735
Restricted for			
Capital projects	73,927	-	73,927
Capital reserve	627,170	-	627,170
Maintenance reserve	161,615	-	161,615
Unrestricted	<u>(3,489,388)</u>	<u>26,288</u>	<u>(3,463,100)</u>
Total net position	<u>\$ 1,458,134</u>	<u>\$ 29,213</u>	<u>\$ 1,487,347</u>

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 4,080,114	\$ 4,288,692	\$ 36,549	\$ 10,199	\$ -	\$ (8,322,058)	\$ -	\$ 8,322,058
Special education	1,392,262	1,559,874	121,052	771	-	(2,830,313)	-	2,830,313
Other special instruction	333,287	319,947	-	74,093	-	(579,141)	-	579,141
Other instruction	27,103	19,844	-	-	-	(46,947)	-	46,947
Support services								
Tuition	6,163,701	-	143,316	208,936	-	(5,811,449)	-	5,811,449
Students & instruction related services	1,333,581	829,839	36,225	20,303	-	(2,106,892)	-	2,106,892
General & business administration services	481,821	232,018	-	-	-	(713,839)	-	713,839
School administration services	529,452	590,027	-	-	-	(1,119,479)	-	1,119,479
Plant operations & maintenance	1,039,341	344,139	30,000	-	-	(1,353,480)	-	1,353,480
Pupil transportation	1,181,826	-	48,925	-	-	(1,132,901)	-	1,132,901
Transfer to charter schools	22,811	-	-	-	-	(22,811)	-	22,811
Interest on long-term debt	252,774	-	-	-	-	(252,774)	-	252,774
Total governmental activities	<u>16,838,073</u>	<u>8,184,380</u>	<u>416,067</u>	<u>314,302</u>	<u>-</u>	<u>(24,292,084)</u>	<u>-</u>	<u>24,292,084</u>
Business-type activities								
Food service	209,843	-	131,763	61,071	-	-	(17,009)	(17,009)
Total business-type activities	<u>209,843</u>	<u>-</u>	<u>131,763</u>	<u>61,071</u>	<u>-</u>	<u>-</u>	<u>(17,009)</u>	<u>(17,009)</u>
Total primary government	<u>\$ 17,047,916</u>	<u>\$ 8,184,380</u>	<u>\$ 547,830</u>	<u>\$ 375,373</u>	<u>\$ -</u>	<u>(24,292,084)</u>	<u>(17,009)</u>	<u>(24,309,093)</u>
			General revenues, special items & transfers					
						13,698,655	-	13,698,655
						518,156	-	518,156
						11,040,473	-	11,040,473
						9,676	273	9,949
						58,168	-	58,168
						<u>25,325,128</u>	<u>273</u>	<u>25,325,401</u>
						1,033,044	(16,736)	1,016,308
						425,090	45,949	471,039
						<u>\$ 1,458,134</u>	<u>\$ 29,213</u>	<u>\$ 1,487,347</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Due from other funds	\$ 90,737	\$ -	\$ -	\$ -	\$ 90,737
Receivables from other governments					
Federal	-	92,610	-	-	92,610
State	155,563	-	-	-	155,563
Local	341,568	-	-	-	341,568
Restricted cash & equivalents	381,869	-	74,059	-	455,928
Total assets	\$ 969,737	\$ 92,610	\$ 74,059	\$ -	\$ 1,136,406
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 6	\$ 87,979	\$ 132	\$ -	\$ 88,117
Accounts payable	116,022	-	-	-	116,022
Unearned revenue	-	4,631	-	-	4,631
Total liabilities	116,028	92,610	132	-	208,770

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital project fund balance	\$ -	\$ -	\$ 73,927	\$ -	\$ 73,927
Excess surplus	46,372	-	-	-	46,372
Capital reserve account	627,170	-	-	-	627,170
Maintenance reserve account	161,615	-	-	-	161,615
Committed fund balance					
Year-end encumbrances	129,429	-	-	-	129,429
Assigned fund balance					
- unreserved - designated for subsequent year's expenditures July 1, 2017-August 1, 2017	32,369	-	-	-	32,369
Unassigned fund balance	(143,246)	-	-	-	(143,246)
Total fund balances	<u>853,709</u>	<u>-</u>	<u>73,927</u>	<u>-</u>	<u>927,636</u>
Total liabilities and fund balances	<u>\$ 969,737</u>	<u>\$ 92,610</u>	<u>\$ 74,059</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$20,309,566 and the accumulated depreciation is \$9,397,102.	10,912,464
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	1,079,867
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(11,364,346)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(97,487)</u>
Total net position of governmental activities	<u>\$ 1,458,134</u>

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 13,698,655	\$ -	\$ -	\$ 518,156	\$ 14,216,811
Tuition - individuals	25,788	-	-	-	25,788
Tuition - other LEA's	121,052	-	-	-	121,052
Interest earned on capital reserve funds	1,739	-	-	-	1,739
Interest on investments	7,937	-	-	-	7,937
Miscellaneous	87,265	6,832	-	-	94,097
Total	13,942,436	6,832	-	518,156	14,467,424
State sources	7,544,758	-	-	177,807	7,722,565
Federal sources	20	307,470	-	-	307,490
Total revenues	21,487,214	314,302	-	695,963	22,497,479
Expenditures					
Current					
Instructional					
Regular instruction	4,049,697	10,199	-	-	4,059,896
Special education instruction	1,391,491	771	-	-	1,392,262
Other special instruction	259,194	74,093	-	-	333,287
Other instruction	27,103	-	-	-	27,103
Support service & undistributed costs					
Tuition	5,811,449	208,936	-	-	6,020,385
Student & instruction related services	1,276,851	20,303	-	-	1,297,154
General & business administrative services	495,820	-	-	-	495,820
School administrative services	533,241	-	-	-	533,241
Plant operations & maintenance	1,288,100	-	-	-	1,288,100
Pupil transportation	1,132,901	-	-	-	1,132,901
Unallocated benefits	4,075,950	-	-	-	4,075,950

See accompanying notes to financial statements.

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 226,174	\$ -	\$ 4,784	\$ -	\$ 230,958
Transfer to charter schools	22,811	-	-	-	22,811
Debt service					
Principal	142,083	-	-	500,000	642,083
Interest & other charges	2,261	-	-	195,963	198,224
Total expenditures	<u>20,735,126</u>	<u>314,302</u>	<u>4,784</u>	<u>695,963</u>	<u>21,750,175</u>
Net change in fund balance	752,088	-	(4,784)	-	747,304
Fund balances, July 1	<u>101,621</u>	<u>-</u>	<u>78,711</u>	<u>-</u>	<u>180,332</u>
Fund balances, June 30	<u><u>\$ 853,709</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 73,927</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 927,636</u></u>

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2017

Total net changes in fund balances - Governmental fund (from B-2) \$ 747,304

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

Capital outlays are reported in governmental funds as expenditures.

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

Capital outlays	\$ 230,958	
Depreciation expense	<u>(532,176)</u>	
		(301,218)

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

Bond principal payments	500,000	
Capital lease payments	<u>338,554</u>	
		838,554

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense (252,915)

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 11,555

See accompanying notes to financial statements.

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

In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for the items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the amount paid exceeds the earned amount, the difference is an addition to the reconciliation

\$ (10,236)

Change in net position of governmental activities

\$ 1,033,044

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2017

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash & cash equivalents	\$ 23,692
Due from other funds	6
Receivables from other governments	
State	100
Federal	2,416
Inventory	6,213
Total current assets	<u>32,427</u>
Noncurrent assets	
Capital assets	286,561
Less: accumulated depreciation	283,636
Total noncurrent assets	<u>2,925</u>
Total assets	<u>35,352</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	2,988
Unearned revenues - prepaid sales	3,151
Total liabilities	<u>6,139</u>
Net Position	
Net investment in capital assets	2,925
Unrestricted	26,288
Total net position	<u><u>\$ 29,213</u></u>

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 94,924
Daily sales - non-reimbursable programs	36,839
Total operating revenues	131,763
Operating expenses	
Cost of sales - reimbursable programs	73,760
Cost of sales - non-reimbursable programs	2,176
Commodity food costs	15,251
Salaries	76,910
Support services - employee benefits	13,349
Purchased property services	1,423
Other purchased services	2,828
Insurance	1,237
Management fee	10,548
Supplies and materials	10,059
Depreciation expense	1,871
Miscellaneous expenditures	431
Total operating expenses	209,843
Operating income (loss)	(78,080)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,916
Federal sources	
National school lunch program	43,904
Food donation program	15,251
Miscellaneous	273
Total non-operating revenues (expenses)	61,344
Change in net position	(16,736)
Net position, beginning	45,949
Net position, ending	\$ 29,213

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 131,485
Payments to employees	(14,530)
Payments to Food Service Management Co.	(168,170)
Payments to vendors	(10,767)
Net cash provided by (used for) operating activities	<u>(61,982)</u>
Cash flows from noncapital related financing activities	
State sources	1,923
Federal sources	43,891
General fund interfund activity	(6)
Miscellaneous	273
Net cash provided by (used for) noncapital financing activities	<u>46,081</u>
Net increase (decrease) in cash and cash equivalents	(15,901)
Cash and cash equivalents, beginning	<u>39,593</u>
Cash and cash equivalents, ending	<u><u>\$ 23,692</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (78,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,871
Federal food donation program	15,251
(Increase) decrease in inventory	482
Increase (decrease) in unearned revenues	(1,506)
Net cash provided by (used for) operating activities	<u><u>\$ (61,982)</u></u>

See accompanying notes to financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 31,122	\$ 21,972
Total assets	<u>\$ 31,122</u>	<u>\$ 21,972</u>
Liabilities		
Due to other funds	\$ -	\$ 2,626
Due to student groups	31,122	-
Payroll deductions & withholdings	-	19,346
Total liabilities	<u>\$ 31,122</u>	<u>\$ 21,972</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District serves the communities of the Township of Independence and the Township of Liberty. The District had an approximate enrollment at June 30, 2017 of 714 students.

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

The District's Enterprise Fund is comprised of the Food Service Fund.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

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

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

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

H. Short-term interfund receivable and payables

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

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

J. Capital assets

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

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

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

Assets	Years
Buildings	45 - 50
Building improvements & portable classroom	10 - 45
Land improvements	12 - 20
Furniture	20
Maintenance equipment	10 - 15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	7 - 10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Comparative data/reclassifications

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$	250,000
Collateralized with securities held by pledging financial institutions		615,412
Total bank balances	\$	<u>865,412</u>

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

Cash		\$	<u>532,714</u>
	<u>Ref.</u>		
Unrestricted cash			
Enterprise Funds, Statement of Net Position	B-4	\$	23,692
Fiduciary Funds, Statement of Net Position	B-7		53,094
Restricted cash			
Governmental Funds, Balance Sheet	B-1		455,928
Total cash		\$	<u>532,714</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 159,653	\$ -	\$ -	\$ 159,653
Construction in progress	-	32,748	-	32,748
Total	<u>159,653</u>	<u>32,748</u>	<u>-</u>	<u>192,401</u>
Capital assets, being depreciated				
Land improvements	861,487	-	-	861,487
Building & improvements	18,692,655	165,565	-	18,858,220
Furniture & equipment	364,813	32,645	-	397,458
Total	<u>19,918,955</u>	<u>198,210</u>	<u>-</u>	<u>20,117,165</u>
Accumulated depreciation				
Land improvements	714,363	8,990	-	723,353
Building & improvements	7,880,726	506,130	-	8,386,856
Furniture & equipment	269,837	17,056	-	286,893
Total	<u>8,864,926</u>	<u>532,176</u>	<u>-</u>	<u>9,397,102</u>
Total capital assets, being depreciated, net	<u>11,054,029</u>	<u>(333,966)</u>	<u>-</u>	<u>10,720,063</u>
Transfer	-	-	-	-
Governmental activities capital assets, net	<u>\$ 11,213,682</u>	<u>\$ (301,218)</u>	<u>\$ -</u>	<u>\$ 10,912,464</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 286,561	\$ -	\$ -	\$ 286,561
Less: accumulated depreciation	281,765	1,871	-	283,636
Business type activities capital assets, net	<u>\$ 4,796</u>	<u>\$ (1,871)</u>	<u>\$ -</u>	<u>\$ 2,925</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	268,251
Special education		88,715
Other special instruction		21,237
Co-curricular activities		1,727
Support services		
Student & instruction		82,857
General & business administration		31,594
School administration		33,978
Plant maintenance		3,817
Total depreciation expense, governmental activities	\$	<u>532,176</u>

Note 5 - Long-term debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 4,735,000	\$ -	\$ 500,000	\$ 4,235,000	\$ 520,000
Compensated absences payable	230,636	38,548	28,312	240,872	32,320
PERS net pension liability	3,564,366	1,332,782	601,328	4,295,820	-
Capital leases payable	<u>2,931,208</u>	<u>-</u>	<u>338,554</u>	<u>2,592,654</u>	<u>343,596</u>
Total governmental activities long-term liabilities	<u>\$ 11,461,210</u>	<u>\$ 1,371,330</u>	<u>\$ 1,468,194</u>	<u>\$ 11,364,346</u>	<u>\$ 895,916</u>

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 520,000	\$ 175,587	\$ 695,587
2019	520,000	152,538	672,538
2020	530,000	130,438	660,438
2021	525,000	107,912	632,912
2022	525,000	85,600	610,600
2023 - 2025	1,615,000	130,401	1,745,401
Total	<u>\$ 4,235,000</u>	<u>\$ 782,476</u>	<u>\$ 5,017,476</u>

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

\$8,355,000 - general obligation school refunding bonds, interest at 4.00% to 4.75%, due in annual installments beginning January 15, 2008 to July 15, 2025.

\$ 4,235,000

Capital Leases Payable - The District is undergoing renovations to all buildings and implementing an energy savings project. Both projects are financed by capital leases. The following is a schedule of the future minimum lease payments under the capital leases and the net minimum lease payment at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Total</u>
2018	\$ 401,780
2019	348,519
2020	201,449
2021	171,146
2022	176,650
2023 - 2027	972,248
2028 - 2031	726,312
Total minimum lease payments	2,998,104
Amount representing interest	405,450
Total	<u>\$ 2,592,654</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$24,985,874. General obligation debt at June 30, 2017 is \$4,235,000, resulting in a legal debt margin of \$20,750,874.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2007

On November 15, 2017, the District issued \$3,600,000 in general obligation bonds with an average interest rate of 3.96% to advance refund \$3,600,000 of outstanding 2007 series bonds with an average interest rate of 4.05%. The net proceeds of \$3,859,758 (issue amount of \$3,600,000, plus the bond premium of \$274,758, less \$15,000 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2007 series bonds. The advance refunding of outstanding callable 2007 series bonds generated \$206,806 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments) of \$195,603.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

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

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

Contributions

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

Components of net pension liability

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

	2016
Total pension liability	\$ 7,176,063
Plan fiduciary net position	2,880,243
Net pension liability	\$ 4,295,820

Plan fiduciary net position as a percentage of the total pension liability	40.14%
----------------------------------------------------------------------------	--------

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

Inflation rate	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

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

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

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2043, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 4,295,820
At a 1% lower rate (2.98%)	5,264,026
At a 1% higher rate (4.98%)	3,496,482

Collective deferred outflows of resources and deferred inflows of resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 79,889	\$ -
Changes of assumptions	889,864	-
Net difference between projected and actual earnings on pension plan investments	163,804	-
Changes in proportion and differences between District contributions and proportionate share of contributions	161,167	345,031
District contributions subsequent to the measurement date	130,174	-
Total	<u>\$ 1,424,898</u>	<u>\$ 345,031</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) of \$130,174 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 427,342	\$ 772,587	\$ 230,176	\$ 969,753
Difference between projected and actual earnings on pension plan investments	(52,350)	241,189	25,035	163,804
Net of deferred outflows	<u>\$ 374,992</u>	<u>\$ 1,013,776</u>	<u>\$ 255,211</u>	<u>\$ 1,133,557</u>

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

Year Ending June 30,

2017	\$ 255,210
2018	255,210
2019	295,669
2020	248,406
2021	79,062
Total	<u>\$ 1,133,557</u>

Pension expense

For the year ended June 30, 2017, the District recognized net pension expense of \$383,089, which represents the District's proportionate share of allocable plan pension expense of \$410,131, less the net amortization of deferred amounts from changes in proportion of \$34,705, plus other adjustments to the net pension liability of \$7,663. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	140,196
Interest on total pension liability		306,099
Member contributions		(72,664)
Administrative expense		2,319
Expected investment return net of investment expense		(220,572)
Pension expense related to specific liabilities of individual employers		(457)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		209,633
Amortization of expected versus actual experience		20,542
Amortization of projected versus actual investment earnings on pension plan investments		25,035
Pension expense	\$	410,131

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

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (continued)

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

Contributions

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

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$447,449 to the TPAF for normal pension benefits on behalf of the District.

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Components of the net pension liability

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

	2016
State's proportionate share of net pension liability	\$ 44,158,384
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	3,317,888
Non-employer contribution	447,049
Allocable proportionate percentage	.0561337524 %

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

Service cost	\$ 1,309,919
Interest on total pension liability	2,064,540
Member contributions	(425,616)
Administrative expense	7,693
Expected investment return net of investment expense	(1,056,950)
Pension expense related to specific liabilities of individual employers	(136)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	1,298,841
Amortization of expected versus actual experience	13,886
Amortization of projected versus actual investment earnings on pension plan investments	105,711
Pension expense	\$ 3,317,888

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

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

	2016
Total pension liability	\$ 56,852,272
Plan fiduciary net position	12,693,888
Net pension liability	\$ 44,158,384

Plan fiduciary net position as a percentage of the total pension liability	22.33%
----------------------------------------------------------------------------	--------

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

Inflation rate	2.50%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

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

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

Long-term expected rate of return

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

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

Discount rate

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

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

<u>District's proportionate share of the net pension liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 44,158,384
At a 1% lower rate (2.22%)	52,734,978
At a 1% higher rate (4.22%)	37,154,487

C. Defined contribution retirement program

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

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2017 was \$1,866.

D. Other pension plan information

During the year ended June 30, 2017, the State of New Jersey contributed \$498,992 to the TPAF for post-retirement medical benefits, \$20,940 for non-contributory insurance premiums, \$1,397 for long-term disability insurance, and \$577,926 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$408,558 during the year ended June 30, 2017 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25-years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25-years of service. In fiscal year 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 eligible retired members.

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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

Note 8 - Deferred compensation

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

- AXA Equitable
- Siracusa Benefits
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

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

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 90,737	\$ 6
Special Revenue Fund	-	87,979
Capital Project Fund	-	132
Food Service Enterprise Fund	-	-
Fiduciary Funds	6	-
Payroll Agency Fund	-	2,626
Total	<u>\$ 90,743</u>	<u>\$ 90,743</u>

As of June 30, 2017, the following interfunds were on the District's records. The Special Revenue Fund had an interfund payable to the General Fund for \$87,979 representing a loan due to cash flow issues relating to the delayed receipt of grant revenues. The Capital Projects Fund had an interfund payable to the General Fund for \$132 representing interest earned in the Capital Project Fund bank account, but not turned over to the General Fund. The General Fund had an interfund payable to the Food Service Fund for \$6 representing subsidy aid that was received in the General Fund but not disbursed to the Food Service Fund. The Payroll Agency Fund had an interfund balance for \$2,626 due to the General Fund for interest and an imprest balance. These balances are expected to be liquidated within one fiscal year.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Inventory

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

Food	\$	5,284
Supplies		929
Total	\$	6,213

Note 11 - Contingent liabilities

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

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

Note 12 - Risk management

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the “Contributory Method.” Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts

A Capital Reserve Account was established by the District for the accumulation of funds for use as Capital Outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$350,000 to their Capital Reserve Account and \$100,000 to their Maintenance Reserve Account by Board resolution in June 2017 as summarized in the following schedule. The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 275,431	\$ 350,000	\$ 1,739	\$ -	\$ -	\$ 627,170
Maintenance	61,615	100,000	-	-	-	161,615
Total	<u>\$ 337,046</u>	<u>\$ 450,000</u>	<u>\$ 1,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,785</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - budgetary basis

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

	2017
Restricted	
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 46,372
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	627,170
Maintenance Reserve Account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	161,615
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30	129,429
Assigned	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2017 - August 1, 2017	32,369
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	434,429
Total fund balance	\$ 1,431,384

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$46,372.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 6, 2017, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting:

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is expected to have a material impact on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2017 of \$(3,489,388) on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 19 - Deficit fund balance

The District is reporting a deficit balance in unassigned fund balance in the General Fund as of June 30, 2017 of 143,246) on Schedule B-1 "Balance Sheet - Governmental Funds". 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 last State Aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for School Districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the June State Aid payments in the subsequent fiscal year, the School District cannot recognize the June State Aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June State Aid payments, the unreserved, undesignated 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 General Fund balance that is reported as a direct result from a delay in the June payments of State Aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in unassigned fund balance of \$143,246 is less than the last State Aid payment of \$577,675.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 20 - Operating leases

At June 30, 2017, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30

2018	\$	19,448
2019		19,448
2020		<u>12,966</u>
Total minimum lease payments	\$	<u><u>51,862</u></u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 13,698,655	\$ -	\$ 13,698,655	\$ 13,698,655	\$ -
Tuition from individuals	-	-	-	25,788	25,788
Tuition from other LEAs within the state	95,732	-	95,732	121,052	25,320
Rents and royalties	60,000	-	60,000	29,000	(31,000)
Unrestricted miscellaneous revenues	72,189	-	72,189	66,202	(5,987)
Interest earned on maintenance reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	-	-	-	1,739	1,739
Total	13,926,676	-	13,926,676	13,942,436	15,760
State sources					
Categorical transportation aid	309,702	-	309,702	309,702	-
Extraordinary aid	65,000	-	65,000	105,661	40,661
Categorical special education aid	763,471	-	763,471	763,471	-
Equalization aid	4,672,930	-	4,672,930	4,672,930	-
Categorical security aid	105,232	-	105,232	105,232	-
Adjustment aid	32,369	-	32,369	32,369	-
PARCC readiness aid	11,800	-	11,800	11,800	-
Per pupil growth aid	11,800	-	11,800	11,800	-
Professional learning community aid	10,770	-	10,770	10,770	-
Other State aids	-	-	-	9,222	9,222
TPAF pension (on-behalf)	-	-	-	598,866	598,866
TPAF Social Security (reimbursed)	-	-	-	408,558	408,558
TPAF post retirement benefits	-	-	-	498,992	498,992
TPAF long-term disability insurance	-	-	-	1,397	1,397
Total	5,983,074	-	5,983,074	7,540,770	1,557,696
Federal Sources					
ARRA/SEMI revenue	-	-	-	20	20
Total	-	-	-	20	20
Total revenues	\$ 19,909,750	\$ -	\$ 19,909,750	\$ 21,483,226	\$ 1,573,476
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 209,710	\$ 1,297	\$ 211,007	\$ 211,007	\$ -
Grades 1-5	1,759,785	(142,703)	1,617,082	1,616,392	690
Grades 6-8	1,704,365	(68,062)	1,636,303	1,636,303	-
Home instruction					
Salaries of teacher	6,200	8,107	14,307	14,306	1
Purchased professional - educational services	-	11,038	11,038	11,038	-
Other purchased services	13,000	(13,000)	-	-	-
Regular programs - undistributed instruction					
Purchased professional - educational services	8,500	(8,500)	-	-	-
Purchased technical services	24,135	173,077	197,212	191,289	5,923
Other purchased services	57,631	8,266	65,897	65,896	1
General supplies	242,432	44,097	286,529	240,575	45,954
Textbooks	42,777	13,583	56,360	56,360	-
Other objects	4,445	2,086	6,531	6,531	-
Total	4,072,980	29,286	4,102,266	4,049,697	52,569

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 171,655	\$ 38	\$ 171,693	\$ 171,693	\$ -
Other salaries for instruction	78,562	(22,002)	56,560	55,785	775
General supplies	2,000	-	2,000	1,878	122
Total	<u>252,217</u>	<u>(21,964)</u>	<u>230,253</u>	<u>229,356</u>	<u>897</u>
Behavioral disabilities					
Salaries of teachers	106,330	39,074	145,404	145,404	-
Other salaries for instruction	30,020	27,380	57,400	57,400	-
General supplies	4,800	(737)	4,063	3,441	622
Other objects	5,400	(5,300)	100	-	100
Total	<u>146,550</u>	<u>60,417</u>	<u>206,967</u>	<u>206,245</u>	<u>722</u>
Resource room/resource center					
Salaries of teachers	693,035	8,272	701,307	701,307	-
Other salaries for instruction	179,047	(71,810)	107,237	106,911	326
General supplies	-	1,015	1,015	928	87
Total	<u>872,082</u>	<u>(62,523)</u>	<u>809,559</u>	<u>809,146</u>	<u>413</u>
Preschool disabilities - part-time					
Salaries of teachers	-	106,370	106,370	106,370	-
Other salaries for instruction	-	36,668	36,668	36,668	-
General supplies	-	4,400	4,400	3,706	694
Total	<u>-</u>	<u>147,438</u>	<u>147,438</u>	<u>146,744</u>	<u>694</u>
Preschool disabilities - full-time					
Salaries of teachers	64,335	(64,335)	-	-	-
Other salaries for instruction	24,652	(24,652)	-	-	-
Total	<u>88,987</u>	<u>(88,987)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special education	<u>1,359,836</u>	<u>34,381</u>	<u>1,394,217</u>	<u>1,391,491</u>	<u>2,726</u>
Basic skills/remedial					
Salaries of teachers	255,515	3,500	259,015	259,015	-
General supplies	600	-	600	179	421
Total	<u>256,115</u>	<u>3,500</u>	<u>259,615</u>	<u>259,194</u>	<u>421</u>
Bilingual education - instruction					
Salaries of teachers	57,815	(57,815)	-	-	-
Total	<u>57,815</u>	<u>(57,815)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	12,150	(425)	11,725	6,813	4,912
Supplies and materials	-	319	319	319	-
Total	<u>12,150</u>	<u>(106)</u>	<u>12,044</u>	<u>7,132</u>	<u>4,912</u>
School-sponsored athletics - instruction					
Salaries	5,000	425	5,425	5,425	-
Total	<u>5,000</u>	<u>425</u>	<u>5,425</u>	<u>5,425</u>	<u>-</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Summer school - instruction					
Salaries of teachers	\$ 5,000	\$ 9,547	\$ 14,547	\$ 14,546	\$ 1
Other salaries of instruction	3,525	(3,525)	-	-	-
Purchased professional & technical services	600	(600)	-	-	-
General supplies	600	(600)	-	-	-
Total	9,725	4,822	14,547	14,546	1
Total instruction regular	\$ 5,773,621	\$ 14,493	\$ 5,788,114	\$ 5,727,485	\$ 60,629
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 4,597,311	\$ (194,237)	\$ 4,403,074	\$ 4,133,026	\$ 270,048
Tuition to other LEAs within the State - special	751,070	(3,638)	747,432	747,432	-
Tuition to county vocational school district - regular	120,600	-	120,600	120,600	-
Tuition to cssd & regional day schools	226,000	(43,745)	182,255	182,255	-
Tuition to priv. school for the disabled w/i State	447,246	180,890	628,136	628,136	-
Total	6,142,227	(60,730)	6,081,497	5,811,449	270,048
Undistributed expenditures - health services					
Salaries	171,905	5,757	177,662	177,662	-
Purchased professional and technical services	-	5,816	5,816	5,815	1
Supplies and materials	15,473	(10,648)	4,825	4,825	-
Total	187,378	925	188,303	188,302	1
Undistributed expenditures - speech, ot, pt & related services					
Salaries	155,580	3,873	159,453	159,453	-
Purchased professional educational services	54,000	80,743	134,743	134,743	-
Supplies and materials	2,561	(2,311)	250	88	162
Total	212,141	82,305	294,446	294,284	162
Undistributed expend - other supp. service stds. - extra service					
Salaries	15,761	63,720	79,481	79,481	-
Purchased professional educational services	88,325	24,536	112,861	112,861	-
Total	104,086	88,256	192,342	192,342	-
Undistributed expenditures- guidance					
Salaries of other professional staff	116,855	-	116,855	116,671	184
Purchased professional educational services	980	(140)	840	-	840
Other purchased services	-	300	300	-	300
Supplies and materials	300	(160)	140	138	2
Total	118,135	-	118,135	116,809	1,326
Undistributed expenditures - child study teams					
Salaries of other professional staff	2,000	(2,000)	-	-	-
Salaries of secretarial and clerical assistants	19,704	(19,442)	262	-	262
Purchased professional educational services	254,350	12,469	266,819	258,963	7,856
Other purchased services	-	12	12	12	-
Supplies and materials	6,582	4,187	10,769	10,415	354
Total	282,636	(4,774)	277,862	269,390	8,472

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	\$ 9,000	\$ -	\$ 9,000	\$ 9,000	\$ -
Salaries of secretarial & clerical assist	3,475	(3,475)	-	-	-
Other salaries	30,000	3,600	33,600	33,600	-
Purchased professional educational services	63,715	(7,216)	56,499	50,213	6,286
Other purchased services	3,500	2,423	5,923	5,923	-
Supplies and materials	800	-	800	500	300
Other objects	1,200	-	1,200	-	1,200
Total	111,690	(4,668)	107,022	99,236	7,786
Undistributed expenditures - edu. media service/sch. library					
Salaries	101,396	(26,645)	74,751	74,751	-
Salaries of technology coordinators	30,000	-	30,000	30,000	-
Supplies and materials	13,213	(3,050)	10,163	8,602	1,561
Total	144,609	(29,695)	114,914	113,353	1,561
Undistributed expenditures - instructional staff training services					
Other purchased services	-	4,765	4,765	3,135	1,630
Total	-	4,765	4,765	3,135	1,630
Undistributed expend. - support service - general admin.					
Salaries	15,000	(5,338)	9,662	6,624	3,038
Unused vacation payment to terminated/retired staff	-	5,000	5,000	5,000	-
Legal services	42,000	-	42,000	15,639	26,361
Audit fees	21,000	(1,400)	19,600	19,600	-
Other purchased professional services	19,950	49,839	69,789	63,089	6,700
Purchased technical services	500	-	500	-	500
Communications/telephone	30,000	3,702	33,702	33,702	-
BOE other purchased services	-	4,272	4,272	-	4,272
Misc purch services	149,550	(54,932)	94,618	75,289	19,329
General supplies	1,200	-	1,200	909	291
BOE in-house training/meeting supplies	150	-	150	90	60
Judgments against the school district	-	2,500	2,500	2,500	-
Miscellaneous expenditures	18,300	(4,312)	13,988	10,046	3,942
BOE membership dues and fees	-	8,257	8,257	8,256	1
Total	297,650	7,588	305,238	240,744	64,494
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	361,231	34,317	395,548	391,342	4,206
Salaries of secretarial and clerical assistants	111,267	14,193	125,460	125,460	-
Unused vacation payment to terminated/retired staff	-	3,789	3,789	3,789	-
Supplies and materials	6,705	3,625	10,330	9,951	379
Other objects	3,700	-	3,700	2,699	1,001
Total	482,903	55,924	538,827	533,241	5,586

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 190,451	\$ 11,223	\$ 201,674	\$ 197,700	\$ 3,974
Purchased professional services	2,350	16,932	19,282	19,282	-
Miscellaneous purchased services	16,500	19,667	36,167	12,700	23,467
Supplies and materials	400	4,933	5,333	5,333	-
Interest on lease purchase agreements	59,106	(48,893)	10,213	8,999	1,214
Other objects	2,500	23	2,523	2,522	1
Total	271,307	3,885	275,192	246,536	28,656
Undistributed expenditures - admin. info. technology					
Salaries	5,875	617	6,492	6,492	-
Purchased professional services	2,350	-	2,350	2,048	302
Supplies and materials	2,000	(617)	1,383	-	1,383
Total	10,225	-	10,225	8,540	1,685
Undistributed expend. - required maint. for school facilities					
Salaries	86,541	7,991	94,532	94,532	-
Cleaning, repair, and maintenance services	155,813	(56,419)	99,394	92,759	6,635
General supplies	107,449	(79,821)	27,628	24,111	3,517
Other objects	-	1,500	1,500	400	1,100
Total	349,803	(126,749)	223,054	211,802	11,252
Undistributed expenditures - custodial services					
Salaries	352,275	10,354	362,629	362,629	-
Purchased professional and technical services	59,000	(29,840)	29,160	27,303	1,857
Cleaning, repair, and maintenance service	27,000	17,365	44,365	24,047	20,318
Lease purchase pymts - energy savings impr prog	253,577	-	253,577	253,576	1
Insurance	58,625	(3,955)	54,670	54,670	-
Miscellaneous purchased services	15,903	(14,149)	1,754	1,754	-
General supplies	42,500	(2,334)	40,166	40,166	-
Energy (natural gas)	28,000	25,784	53,784	53,607	177
Energy (electricity)	116,000	50,620	166,620	166,620	-
Energy (oil)	20,000	(10,994)	9,006	9,006	-
Energy (gasoline)	5,000	(5,000)	-	-	-
Other objects	-	915	915	915	-
Total	977,880	38,766	1,016,646	994,293	22,353
Undistributed expenditures - care and upkeep of grounds					
Salaries	29,376	592	29,968	29,968	-
Purchased professional and technical services	3,000	318	3,318	3,318	-
Cleaning, repair, and maintenance service	15,500	(2,725)	12,775	12,775	-
General supplies	15,500	(9,920)	5,580	4,684	896
Total	63,376	(11,735)	51,641	50,745	896
Undistributed expenditures - security					
Salaries	15,000	(1,008)	13,992	-	13,992
Purchased professional and technical services	10,000	(2,575)	7,425	1,609	5,816
Cleaning, repair, and maintenance service	25,100	3,583	28,683	28,683	-
General supplies	5,000	(2,595)	2,405	968	1,437
Total	55,100	(2,595)	52,505	31,260	21,245

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - student transportation service					
Management fee - esc & ctsa trans. program	\$ 22,000	\$ -	\$ 22,000	\$ 17,785	\$ 4,215
Other purchased professional and technical service	20,000	-	20,000	17,180	2,820
Rental payments - school buses	32,000	(22,633)	9,367	-	9,367
Contract service - aid in lieu pymts - non-public schools	63,648	(6,875)	56,773	51,655	5,118
Contract service - aid in lieu pymts - charter school students	1,768	-	1,768	1,768	-
Contract service (between home & school) - vendors	640,431	5,720	646,151	636,584	9,567
Contract service (oth. than between home & school) - vend	3,000	-	3,000	-	3,000
Contract service (sp ed stds) - joint agreements	18,000	(18,000)	-	-	-
Contract service (reg. students) - escs & ctsas	-	7,632	7,632	7,632	-
Contract service (spl. ed. students) - escs & ctsas	373,016	27,281	400,297	400,297	-
General supplies	1,500	-	1,500	-	1,500
Other objects	500	-	500	-	500
Total	1,175,863	(6,875)	1,168,988	1,132,901	36,087
Regular programs - instruction					
Other employee benefits	27,959	(27,959)	-	-	-
Total	27,959	(27,959)	-	-	-
Unallocated benefits - employee benefits					
Social Security contributions	122,250	(8,537)	113,713	113,713	-
Other retirement contributions - PERS	150,000	(12,183)	137,817	130,174	7,643
Other retirement contributions - regular	6,200	2,111	8,311	8,311	-
Unemployment compensation	14,000	14,080	28,080	28,080	-
Workmen's compensation	68,000	(1,373)	66,627	65,964	663
Health benefits	2,279,533	(60,048)	2,219,485	2,184,398	35,087
Tuition reimbursement	30,000	-	30,000	19,986	10,014
Other employee benefits	63,000	(37,655)	25,345	-	25,345
Unused sick payment to terminated/retired staff	-	17,511	17,511	17,511	-
Total	2,732,983	(86,094)	2,646,889	2,568,137	78,752
On-behalf TPAF pension contribution	-	-	-	598,866	(598,866)
On-behalf TPAF post retirement medical benefits	-	-	-	498,992	(498,992)
On-behalf TPAF long-term disability insurance	-	-	-	1,397	(1,397)
Reimbursed TPAF Social Security contribution	-	-	-	408,558	(408,558)
Total	-	-	-	1,507,813	(1,507,813)
Total undistributed expenditures	\$ 13,747,951	\$ (79,460)	\$ 13,668,491	\$ 14,614,312	\$ (945,821)
Total current	\$ 19,521,572	\$ (64,967)	\$ 19,456,605	\$ 20,341,797	\$ (885,192)
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 32,645	\$ 32,645	\$ 32,645	\$ -
Undistributed expend. - required maint. for school facilities	23,608	12,786	36,394	-	36,394
Undistributed expenditures - care and upkeep of grounds	5,500	(5,000)	500	-	500
Total equipment	29,108	40,431	69,539	32,645	36,894

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Facilities acquisition and construction service					
Other purchased professional and technology services	\$ 25,000	\$ 17,024	\$ 42,024	\$ 42,023	\$ 1
Construction services	175,000	7,512	182,512	151,506	31,006
Lease purchase agreements - principal	142,083	-	142,083	142,083	-
Assessment for debt service on SDA funding	2,261	-	2,261	2,261	-
Total facilities acquisition and construction service	<u>344,344</u>	<u>24,536</u>	<u>368,880</u>	<u>337,873</u>	<u>31,007</u>
Total capital outlay	<u>\$ 373,452</u>	<u>\$ 64,967</u>	<u>\$ 438,419</u>	<u>\$ 370,518</u>	<u>\$ 67,901</u>
Transfer of funds to charter schools	<u>\$ 22,811</u>	<u>\$ -</u>	<u>\$ 22,811</u>	<u>\$ 22,811</u>	<u>\$ -</u>
Total expenditures	<u>\$ 19,917,835</u>	<u>\$ -</u>	<u>\$ 19,917,835</u>	<u>\$ 20,735,126</u>	<u>\$ (817,291)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (8,085)	\$ -	\$ (8,085)	\$ 748,100	\$ 756,185
Fund balances, July 1	<u>683,284</u>	<u>-</u>	<u>683,284</u>	<u>683,284</u>	<u>-</u>
Fund balances, June 30	<u>\$ 675,199</u>	<u>\$ -</u>	<u>\$ 675,199</u>	<u>\$ 1,431,384</u>	<u>\$ 756,185</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (8,185)	\$ -	\$ (8,185)	\$ (8,185)	\$ -
Increase in capital reserve		350,000	350,000	350,000	-
Interest deposit to capital reserve	-	-	-	1,739	1,739
Increase in maintenance reserve		100,000	100,000	100,000	-
Interest earned on maintenance reserve	100	-	100	-	(100)
Budgeted fund balance	<u>-</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>304,546</u>	<u>754,546</u>
Total	<u>\$ (8,085)</u>	<u>\$ -</u>	<u>\$ (8,085)</u>	<u>\$ 748,100</u>	<u>\$ 756,185</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 46,372	
Capital reserve				627,170	
Maintenance reserve				161,615	
Committed fund balance					
Year-end encumbrances				129,429	
Assigned fund balance					
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2017-August 1, 2017				32,369	
Unassigned fund balance				<u>434,429</u>	
Fund balance per budgetary basis				1,431,384	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(577,675)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 853,709</u>	

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 9,900	\$ -	\$ 9,900	\$ 6,832	\$ (3,068)
Federal sources	305,417	-	305,417	303,084	(2,333)
Total revenues	<u>\$ 315,317</u>	<u>\$ -</u>	<u>\$ 315,317</u>	<u>\$ 309,916</u>	<u>\$ (5,401)</u>
Expenditures					
Instruction					
Salaries	\$ 56,307	\$ -	\$ 56,307	\$ 56,307	\$ -
Other purchased services	215,730	(771)	214,959	212,626	2,333
General supplies	27,459	(6,229)	21,230	21,230	-
Totals	<u>299,496</u>	<u>(7,000)</u>	<u>292,496</u>	<u>290,163</u>	<u>2,333</u>
Support services					
Purchased professional & technical services	8,000	-	8,000	8,000	-
Other purchased services	7,821	-	7,821	7,821	-
General supplies	-	7,000	7,000	3,932	3,068
Total	<u>15,821</u>	<u>7,000</u>	<u>22,821</u>	<u>19,753</u>	<u>3,068</u>
Total expenditures	<u>\$ 315,317</u>	<u>\$ -</u>	<u>\$ 315,317</u>	<u>\$ 309,916</u>	<u>\$ 5,401</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 21,483,226	\$ 309,916
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	8,966
Outstanding encumbrances - current year	-	(4,580)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable - prior year	581,663	-
State aid receivable - current year	(577,675)	-
Total revenues (GAAP basis)	<u>\$ 21,487,214</u>	<u>\$ 314,302</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 20,735,126	\$ 309,916
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	8,966
Outstanding encumbrances - current year	-	(4,580)
Total expenditures (GAAP basis)	<u>\$ 20,735,126</u>	<u>\$ 314,302</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.0145045105%	0.0158783260%	0.0168460007%	0.0152673017%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 4,295,820	\$ 3,564,366	\$ 3,154,032	\$ 2,917,885	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	954,391	1,009,899	1,062,273	1,139,750	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	450.11%	352.94%	296.91%	256.01%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 130,174	\$ 136,511	\$ 138,876	\$ 115,036	\$ 98,136	\$ 126,145	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(130,174)	(136,511)	(138,876)	(115,036)	(98,136)	(126,145)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered employee payroll	985,451	954,391	\$ 1,009,899	\$ 1,062,273	\$ 1,139,750	\$ 1,008,137	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	13.21%	14.30%	13.75%	10.83%	8.61%	12.51%	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	44,158,384	37,018,875	30,782,398	30,000,335	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 44,158,384	\$ 37,018,875	\$ 30,782,398	\$ 30,000,335	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,715,574	\$ 5,527,363	\$ 5,419,890	\$ 5,743,558	\$ 5,613,864	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 598,866	\$ 449,428	\$ 316,652	\$ 243,649	\$ 383,561	\$ 188,093	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(598,866)	(449,428)	(316,652)	(243,649)	(383,561)	(188,093)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 5,715,574	\$ 5,527,363	\$ 5,419,890	\$ 5,743,558	\$ 5,613,864	\$ 5,625,510	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	10.48%	8.13%	5.84%	4.24%	6.83%	3.34%	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2017

Note 1 - Special funding situation - TPAF

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

Note 2 - Changes in assumptions - TPAF

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

Note 3 - Changes in assumptions - PERS

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

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Various					
	Local	NCLB	NCLB	IDEA	IDEA	
	Grants	Title IA	Title IIA	Basic	Preschool	Total
Revenues						
Local sources	\$ 6,832	\$ -	\$ -	\$ -	\$ -	\$ 6,832
Federal sources	-	72,257	21,120	206,973	2,734	303,084
Total revenues	<u>\$ 6,832</u>	<u>\$ 72,257</u>	<u>\$ 21,120</u>	<u>\$ 206,973</u>	<u>\$ 2,734</u>	<u>\$ 309,916</u>
Expenditures						
Instruction						
Salaries	\$ -	\$ 52,698	\$ 3,609	\$ -	\$ -	\$ 56,307
Other purchased services	-	-	3,690	206,973	1,963	212,626
General supplies	2,900	17,559	-	-	771	21,230
Total	<u>2,900</u>	<u>70,257</u>	<u>7,299</u>	<u>206,973</u>	<u>2,734</u>	<u>290,163</u>
Support services						
Purchased professional & technical services	-	-	8,000	-	-	8,000
Other purchased services	-	2,000	5,821	-	-	7,821
Supplies and materials	3,932	-	-	-	-	3,932
Total	<u>3,932</u>	<u>2,000</u>	<u>13,821</u>	<u>-</u>	<u>-</u>	<u>19,753</u>
Total expenditures	<u>\$ 6,832</u>	<u>\$ 72,257</u>	<u>\$ 21,120</u>	<u>\$ 206,973</u>	<u>\$ 2,734</u>	<u>\$ 309,916</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/17
			Prior Years	Current Year	
Security upgrades at the Middle School	06/30/14	\$ 68,640	\$ 51,714	\$ -	\$ 16,926
Security upgrades and window replacement at Central School	06/30/14	223,113	187,175	2,824	33,114
Security upgrades and roof replacement at Liberty School	06/30/14	717,500	715,540	1,960	-
Energy Savings Project	02/26/15	2,600,000	2,576,113	-	23,887
		<u>\$ 3,609,253</u>	<u>\$ 3,530,542</u>	<u>\$ 4,784</u>	<u>\$ 73,927</u>

See independent auditors' report.

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

Expenditures and other financing uses	
Purchased professional & technical services	\$ 4,784
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(4,784)
Fund balance - beginning	78,711
	<hr/>
Fund balance - ending	\$ 73,927
	<hr/> <hr/>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Upgrades at the Middle School
For the Fiscal Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital outlay	\$ 27,456	\$ -	\$ 27,456	\$ -
Lease purchase proceeds	41,184	-	41,184	41,184
State sources				
NJ SDA aid	-	-	-	27,456
Total revenues	<u>68,640</u>	<u>-</u>	<u>68,640</u>	<u>68,640</u>
Expenditures and other financing uses				
Purchased professional & technical services	1,534	-	1,534	4,800
Construction services	50,180	-	50,180	63,840
Total expenditures	<u>51,714</u>	<u>-</u>	<u>51,714</u>	<u>68,640</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 16,926</u>	<u>\$ -</u>	<u>\$ 16,926</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-040-14-1001
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 2,600,000
Revised authorized cost	\$ 68,640
Percentage completion	75%

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Upgrades and Window Replacement at the Central School
For the Fiscal Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital outlay	\$ 89,245	\$ -	\$ 89,245	\$ -
Lease purchase proceeds	133,868	-	133,868	133,868
State sources				
NJ SDA aid	-	-	-	89,245
Total revenues	<u>223,113</u>	<u>-</u>	<u>223,113</u>	<u>223,113</u>
Expenditures and other financing uses				
Purchased professional & technical services	14,853	2,824	17,677	17,677
Construction services	<u>172,322</u>	<u>-</u>	<u>172,322</u>	<u>205,436</u>
Total expenditures	<u>187,175</u>	<u>2,824</u>	<u>189,999</u>	<u>223,113</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 35,938</u>	<u>\$ (2,824)</u>	<u>\$ 33,114</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-050-14-1002
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 223,113
Revised authorized cost	\$ 223,113
Percentage completion	85%

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Upgrades and Roof Replacement at the Liberty School
For the Fiscal Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 310,763	\$ -	\$ 310,763	\$ 39,605
Lease purchase proceeds	406,737	-	406,737	406,737
State sources				
NJ SDA aid	-	-	-	271,158
Total revenues	<u>717,500</u>	<u>-</u>	<u>717,500</u>	<u>717,500</u>
Expenditures and other financing uses				
Purchased professional & technical services	49,430	1,960	51,390	51,390
Construction services	666,110	-	666,110	666,110
Total expenditures	<u>715,540</u>	<u>1,960</u>	<u>717,500</u>	<u>717,500</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 1,960</u>	<u>\$ (1,960)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-060-14-1003
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 677,895
Revised authorized cost	\$ 717,500
Percentage completion	100%

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Energy System Improvement Plans at All District Facilities
For the Fiscal Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Lease purchase proceeds	\$ 2,600,000	\$ -	\$ 2,600,000	\$ 2,600,000
Total revenues	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>	<u>2,600,000</u>
Expenditures and other financing uses				
Purchased professional & technical services	38,530	-	38,530	38,530
Construction services	<u>2,537,583</u>	<u>-</u>	<u>2,537,583</u>	<u>2,561,470</u>
Total expenditures	<u>2,576,113</u>	<u>-</u>	<u>2,576,113</u>	<u>2,600,000</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 23,887</u>	<u>\$ -</u>	<u>\$ 23,887</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-040-15-1000
	1785-050-15-1000
	1785-060-15-1000
Grant date	N/A
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 2,600,000
Revised authorized cost	\$ 2,600,000
Percentage completion	99%

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2017

	Food Service Fund
ASSETS	
Current assets	
Cash & cash equivalents	\$ 23,692
Due from other funds	6
Receivables from other governments	
State	100
Federal	2,416
Inventory	6,213
Total current assets	32,427
Noncurrent assets	
Capital assets	286,561
Less: accumulated depreciation	283,636
Total noncurrent assets	2,925
Total assets	35,352
LIABILITIES	
Current liabilities	
Unearned revenues - commodities	2,988
Unearned revenues - prepaid sales	3,151
Total liabilities	6,139
NET POSITION	
Invested in capital assets, net of related debt	2,925
Unrestricted	26,288
Total net position	\$ 29,213

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 94,924
Daily sales - non-reimbursable programs	36,839
Total operating revenues	<u>131,763</u>
Operating expenses	
Cost of sales - reimbursable programs	73,760
Cost of sales - non-reimbursable programs	2,176
Commodity food costs	15,251
Salaries	76,910
Support Services - employee benefits	13,349
Purchased property services	1,423
Other purchased services	2,828
Insurance	1,237
Management fee	10,548
Supplies and materials	10,059
Depreciation expense	1,871
Miscellaneous expenditures	431
Total operating expenses	<u>209,843</u>
Operating income (loss)	<u>(78,080)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,916
Federal sources	
National school lunch program	43,904
Food donation program	15,251
Miscellaneous	273
Total non-operating revenues (expenses)	<u>61,344</u>
Change in net position	(16,736)
Net position, beginning	<u>45,949</u>
Net position, ending	<u><u>\$ 29,213</u></u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 131,485
Payments to employees	(14,530)
Payments to Food Service Management Co.	(168,170)
Payments to vendors	(10,767)
Net cash provided by (used for) operating activities	(61,982)
Cash flows from noncapital related financing activities	
State sources	1,923
Federal sources	43,891
General Fund interfund activity	(6)
Miscellaneous	273
Net cash provided by (used for) noncapital financing activities	46,081
Net increase (decrease) in cash and cash equivalents	(15,901)
Cash and cash equivalents, beginning	39,593
Cash and cash equivalents, ending	\$ 23,692
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (78,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,871
Federal food donation program	15,251
(Increase) decrease in inventory	482
Increase (decrease) in unearned revenue	(1,506)
Net cash provided by (used for) operating activities	\$ (61,982)

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2017

	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets			
Cash and cash equivalents	\$ 31,122	\$ 21,972	\$ 53,094
Total assets	\$ 31,122	\$ 21,972	\$ 53,094
Liabilities			
Due to other funds	\$ -	\$ 2,626	\$ 2,626
Due to student groups	31,122	-	31,122
Payroll deductions & withholdings	-	19,346	19,346
Total liabilities	\$ 31,122	\$ 21,972	\$ 53,094

See independent auditors' report.

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

	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
Assets				
Cash and cash equivalents	\$ 29,919	\$ 86,276	\$ 85,073	\$ 31,122
Total assets	\$ 29,919	\$ 86,276	\$ 85,073	\$ 31,122
Liabilities				
Due to student groups				
Central School	\$ 6,467	\$ 5,550	\$ 6,608	\$ 5,409
Liberty School	2,263	5,112	5,103	2,272
Middle School	21,189	75,614	73,362	23,441
Total liabilities	\$ 29,919	\$ 86,276	\$ 85,073	\$ 31,122

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

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 9,528	\$ 7,913,941	\$ 7,901,497	\$ 21,972
Total assets	\$ 9,528	\$ 7,913,941	\$ 7,901,497	\$ 21,972
Liabilities				
Due to other funds				
Payroll deductions & withholdings	\$ 2,100	\$ 576	\$ 50	\$ 2,626
Net payroll	7,392	3,582,393	3,570,439	19,346
	36	4,330,972	4,331,008	-
Total liabilities	\$ 9,528	\$ 7,913,941	\$ 7,901,497	\$ 21,972

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
General obligation refunding school bonds of 2008	12/20/07	\$ 8,355,000	01/15/18	\$ 220,000	4.750%	\$ -	\$ -	\$ -	\$ -
				300,000	4.000%	-	-	-	-
			01/15/19	520,000	4.750%	-	-	-	-
			01/15/20	530,000	4.250%	-	-	-	-
			01/15/21	525,000	4.250%	-	-	-	-
			01/15/22	525,000	4.000%	-	-	-	-
			01/15/23	520,000	4.000%	-	-	-	-
			01/15/24	545,000	4.000%	-	-	-	-
			01/15/25	550,000	4.000%	4,735,000	-	500,000	4,235,000
						<u>\$ 4,735,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 4,235,000</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2017

Description	Interest Rate	Amount of Original of Issue	Balance 7/1/16	Issued	Retired	Balance 6/30/17
Renovations at Central, Liberty and Middle Schools	2.160%	\$ 581,789	\$ 437,061	\$ -	\$ 142,083	\$ 294,978
Energy system improvement plan	2.363%	2,600,000	2,494,147	-	196,471	2,297,676
			<u>\$ 2,931,208</u>	<u>\$ -</u>	<u>\$ 338,554</u>	<u>\$ 2,592,654</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 518,156	\$ -	\$ 518,156	\$ 518,156	\$ -
State sources					
Debt service aid	177,807	-	177,807	177,807	-
Total revenues	<u>695,963</u>	<u>-</u>	<u>695,963</u>	<u>695,963</u>	<u>-</u>
EXPENDITURES					
Regular debt service					
Interest on bonds	195,963	-	195,963	195,963	-
Redemption of principal	500,000	-	500,000	500,000	-
Total expenditures	<u>695,963</u>	<u>-</u>	<u>695,963</u>	<u>695,963</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Statistical Section J Series

<u>CONTENTS</u>	<u>PAGE</u>
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-6
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-7 to J-10
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-11 to J-14
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-15 to J-16
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-17 to J-21

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 2,233,997	\$ 2,169,119	\$ 2,067,713	\$ 2,223,422	\$ 2,280,547	\$ 2,580,148	\$ 2,751,359	\$ 2,906,201	\$ 3,547,474	\$ 4,084,810
Restricted	1,282,077	1,249,737	851,370	268,809	302,390	601,003	895,952	899,157	415,757	862,712
Unrestricted	(20,144)	(456,883)	(287,781)	(439,822)	(427,747)	(663,529)	(3,362,881)	(3,440,685)	(3,538,141)	(3,489,388)
Total governmental activities	<u>\$ 3,495,930</u>	<u>\$ 2,961,973</u>	<u>\$ 2,631,302</u>	<u>\$ 2,052,409</u>	<u>\$ 2,155,190</u>	<u>\$ 2,517,622</u>	<u>\$ 284,430</u>	<u>\$ 364,673</u>	<u>\$ 425,090</u>	<u>\$ 1,458,134</u>
Business-type activities										
Net investment in capital assets	\$ 40,606	\$ 40,336	\$ 40,066	\$ 57,321	\$ 35,419	\$ 24,320	\$ 14,636	\$ 6,668	\$ 4,796	\$ 2,925
Unrestricted	61,645	71,108	82,654	81,263	68,188	59,073	59,287	48,414	41,153	26,288
Total business-type activities	<u>\$ 102,251</u>	<u>\$ 111,444</u>	<u>\$ 122,720</u>	<u>\$ 138,584</u>	<u>\$ 103,607</u>	<u>\$ 83,393</u>	<u>\$ 73,923</u>	<u>\$ 55,082</u>	<u>\$ 45,949</u>	<u>\$ 29,213</u>
District-wide										
Net investment in capital assets	\$ 2,274,603	\$ 2,209,455	\$ 2,107,779	\$ 2,280,743	\$ 2,315,966	\$ 2,604,468	\$ 2,765,995	\$ 2,912,869	\$ 3,552,270	\$ 4,087,735
Restricted	1,282,077	1,249,737	851,370	268,809	302,390	601,003	895,952	899,157	415,757	862,712
Unrestricted	41,501	(385,775)	(205,127)	(358,559)	(359,559)	(604,456)	(3,303,594)	(3,392,271)	(3,496,988)	(3,463,100)
Total district-wide	<u>\$ 3,598,181</u>	<u>\$ 3,073,417</u>	<u>\$ 2,754,022</u>	<u>\$ 2,190,993</u>	<u>\$ 2,258,797</u>	<u>\$ 2,601,015</u>	<u>\$ 358,353</u>	<u>\$ 419,755</u>	<u>\$ 471,039</u>	<u>\$ 1,487,347</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,342,308	\$ 6,365,004	\$ 6,625,624	\$ 6,233,798	\$ 6,324,035	\$ 6,893,927	\$ 6,601,760	\$ 7,613,489	\$ 7,910,503	\$ 8,368,806
Special education	649,274	590,167	610,771	578,486	1,106,202	1,039,462	976,196	1,451,427	1,769,666	2,952,136
Other instruction	214,485	186,423	213,765	135,509	233,416	244,637	267,923	486,388	815,655	700,181
Support services										
Tuition	6,939,549	7,412,871	7,471,174	8,180,781	7,177,323	6,541,194	6,500,875	7,137,647	6,880,632	6,186,512
Student & instruction related services	1,510,879	1,518,762	1,494,296	1,377,734	1,697,007	1,713,346	1,753,640	1,813,729	2,047,647	2,163,420
General & business administrative services	691,863	594,160	584,263	552,999	724,352	628,034	688,811	726,105	765,762	713,839
School administration	466,690	511,007	497,091	505,510	608,888	705,221	746,416	890,623	978,926	1,119,479
Plant operations & maintenance	1,261,993	1,231,186	1,266,575	1,336,289	1,214,530	1,349,828	1,449,282	1,381,404	1,285,345	1,383,480
Pupil transportation	1,223,682	1,253,663	1,114,332	1,071,411	794,567	845,042	942,179	1,060,410	1,203,671	1,181,826
Interest on long-term debt	394,047	332,991	322,057	308,733	294,224	275,906	259,452	280,325	263,557	252,774
Unallocated depreciation	35,641	35,641	35,641	38,113	-	-	-	-	-	-
Total governmental activities expenses	<u>19,730,411</u>	<u>20,031,875</u>	<u>20,235,589</u>	<u>20,319,363</u>	<u>20,174,544</u>	<u>20,236,597</u>	<u>20,186,534</u>	<u>22,841,547</u>	<u>23,921,364</u>	<u>25,022,453</u>
Business-type activities										
Food services	243,387	228,484	226,973	214,089	264,899	223,129	224,059	218,877	203,262	209,843
Total business-type activities	<u>243,387</u>	<u>228,484</u>	<u>226,973</u>	<u>214,089</u>	<u>264,899</u>	<u>223,129</u>	<u>224,059</u>	<u>218,877</u>	<u>203,262</u>	<u>209,843</u>
Total district expenses	<u>\$ 19,973,798</u>	<u>\$ 20,260,359</u>	<u>\$ 20,462,562</u>	<u>\$ 20,533,452</u>	<u>\$ 20,439,443</u>	<u>\$ 20,459,726</u>	<u>\$ 20,410,593</u>	<u>\$ 23,060,424</u>	<u>\$ 24,124,626</u>	<u>\$ 25,232,296</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 30,910	\$ 11,604	\$ 49,706	\$ 68,901	\$ 53,780	\$ 416,067
Operating grants & contributions	437,626	337,757	442,837	572,683	518,132	354,663	331,908	304,284	330,790	314,302
Capital grants & contributions	-	-	79,560	-	(18,167)	-	-	-	-	-
Total governmental activities program revenues	<u>437,626</u>	<u>337,757</u>	<u>522,397</u>	<u>572,683</u>	<u>530,875</u>	<u>366,267</u>	<u>381,614</u>	<u>373,185</u>	<u>384,570</u>	<u>730,369</u>
Business-type activities										
Charges for services										
Food service	190,703	180,913	179,558	172,715	161,116	145,633	148,361	142,244	133,924	131,763
Child care	-	(756)	-	-	-	-	-	-	-	-
Operating grants & contributions	53,745	57,520	58,691	57,238	67,529	58,615	66,207	57,792	60,044	61,071
Total business-type activities program revenues	<u>244,448</u>	<u>237,677</u>	<u>238,249</u>	<u>229,953</u>	<u>228,645</u>	<u>204,248</u>	<u>214,568</u>	<u>200,036</u>	<u>193,968</u>	<u>192,834</u>
Total district-program revenues	<u>\$ 682,074</u>	<u>\$ 575,434</u>	<u>\$ 760,646</u>	<u>\$ 802,636</u>	<u>\$ 759,520</u>	<u>\$ 570,515</u>	<u>\$ 596,182</u>	<u>\$ 573,221</u>	<u>\$ 578,538</u>	<u>\$ 923,203</u>
Net (expense) revenues										
Governmental activities	\$ (19,292,785)	\$ (19,694,118)	\$ (19,713,192)	\$ (19,746,680)	\$ (19,643,669)	\$ (19,870,330)	\$ (19,804,920)	\$ (22,468,362)	\$ (23,536,794)	\$ (24,292,084)
Business-type activities	1,061	9,193	11,276	15,864	(36,254)	(18,881)	(9,491)	(18,841)	(9,294)	(17,009)
Total district-wide net expenses	<u>\$ (19,291,724)</u>	<u>\$ (19,684,925)</u>	<u>\$ (19,701,916)</u>	<u>\$ (19,730,816)</u>	<u>\$ (19,679,923)</u>	<u>\$ (19,889,211)</u>	<u>\$ (19,814,411)</u>	<u>\$ (22,487,203)</u>	<u>\$ (23,546,088)</u>	<u>\$ (24,309,093)</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 11,512,278	\$ 11,514,907	\$ 11,664,104	\$ 11,881,979	\$ 12,119,619	\$ 12,362,011	\$ 12,609,251	\$ 12,919,163	\$ 13,258,492	\$ 13,698,655
Taxes levied for debt service	520,541	400,284	435,573	495,215	530,267	537,321	543,598	536,107	520,240	518,156
Unrestricted grants & contributions	7,615,333	7,102,805	7,175,409	6,703,258	7,145,724	7,320,869	7,208,671	9,051,461	9,809,299	11,040,473
Investment earnings	73,019	14,868	5,226	294	37	35	744	935	1,405	9,676
Miscellaneous income	158,027	127,297	102,209	35,907	40,780	13,176	12,313	40,939	7,775	58,168
Special item-loss on disposal of capital assets	-	-	-	-	-	(650)	-	-	-	-
Special item-prior year accounts receivable canceled	-	-	-	-	(51,381)	-	-	-	-	-
Special item-prior year grants receivable canceled	-	-	-	-	(38,596)	-	-	-	-	-
Total governmental activities	<u>19,879,198</u>	<u>19,160,161</u>	<u>19,382,521</u>	<u>19,116,653</u>	<u>19,746,450</u>	<u>20,232,762</u>	<u>20,374,577</u>	<u>22,548,605</u>	<u>23,597,211</u>	<u>25,325,128</u>
Business-type activities										
Miscellaneous	-	-	-	-	1,277	-	21	-	-	-
Special item-loss on disposal of capital assets	-	-	-	-	-	(1,333)	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	161	273
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277</u>	<u>(1,333)</u>	<u>21</u>	<u>-</u>	<u>161</u>	<u>273</u>
Total district-wide	<u>\$ 19,879,198</u>	<u>\$ 19,160,161</u>	<u>\$ 19,382,521</u>	<u>\$ 19,116,653</u>	<u>\$ 19,747,727</u>	<u>\$ 20,231,429</u>	<u>\$ 20,374,598</u>	<u>\$ 22,548,605</u>	<u>\$ 23,597,372</u>	<u>\$ 25,325,401</u>
Change in net position										
Governmental activities	\$ 586,413	\$ (533,957)	\$ (330,671)	\$ (630,027)	\$ 102,781	\$ 362,432	\$ 569,657	\$ 80,243	\$ 60,417	\$ 1,033,044
Business-type activities	1,061	9,193	11,276	15,864	(34,977)	(20,214)	(9,470)	(18,841)	(9,133)	(16,736)
Total district	<u>\$ 587,474</u>	<u>\$ (524,764)</u>	<u>\$ (319,395)</u>	<u>\$ (614,163)</u>	<u>\$ 67,804</u>	<u>\$ 342,218</u>	<u>\$ 560,187</u>	<u>\$ 61,402</u>	<u>\$ 51,284</u>	<u>\$ 1,016,308</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 1,398,875	\$ 1,258,334	\$ 567,553	\$ 193,809	\$ 314,922	\$ 614,946	\$ 894,835	\$ 475,865	\$ 337,046	\$ 835,157
Committed	-	-	-	74,832	-	-	9,529	11,125	8,185	129,429
Assigned	110,000	100,000	370,000	75,000	118,616	2,307	10,024	-	-	32,369
Unassigned	64,376	(265,609)	(273,842)	(282,808)	(212,534)	(193,505)	(190,015)	(295,902)	(243,610)	(143,246)
Total general fund	<u>\$ 1,573,251</u>	<u>\$ 1,092,725</u>	<u>\$ 663,711</u>	<u>\$ 60,833</u>	<u>\$ 221,004</u>	<u>\$ 423,748</u>	<u>\$ 724,373</u>	<u>\$ 191,088</u>	<u>\$ 101,621</u>	<u>\$ 853,709</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ -	\$ 183,383	\$ 45,815	\$ -	\$ -	\$ 559,129	\$ 2,763,970	\$ 78,711	\$ 73,927
Assigned, reported in										
Debt service fund	<u>3,599</u>	<u>2,517</u>	<u>2,918</u>	<u>2,518</u>	<u>1,411</u>	<u>-</u>	<u>1,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,599</u>	<u>\$ 2,517</u>	<u>\$ 186,301</u>	<u>\$ 48,333</u>	<u>\$ 1,411</u>	<u>\$ -</u>	<u>\$ 560,236</u>	<u>\$ 2,763,970</u>	<u>\$ 78,711</u>	<u>\$ 73,927</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 12,032,819	\$ 11,915,191	\$ 12,099,677	\$ 12,377,194	\$ 12,649,886	\$ 12,899,332	\$ 13,152,849	\$ 13,455,270	\$ 13,778,732	\$ 14,216,811
Tuition charges	-	-	-	-	-	-	-	-	1,795	146,840
Miscellaneous	645,651	145,792	111,751	42,269	70,552	22,090	63,424	105,754	63,119	103,773
State sources	7,621,231	7,104,958	6,301,834	6,610,245	7,019,650	7,320,869	7,208,671	7,394,979	7,548,963	7,722,565
State sources - capital projects	-	-	79,560	-	(18,187)	-	-	-	-	-
Federal sources	427,123	331,977	1,312,096	659,629	638,253	351,784	325,266	294,790	327,732	307,490
Total revenues	20,726,824	19,497,918	19,904,918	19,689,337	20,360,154	20,594,075	20,750,210	21,250,793	21,720,341	22,497,479
Expenditures										
Instruction										
Regular instruction	4,500,664	4,723,609	4,708,436	4,270,924	4,304,285	4,530,462	4,502,409	4,277,595	4,144,829	4,049,697
Special education instruction	540,467	494,767	508,255	487,624	698,902	623,344	616,111	778,883	917,848	1,391,491
Other special instruction	178,541	156,288	177,885	107,736	123,611	129,656	131,565	228,042	353,422	259,194
Other instruction	-	-	-	6,489	8,135	6,100	24,053	19,603	22,808	27,103
Support services										
Tuition	5,776,605	6,214,590	6,217,157	6,895,835	6,854,550	6,257,235	6,245,487	6,908,970	6,638,390	5,811,449
Student & instr. related services	1,171,350	1,146,349	1,202,051	1,134,397	1,092,782	1,139,792	1,198,637	1,208,427	1,259,426	1,276,851
General administration	383,058	306,593	294,378	280,473	329,984	290,952	336,117	333,901	339,001	240,744
School administration services	388,481	428,403	413,656	426,110	413,653	461,358	493,329	501,305	510,020	533,241
Central services	174,122	179,914	185,318	178,800	189,179	195,465	205,729	206,559	223,126	246,536
Administrative information technology	18,739	11,608	6,500	6,867	8,051	8,177	9,833	7,861	9,698	8,540
Plant operations & maintenance	1,050,506	1,032,166	1,053,984	1,126,400	987,553	1,130,844	1,209,408	1,133,241	1,160,555	1,288,100
Pupil transportation	1,018,615	1,051,010	927,294	903,126	789,669	831,961	941,844	1,058,610	1,203,671	1,132,901
Employee benefits	2,053,058	2,221,652	2,383,886	2,159,731	2,053,322	2,160,686	2,275,114	2,348,499	2,436,076	2,568,137
On-behalf TPAF pension & Social Security contribution	1,088,839	842,725	862,565	837,080	983,157	1,265,913	1,068,741	1,217,888	1,379,896	1,507,813
Transfer to charter schools	78,270	114,161	90,000	140,250	84,784	60,215	56,950	63,736	22,811	22,811
Capital outlay	279,930	145,634	32,529	92,940	-	220,434	70,322	26,109	22,084	226,174
Capital projects	-	-	15,517	137,568	-	-	22,670	783,008	2,724,864	4,784
Special revenue funds	437,626	337,757	442,837	572,683	518,132	354,663	331,908	304,284	330,790	314,302
Debt service										
Principal	830,000	235,000	300,000	350,000	415,000	440,000	465,000	530,000	574,728	642,083
Interest & other charges	409,683	337,300	327,900	315,150	301,832	285,485	265,911	243,823	221,024	198,224
Total expenditures	20,378,554	19,979,526	20,150,148	20,430,183	20,156,581	20,392,742	20,471,138	22,180,344	24,495,067	21,750,175

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ 348,270	\$ (481,608)	\$ (245,230)	\$ (740,846)	\$ 203,573	\$ 201,333	\$ 279,072	\$ (929,551)	\$ (2,774,726)	\$ 747,304
Other financing sources (uses)										
Prior year accounts receivable canceled	-	-	-	-	(51,381)	-	-	-	-	-
Prior year grant receivable canceled	-	-	-	-	(38,596)	-	-	-	-	-
Lease purchase proceeds	-	-	-	-	-	-	581,789	2,600,000	-	-
Total other financing sources (uses)	-	-	-	-	(89,977)	-	581,789	2,600,000	-	-
Net change in fund balances	<u>\$ 348,270</u>	<u>\$ (481,608)</u>	<u>\$ (245,230)</u>	<u>\$ (740,846)</u>	<u>\$ 113,596</u>	<u>\$ 201,333</u>	<u>\$ 860,861</u>	<u>\$ 1,670,449</u>	<u>\$ (2,774,726)</u>	<u>\$ 747,304</u>
Debt service as a percentage of non-capital expenditures	6.57%	2.97%	3.22%	3.40%	3.69%	3.73%	3.72%	3.76%	3.80%	4.06%

Source: District Records

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Local Tax Levy by Constituent District
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Township of Independence	Township of Liberty	Totals
2008	\$ 7,401,041	\$ 4,631,778	\$ 12,032,819
2009	7,398,483	4,516,708	11,915,191
2010	7,472,585	4,627,092	12,099,677
2011	7,675,912	4,701,282	12,377,194
2012	7,827,349	4,822,537	12,649,886
2013	8,018,233	4,881,099	12,899,332
2014	8,266,020	4,886,829	13,152,849
2015	8,520,575	4,934,695	13,455,270
2016	8,932,297	4,846,435	13,778,732
2017	9,095,701	5,121,110	14,216,811

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest income	\$ 64,049	\$ 14,868	\$ 1,226	\$ 294	\$ 37	\$ 35	\$ 734	\$ 844	\$ 1,405	\$ 9,676
Tuition	-	95,743	3,272	-	-	-	-	-	1,795	146,840
Prior year refunds	6,703	12,983	65,798	19,741	11,471	6,019	3,692	12,316	2,510	3,030
Prior year accounts payable canceled	-	-	-	-	5,596	1,019	8,114	2,641	-	-
Prior year outstanding checks canceled	-	-	-	-	5,889	-	-	6,623	-	9,249
Grants/Donations	-	-	-	-	-	5,300	-	7,971	-	300
Building use fees	27,930	17,900	18,960	14,265	23,762	6,000	43,725	53,995	50,673	29,000
Local government energy audit program	-	-	-	-	13,625	-	-	-	-	-
E-Rate rebates	-	-	-	-	-	-	-	11,092	-	10,207
Book fines	-	-	-	-	305	6	205	291	208	97
ESIP Rebate	-	-	-	-	-	-	-	-	-	21,655
Prior year FEMA refunds	-	-	-	-	-	-	-	-	-	9,488
Miscellaneous	34,348	671	14,179	1,901	2,083	125	302	296	5,265	4,239
Annual totals	\$ 133,030	\$ 142,165	\$ 103,435	\$ 36,201	\$ 62,768	\$ 18,504	\$ 56,772	\$ 96,069	\$ 61,856	\$ 243,781

Source: District Records

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
All Constituent Districts
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 20,218,660	\$ 19,413,700	\$ 19,332,800	\$ 19,113,800	\$ 18,597,300	\$ 17,876,500	\$ 13,211,100	\$ 12,883,600	\$ 11,921,300	\$ 10,256,000
Residential	828,213,700	833,494,500	834,269,500	837,270,000	833,245,800	828,498,100	660,238,600	660,580,300	661,887,900	665,387,800
Farm regular	52,248,300	53,753,400	54,209,800	52,998,200	54,572,200	53,342,400	44,767,900	44,274,300	43,811,800	42,688,700
Q farm	2,801,633	2,797,334	2,821,419	2,783,545	2,808,273	2,780,610	2,700,400	2,594,900	2,611,500	2,568,500
Commercial	37,101,400	37,112,500	37,153,200	36,283,000	36,900,400	36,352,300	31,201,100	31,196,800	30,986,700	30,965,700
Industrial	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	2,413,500	2,413,500	2,413,500	2,413,500
Apartment	15,873,100	15,873,100	15,873,100	15,873,100	15,873,100	15,873,100	15,470,400	15,470,400	15,470,400	15,470,400
Total assessed value	960,317,993	966,305,734	967,521,019	968,182,845	965,858,273	958,584,210	770,003,000	769,413,800	769,103,100	769,750,600
Public utilities (a)	2,058,489	1,882,266	2,122,818	2,108,017	2,142,576	593,543	406,852	-	-	-
Net valuation taxable	\$ 962,376,482	\$ 968,188,000	\$ 969,643,837	\$ 970,290,862	\$ 968,000,849	\$ 959,177,753	\$ 770,409,852	\$ 769,413,800	\$ 769,103,100	\$ 769,750,600
Estimated actual county equalized value	\$ 1,139,924,969	\$ 1,116,630,470	\$ 1,053,459,199	\$ 1,008,668,990	\$ 964,897,334	\$ 884,947,944	\$ 800,770,196	\$ 815,789,959	\$ 835,486,916	\$ 847,314,185
Percentage of net valuation to estimated actual equalized value	84.42%	86.71%	92.04%	96.20%	100.32%	108.39%	96.21%	94.32%	92.05%	90.85%
Regional school tax rate by constituent district										
Independence Township	\$ 1.07	\$ 1.07	\$ 1.10	\$ 1.12	\$ 1.15	\$ 1.20	\$ 1.70	\$ 1.79	\$ 1.82	\$ 1.90
Liberty Township	\$ 1.67	\$ 1.71	\$ 1.73	\$ 1.79	\$ 1.79	\$ 1.80	\$ 1.83	\$ 1.80	\$ 1.91	\$ 1.83

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

* Revalued/Reassessed

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Township of Independence
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 13,292,260	\$ 12,669,300	\$ 12,659,900	\$ 12,709,200	\$ 12,211,100	\$ 11,240,300	\$ 7,238,900	\$ 7,086,400	\$ 6,480,400	\$ 6,182,900
Residential	598,075,100	603,000,600	602,981,100	604,215,100	600,488,000	595,375,400	427,583,300	428,317,600	428,718,500	432,070,000
Farm regular	27,881,900	28,542,600	28,508,300	28,169,600	29,908,200	29,659,700	21,344,100	20,818,200	20,930,400	20,007,000
Q farm	2,078,833	2,082,234	2,082,219	2,079,945	2,104,673	2,101,410	2,020,900	1,934,500	1,949,200	1,905,100
Commercial	30,133,000	30,144,100	30,184,800	29,412,600	30,030,000	29,700,500	24,811,900	24,807,600	24,597,500	24,696,900
Industrial	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	2,413,500	2,413,500	2,413,500	2,413,500
Apartment	15,564,300	15,564,300	15,564,300	15,564,300	15,564,300	15,564,300	15,161,600	15,161,600	15,161,600	15,161,600
Total assessed value	690,886,593	695,864,334	695,841,819	696,011,945	694,167,473	687,502,810	500,574,200	500,539,400	500,251,100	502,437,000
Public utilities (a)	1,480,132	1,409,604	1,497,259	1,388,202	1,341,402	593,543	406,852	-	-	-
Net valuation taxable	\$ 692,366,725	\$ 697,273,938	\$ 697,339,078	\$ 697,400,147	\$ 695,508,875	\$ 688,096,353	\$ 500,981,052	\$ 500,539,400	\$ 500,251,100	\$ 502,437,000
Estimated actual county equalized value	\$ 762,110,820	\$ 749,193,014	\$ 707,455,694	\$ 678,772,090	\$ 652,835,980	\$ 602,188,582	\$ 535,923,248	\$ 558,887,226	\$ 561,260,070	\$ 573,427,300
Percentage of net valuation to estimated actual equalized value	90.85%	93.07%	98.57%	102.74%	106.54%	114.27%	93.48%	89.56%	89.13%	87.62%
Total direct school tax rate (b)	\$ 1.07	\$ 1.07	\$ 1.10	\$ 1.12	\$ 1.15	\$ 1.20	\$ 1.70	\$ 1.79	\$ 1.82	\$ 1.90

*

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

(a) Taxable value of machinery, implements and equipment of telephone and messenger system companies

(b) Tax rates are per \$100

* Revalued/Reassessed

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Township of Liberty
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 6,926,400	\$ 6,744,400	\$ 6,672,900	\$ 6,404,600	\$ 6,386,200	\$ 6,636,200	\$ 5,972,200	\$ 5,797,200	\$ 5,440,900	\$ 4,073,100
Residential	230,138,600	230,493,900	231,288,400	233,054,900	232,757,800	233,122,700	232,655,300	232,262,700	233,169,400	233,317,800
Farm regular	24,366,400	25,210,800	25,701,500	24,828,600	24,664,000	23,682,700	23,423,800	23,456,100	22,881,400	22,681,700
Q farm	722,800	715,100	739,200	703,600	703,600	679,200	679,500	660,400	662,300	663,400
Commercial	6,968,400	6,968,400	6,968,400	6,870,400	6,870,400	6,651,800	6,389,200	6,389,200	6,389,200	6,268,800
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800
Total assessed value	269,431,400	270,441,400	271,679,200	272,170,900	271,690,800	271,081,400	269,428,800	268,874,400	268,852,000	267,313,600
Public utilities (a)	578,357	472,662	625,559	719,815	801,174	-	-	-	-	-
Net valuation taxable	\$ 270,009,757	\$ 270,914,062	\$ 272,304,759	\$ 272,890,715	\$ 272,491,974	\$ 271,081,400	\$ 269,428,800	\$ 268,874,400	\$ 268,852,000	\$ 267,313,600
Estimated actual county equalized value	\$ 377,814,149	\$ 367,437,456	\$ 346,003,505	\$ 329,896,900	\$ 312,061,354	\$ 282,759,362	\$ 264,846,948	\$ 256,902,733	\$ 274,226,846	\$ 273,886,885
Percentage of net valuation to estimated actual equalized value	71.47%	73.73%	78.70%	82.72%	87.32%	95.87%	101.73%	104.66%	98.04%	97.60%
Total direct school tax rate (b)	\$ 1.67	\$ 1.71	\$ 1.73	\$ 1.79	\$ 1.79	\$ 1.80	\$ 1.83	\$ 1.80	\$ 1.91	\$ 1.83

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates by Constituent District
Township of Independence
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality	County	
2008	\$ 1.03	\$ 0.04	\$ 1.07	\$ 0.24	\$ 0.67	\$ 1.98
2009	1.03	0.04	1.07	0.25	0.66	1.98
2010	1.06	0.04	1.10	0.26	0.63	1.99
2011	1.07	0.05	1.12	0.28	0.62	2.02
2012	1.10	0.05	1.15	0.31	0.64	2.10
2013	1.15	0.05	1.20	0.35	0.62	2.17
2014	* 1.63	0.07	1.70	0.50	0.83	3.03
2015	1.72	0.07	1.79	0.51	0.87	3.17
2016	1.75	0.07	1.82	0.54	0.86	3.22
2017	1.83	0.07	1.90	0.55	0.87	3.32

Sources: Municipal Tax Collector

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

(a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

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

* Revalued/Reassessed

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates by Constituent District
Township of Liberty
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Municipality	County	
			Total Direct School Tax Rate				
2008	\$ 1.62	\$ 0.05	\$ 1.67	\$ 0.26	\$ 0.93	\$ 2.86	
2009	1.65	0.06	1.71	0.32	0.85	2.88	
2010	1.66	0.07	1.73	0.34	0.78	2.85	
2011	1.71	0.08	1.79	0.34	0.77	2.90	
2012	1.72	0.07	1.79	0.34	0.75	2.88	
2013	1.73	0.07	1.80	0.34	0.75	2.89	
2014	1.76	0.07	1.83	0.34	0.76	2.93	
2015	1.73	0.07	1.80	0.33	0.75	2.88	
2016	1.84	0.07	1.91	0.33	0.78	3.02	
2017	1.76	0.07	1.83	0.34	0.78	2.95	

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Principal Property Taxpayers by Constituent District
Township of Independence
Current Year and Nine Years Prior**

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Towpath Associates LLC	\$ 12,542,900	1	2.50%	\$ 12,100,000	1	1.75%
Extra Space Properties Eighty LLC	4,664,000	2	0.93%	-		-
Axar Properties LLC C/O Cervelli	3,854,800	3	0.77%	4,024,000	3	0.58%
Saloga, LP	1,688,000	4	0.34%	1,898,200	6	0.27%
NUJA Realty Corp. C/O Di Carlo Jr	1,396,600	5	0.28%	1,849,100	7	0.27%
Individual Tax Payer #1	1,284,500	6	0.26%	1,210,200	9	0.17%
Individual Tax Payer #2	1,215,100	7	0.24%	-		-
SMM Independence LLC	937,500	8	0.19%	-		-
Crown Atlantic Co LLC	931,200	9	0.19%	-		-
First Hope Bank	884,600	10	0.18%	-		-
RAIA Self Storage	-	-	-	4,900,000	2	0.71%
Liberty House Partnership	-	-	-	2,663,400	4	0.38%
Easter Seal Society	-	-	-	2,535,300	5	0.37%
Sts Peter & Paul RCC	-	-	-	1,458,900	8	0.21%
	<u>\$ 29,399,199</u>		<u>5.85%</u>	<u>\$ 32,639,100</u>		<u>4.71%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Principal Property Taxpayers by Constituent District
Township of Liberty
Current Year and Nine Years Prior

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Individual Property Owner #1	\$ 1,436,500	1	0.54%	\$ 1,148,300	2
Individual Property Owner #2	1,148,100	2	0.43%	717,600	6	0.27%
Topp Orange LLC	1,032,200	3	0.39%	1,027,600	4	0.38%
Individual Property Owner #3	815,100	4	0.30%	672,200	7	0.25%
Individual Property Owner #4	781,619	5	0.29%	664,200	8	0.25%
Individual Property Owner #5	711,500	6	0.27%	641,300	9	0.24%
Individual Property Owner #6	650,600	7	0.24%	619,800	10	0.23%
Individual Property Owner #7	641,400	8	0.24%	-	-	-
Individual Property Owner #8	634,200	9	0.24%	-	-	-
Individual Property Owner #9	631,600	10	0.24%	-	-	-
Pryslak Farms	-	-	-	1,528,000	1	0.57%
Wooded Valley Estates II LLC	-	-	-	1,095,100	3	0.41%
John E. Rogers Inc.	-	-	-	815,000	5	0.30%
	<u>\$ 8,482,821</u>		<u>3.17%</u>	<u>\$ 8,929,100</u>		<u>3.31%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Property Tax Levies and Collections
Township of Independence
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2007	\$ 13,365,608	\$ 13,052,364	97.66%
2008	13,786,448	13,438,127	97.47%
2009	13,807,878	13,365,378	96.80%
2010	13,887,250	13,515,243	97.32%
2011	14,126,483	13,705,983	97.02%
2012	14,590,943	14,104,238	96.66%
2013	14,945,825	14,401,942	96.36%
2014	15,177,420	14,852,680	97.86%
2015	15,867,036	15,525,714	97.85%
2016	16,127,755	15,821,306	98.10%

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Property Tax Levies and Collections
Township of Liberty
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2007	\$ 7,722,621	\$ 7,343,868	95.10%
2008	7,753,729	7,302,646	94.18%
2009	7,921,724	7,535,575	95.13%
2010	7,763,076	7,440,263	95.84%
2011	7,921,724	7,535,575	95.13%
2012	7,860,671	7,559,089	96.16%
2013	7,827,459	7,526,183	96.15%
2014	7,889,096	7,580,741	96.09%
2015	7,755,347	7,504,011	96.76%
2016	8,123,377	7,872,504	96.91%

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

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 7,900,000	\$ -	\$ -	\$ -	\$ -	\$ 7,900,000	2.06%	\$ 919	
2009	7,665,000	-	-	-	-	7,665,000	1.99%	889	
2010	7,365,000	-	-	-	-	7,365,000	1.96%	857	
2011	7,015,000	-	-	-	-	7,015,000	1.86%	817	
2012	6,600,000	-	-	-	-	6,600,000	1.69%	773	
2013	6,160,000	-	-	-	-	6,160,000	1.55%	726	
2014	5,695,000	-	581,789	-	-	6,276,789	1.58%	746	
2015	5,215,000	-	3,131,789	-	-	8,346,789	2.03%	992	
2016	4,735,000	-	2,931,208	-	-	7,666,208	1.79%	913	
2017	4,235,000	-	2,592,654	-	-	6,827,654	N/A	817	

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

- (a) See Exhibit J-15 for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2008	\$ 7,900,000	\$ -	\$ 7,900,000	0.82%	\$ 919
2009	7,665,000	-	7,665,000	0.79%	889
2010	7,365,000	-	7,365,000	0.76%	857
2011	7,015,000	-	7,015,000	0.72%	817
2012	6,600,000	-	6,600,000	0.68%	773
2013	6,160,000	-	6,160,000	0.64%	726
2014	5,695,000	-	5,695,000	0.74%	677
2015	5,215,000	-	5,215,000	0.68%	620
2016	4,735,000	-	4,735,000	0.62%	564
2017	4,235,000	-	4,235,000	0.55%	507

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

- (a) See Exhibit J-7 for property tax data.
- (b) Population data can be found in Exhibit J-15.

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
Township of Independence
As of December 31, 2016

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,905,000	100.00%	\$ 1,905,000
County general obligation debt	6,870,000	5.29%	<u>363,180</u>
Subtotal, overlapping debt			2,268,180
School district direct debt	4,735,000	67.70%	<u>3,205,403</u>
Total direct and overlapping debt			<u><u>\$ 5,473,583</u></u>

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

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

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
Township of Liberty
As of December 31, 2016

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 476,100	100.00%	\$ 476,100
County general obligation debt	6,870,000	2.52%	<u>173,307</u>
Subtotal, overlapping debt			649,407
School district direct debt	4,735,000	32.30%	<u>1,529,597</u>
Total direct and overlapping debt			<u><u>\$ 2,179,004</u></u>

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

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

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
	2016 \$ 846,395,665
	2015 835,833,224
	2014 816,358,531
	\$ 2,498,587,420
Average equalized valuation of taxable property	\$ 832,862,473
Debt limit (3.0% of average equalization value)	\$ 24,985,874
Total net debt applicable to limit	4,235,000
Legal debt margin	\$ 20,750,874

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 28,613,919	\$ 26,905,847	\$ 25,420,239	\$ 24,870,352	\$ 24,985,874
Total net debt applicable	6,160,000	5,695,000	5,215,000	4,735,000	4,235,000
Legal debt margin	\$ 22,453,919	\$ 21,210,847	\$ 20,205,239	\$ 20,135,352	\$ 20,750,874
Total net debt applicable to the limit as a percentage of debt limit	21.53%	21.17%	20.52%	19.04%	16.95%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 31,497,485	\$ 32,991,708	\$ 32,835,631	\$ 31,625,604	\$ 30,201,653
Total net debt applicable	7,900,000	7,665,000	7,365,000	7,015,000	6,600,000
Legal debt margin	\$ 23,597,485	\$ 25,326,708	\$ 25,470,631	\$ 24,610,604	\$ 23,601,653
Total net debt applicable to the limit as a percentage of debt limit	25.08%	23.23%	22.43%	22.18%	21.85%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Township of Independence Population (a)	Township of Liberty Population (a)	Township of Independence Personal Income (b)	Township of Liberty Personal Income (b)	Per Capita Personal Income (c)	Township of Independence Unemployment Rate (d)	Township of Liberty Unemployment Rate (d)
2008	5,696	2,923	\$ 254,132,736	\$ 130,412,568	\$ 44,616	1.8%	5.9%
2009	5,682	2,911	247,860,204	126,983,642	43,622	3.3%	10.5%
2010	5,652	2,937	248,738,868	129,254,433	44,009	3.4%	10.8%
2011	5,617	2,923	256,376,731	133,414,489	45,643	3.1%	10.0%
2012	5,583	2,898	261,680,793	135,832,158	46,871	3.0%	9.7%
2013	5,542	2,869	262,579,960	135,933,220	47,380	5.6%	6.9%
2014	5,547	2,866	270,837,822	139,935,316	48,826	6.1%	6.3%
2015	5,538	2,858	281,895,276	145,477,916	50,902	5.1%	5.7%
2016	5,506	2,848	N/A	N/A	N/A	4.0%	4.3
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago**

2017

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

2008

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Instruction										
Regular	77.0	77.0	77.0	71.0	65.6	65.6	65.6	65.6	65.6	65.6
Special education	23.0	23.0	23.0	20.0	17.6	17.6	17.6	14.6	14.6	14.6
Support services										
Student and instruction related services	22.0	21.0	21.0	20.0	17.6	23.0	23.0	23.0	23.0	23.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	13.0	13.0	13.0	12.0	3.0	12.0	12.0	11.0	11.0	11.0
Pupil transportation	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Total	<u>148.0</u>	<u>147.0</u>	<u>147.0</u>	<u>136.0</u>	<u>116.8</u>	<u>130.2</u>	<u>131.2</u>	<u>127.2</u>	<u>127.2</u>	<u>127.2</u>

Source: District Personnel Records

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	956	\$ 18,858,941	\$ 19,727	12.09%	86	3 to 12	955.0	914.0	-4.98%	95.71%
2009	961	19,261,592	20,043	1.60%	86	1 to 11	951.0	912.0	-0.42%	95.90%
2010	962	19,474,202	20,243	1.00%	86	1 to 11	930.0	892.0	-2.21%	95.91%
2011	904	19,534,525	21,609	6.75%	81	1 to 11	888.0	847.0	-4.52%	95.38%
2012	873	19,439,749	22,268	3.05%	85	1 to 10	870.7	833.3	-1.95%	95.70%
2013	851	19,446,823	22,852	2.62%	85	1 to 10	846.1	809.9	-2.83%	95.72%
2014	811	19,647,235	24,226	6.01%	85	1 to 10	803.1	769.7	-5.08%	95.84%
2015	760	20,597,404	27,102	11.87%	85	1 to 10	754.9	723.8	-6.01%	95.89%
2016	714	20,952,367	29,345	8.28%	85	1 to 10	711.0	683.4	-5.82%	96.12%
2017	714	20,678,910	28,962	-1.31%	85	1 to 10	713.8	685.3	0.39%	96.01%

Source: District Records

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Liberty School (1972)										
Square feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (students)	296	296	296	296	296	296	296	296	296	296
Enrollment	243	241	232	297	313	294	287	262	240	219
Central School (1918)										
Square feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (students)	438	438	438	438	438	438	438	438	438	438
Enrollment	390	393	396	277	247	233	229	200	199	221
Middle										
Great Meadows Middle School (1998)										
Square feet	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488
Capacity (students)	564	564	564	564	564	564	564	564	564	564
Enrollment	323	327	334	330	313	322	296	297	279	269
Number of Schools at June 30, 2017										
Elementary = 2										
Middle = 1										

Source: District Facilities Office

N/A = Not Available

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

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed expenditures - Required maintenance for school facilities

Fiscal Year Ending	School Facilities			Total
	Liberty Township School	Independence Central School	Great Meadows Middle School	
2008	\$ 49,394	\$ 71,974	\$ 80,240	\$ 201,608
2009	43,929	64,011	71,362	179,302
2010	46,866	68,290	76,133	191,289
2011	47,117	68,656	76,541	192,314
2012	64,003	56,370	93,334	213,707
2013	88,513	82,517	74,093	245,123
2014	58,306	51,767	111,719	221,792
2015	48,322	70,541	68,444	187,307
2016	53,500	47,292	65,675	166,467
2017	64,943	52,784	94,075	211,802
Total school facilities	<u>\$ 564,893</u>	<u>\$ 634,202</u>	<u>\$ 811,616</u>	<u>\$ 2,010,711</u>

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

Source: District Records

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Property Coverage's		
Blanket Building and Contents (Fund Limit)	\$ 450,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	475,000	1,000
Liability Coverage's		
Comprehensive General Liability	11,000,000	-
Automobile Liability	11,000,000	-
Employee Benefits Liability	11,000,000	1,000
Crime Coverage's		
Blanket Employee Dishonesty	100,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction		
Inside the Premises	50,000	500
Outside the Premises	50,000	500
School Board Legal Liability - NJSIG		
Directors and Officers Policy	11,000,000	5,000
Workers Compensation - NJSIG		
Employers liability	5,000,000	-
Environmental Impairment Liability-NJSIG (Through Zurich Insurance Company)		
Incident Limit	1,000,000	10,000
Aggregate Limit	25,000,000	-
Public Employees' Faithful Performance - Selective Insurance		
Treasurer of School Monies	210,000	-
Public Employees' Faithful Performance - RLI Insurance Company		
School Board Secretary/Business Administrator	30,000	-

Source: District Records

See independent auditors' report.



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, 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, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Great Meadows Regional School District, County of Warren, the State of New Jersey, (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



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

December 6, 2017
Flemington, New Jersey



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

Honorable President and
Members of the Board of Education
Great Meadows Regional School District
County of Warren, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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

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

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

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



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

December 6, 2017
Flemington, New Jersey

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2017**

Grantor/Program Title	Federal	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/16	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment	Balance June 30, 2017		
	CFDA Number				From	To						of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education and Health and Human Services															
General Fund															
ARRA - Medical assistance program	93.778	1705NJ5MAP	ARRA-1785	\$ 20	4/1/2009	12/31/10	\$ -	\$ -	\$ 20	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
NCLB Title I A	84.010A	S010S150030	NCLB-1785-16	80,954	07/01/15	06/30/16	(52,084)	(1,070)	53,154	-	-	-	-	-	-
NCLB Title I A carryover	84.010A	S010S150030	NCLB-1785-16	80,954	07/01/16	06/30/17	-	1,070	-	1,070	-	-	-	-	-
NCLB Title I A	84.010A	S010A160030	NCLB-1785-17	71,187	07/01/16	06/30/17	-	-	62,466	71,187	-	-	(8,721)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-1785-16	21,535	07/01/15	06/30/16	(10,872)	(759)	12,302	671	-	-	-	-	-
NCLB Title II A carryover	84.367A	S367A150029	NCLB-1785-16	21,535	07/01/16	06/30/17	-	759	-	759	-	-	-	-	-
NCLB Title II A	84.367A	S367A160029	NCLB-1785-17	19,690	07/01/16	06/30/17	-	-	19,690	19,690	-	-	-	-	-
IDEA basic	84.027	H027A150100	IDEA-1785-16	216,693	07/01/15	06/30/16	(161,737)	-	164,070	2,333	-	-	-	-	-
IDEA basic	84.027	H027A160100	IDEA-1785-17	204,640	07/01/16	06/30/17	-	-	116,171	204,640	-	-	(88,469)	-	-
IDEA preschool	84.173	H173S160114	IDEA-1785-17	5,067	07/01/16	06/30/17	-	-	4,296	2,734	-	-	-	1,562	-
Race to the top phase 3 (RTT3)	84.413A	S413A120008	N/A	3,487	09/01/11	11/30/15	(315)	-	315	-	-	-	-	-	-
Total special revenue fund							<u>(225,008)</u>	<u>-</u>	<u>432,464</u>	<u>303,084</u>	<u>-</u>	<u>-</u>	<u>(97,190)</u>	<u>1,562</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition cluster															
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	16,112	07/01/15	06/30/16	4,216	-	-	4,216	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	14,023	10/01/16	09/30/17	-	-	14,023	11,035	-	-	-	2,988	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	42,720	07/01/15	06/30/16	(2,403)	-	2,403	-	-	-	-	-	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	43,904	10/01/16	09/30/17	-	-	41,488	43,904	-	-	(2,416)	-	-
Total enterprise fund							<u>1,813</u>	<u>-</u>	<u>57,914</u>	<u>59,155</u>	<u>-</u>	<u>-</u>	<u>(2,416)</u>	<u>2,988</u>	<u>-</u>
Total Federal financial assistance							<u>\$ (223,195)</u>	<u>\$ -</u>	<u>\$ 490,398</u>	<u>\$ 362,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,606)</u>	<u>\$ 4,550</u>	<u>\$ -</u>

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Transportation aid	17-495-034-5120-014	\$ 309,702	07/01/16	06/30/17	\$ -	\$ -	\$ 279,471	\$ 309,702	\$ -	\$ -	\$ -	\$ -	\$ 30,231	\$ 309,702
Equalization aid	17-495-034-5120-078	4,672,930	07/01/16	06/30/17	-	-	4,216,796	4,672,930	-	-	-	-	456,134	4,672,930
Special education aid	17-495-034-5120-089	763,471	07/01/16	06/30/17	-	-	688,947	763,471	-	-	-	-	74,524	763,471
Security aid	17-495-034-5120-084	105,232	07/01/16	06/30/17	-	-	94,960	105,232	-	-	-	-	10,272	105,232
Adjustment aid	17-495-034-5120-085	32,369	07/01/16	06/30/17	-	-	29,210	32,369	-	-	-	-	3,159	32,369
PARCC readiness aid	17-495-034-5120-098	11,800	07/01/16	06/30/17	-	-	10,648	11,800	-	-	-	-	1,152	11,800
Per pupil growth aid	17-495-034-5120-097	11,800	07/01/16	06/30/17	-	-	10,648	11,800	-	-	-	-	1,152	11,800
Professional learning community aid	17-495-034-5120-101	10,770	07/01/16	06/30/17	-	-	9,719	10,770	-	-	-	-	1,051	10,770
Extraordinary special education costs aid	16-495-034-5120-044	74,410	07/01/15	06/30/16	(74,410)	-	74,410	-	-	-	-	-	-	74,410
Extraordinary special education costs aid	17-495-034-5120-044	105,661	07/01/16	06/30/17	-	-	-	105,661	-	(105,661)	-	-	-	105,661
Non-public transportation aid	16-495-034-5120-014	15,299	07/01/15	06/30/16	(15,299)	-	15,299	-	-	-	-	-	-	15,299
Non-public transportation aid	17-495-034-5120-014	9,222	07/01/16	06/30/17	-	-	-	9,222	-	(9,222)	-	-	-	9,222
On behalf TPAF pension contribution - Post retirement medical	17-495-034-5094-001	498,992	07/01/16	06/30/17	-	-	498,992	498,992	-	-	-	-	-	498,992
On behalf TPAF pension contribution - Non-contributory insurance	17-495-034-5094-004	20,940	07/01/16	06/30/17	-	-	20,940	20,940	-	-	-	-	-	20,940
On behalf TPAF pension contribution - Teachers' pension & annuity fund	17-495-034-5094-002	577,926	07/01/16	06/30/17	-	-	577,926	577,926	-	-	-	-	-	577,926
On behalf TPAF pension contribution - Long-term disability insurance	17-495-034-5094-004	1,397	07/01/16	06/30/17	-	-	1,397	1,397	-	-	-	-	-	1,397
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	395,323	07/01/15	06/30/16	(39,497)	-	39,497	-	-	-	-	-	-	395,323
Reimbursed TPAF Social Security contribution	17-495-034-5094-003	408,558	07/01/16	06/30/17	-	-	367,878	408,558	-	(40,680)	-	-	-	408,558
Total general fund					(129,206)	-	6,936,738	7,540,770	-	(155,563)	-	-	577,675	8,025,802
Debt service fund														
Debt service aid - State support	17-495-034-5120-017	177,807	07/01/16	06/30/17	-	-	177,807	177,807	-	-	-	-	-	177,807
NJ School Development Authority														
Capital projects fund														
Security upgrades at the Great Meadows Regional Middle School	1785-040-14-1001	27,456	07/01/14	06/30/16	-	-	-	-	-	(27,456)	27,456	-	-	-
Partial window replacement and security upgrades at Central Elementary School	1785-050-14-1002	89,245	07/01/14	06/30/16	-	-	-	-	-	(89,245)	89,245	-	-	-
Partial roof replacement and security upgrades at Liberty Elementary School	1785-060-14-1003	271,158	07/01/14	06/30/16	-	-	-	-	-	(271,158)	271,158	-	-	-
Total general fund					-	-	-	-	-	(387,859)	387,859	-	-	-

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise fund														
State school lunch program	16-100-010-3350-023	\$ 1,955	07/01/15	06/30/16	\$ (107)	\$ -	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,955
State school lunch program	17-100-010-3350-023	1,916	07/01/16	06/30/17	-	-	1,816	1,916	-	(100)	-	-	-	1,916
Total enterprise fund					(107)	-	1,923	1,916	-	(100)	-	-	-	3,871
Total State financial assistance					<u>\$ (129,313)</u>	<u>\$ -</u>	<u>\$ 7,116,468</u>	<u>7,720,493</u>	<u>\$ -</u>	<u>\$ (543,522)</u>	<u>\$ 387,859</u>	<u>\$ -</u>	<u>\$ 577,675</u>	<u>\$ 8,207,480</u>
Less: On behalf TPAF pension system contributions								<u>(1,099,255)</u>						
Total for State financial assistance - major program determination								<u>\$ 6,621,238</u>						

See independent auditors' report.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards and State Financial Assistance
June 30, 2017

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship to basic financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,988 for the General Fund and \$4,386 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards and State Financial Assistance
June 30, 2017

Note 3 - Relationship to basic financial statements (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 20	\$ 7,544,758	\$ 7,544,778
Special Revenue Fund	6,832	307,470	-	314,302
Debt Service Fund	-	-	177,807	177,807
Food Service Fund	-	59,155	1,916	61,071
Total	<u>\$ 6,832</u>	<u>\$ 366,645</u>	<u>\$ 7,724,481</u>	<u>\$ 8,097,958</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 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

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

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

Identification of Major Programs:

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

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

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<i>17-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>17-495-034-5120-089</i>	<i>Equalization Aid</i>
<i>17-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>17-495-034-5120-084</i>	<i>Adjustment Aid</i>
<i>17-495-034-5120-097</i>	<i>Security Aid</i>
<i>17-495-034-5120-098</i>	<i>Per Pupil Growth Aid</i>
<i>17-495-034-5120-101</i>	<i>PARCC Readiness aid</i>
<i>17-495-034-5120-014</i>	<i>Professional Learning Community Aid</i>
<i>17-495-034-5094-003</i>	<i>Transportation Aid</i>
<i>17-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Aid</i>

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017**

Section II - Financial Statement Findings

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

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

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017**

Status of Prior Year Findings

There were no prior year findings or questioned costs