

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

Medford, New Jersey
County of Burlington

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

MEDFORD, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Medford Township Public School District
Finance Department**

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INTRODUCTORY SECTION

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Medford Township Public School District
137 Hartford Road, Medford, New Jersey 08055
609-654-6416 Fax 609-654-7436

November 20, 2017

Dear Board Members/Citizens:

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

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, *"Single Audit Policy for Recipients of Federal Grants, State Grants*

and State Aid?. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	2,741	0.25%
2015-2016	2,734	-0.07%
2014-2015	2,736	-1.12%
2013-2014	2,767	-5.76%
2012-2013	2,936	-2.56%
2011-2012	3,013	-1.82%
2010-2011	3,069	-1.57%
2009-2010	3,118	1.14%
2008-2009	3,083	0.78%
2007-2008	3,059	-1.07%

ECONOMIC CONDITION AND OUTLOOK

- 1) Economic Condition and Outlook: The Township of Medford is 39.93 square miles with a population of 23,141. As of the 2010 Census, there were 8,277 households, and 6,456 families residing in the township. The community’s population has only slightly increased since the last Census in 2010. Most housing is single-family units, and most are within identified subdivisions. There are relatively few apartments and townhouses.

The top three tax payers in the Township are Estaugh T/A Medford Leas, Sharp Run, LLC, and Medford Associates LP. Medford Township School District continues to be one of the largest employers in Medford with 408 employees. The community has not experienced a major increase in businesses however, there has been a concerted effort to revitalize Medford Village (Main Street) over the past five years. Although some progress has been made attracting restaurants and small businesses, residential property taxes continue to be the main support of the school system.

Since the 2010 fiscal crisis at the State level, the State of New Jersey has significantly reduced its financial commitment to all districts throughout the State. Medford Township Public School District’s State Aid was decreased at that time and has remained flat. The Medford Township taxpayers have had to bear an increased financial burden to support the schools. In past budgets

the School District has always focused on maintaining programs, staff, and educational initiatives.

MAJOR INITIATIVES

- 1) **Major Initiatives:** The 2016-2017 budget provided for the following new initiatives: technology integration through one-on-one Chromebook devices; Elementary and Middle School Grade Level Literacy Materials; the purchase of new science/STEM programming materials to align with the Next Generation Science Standards/STEM goals; and continued differentiation of professional development opportunities for all staff. The district is moving forward with a more comprehensive technology integrated instructional program including full Google platform classroom environment for teaching and learning, requiring more time, personnel and professional development devoted to that endeavor. Mandates, such as AchieveNJ and all five state assessments, require continual attention and resources for proper compliance.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's

accounting system is organized on the basis of funds. The funds are explained in “Notes to Financial Statements”, Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

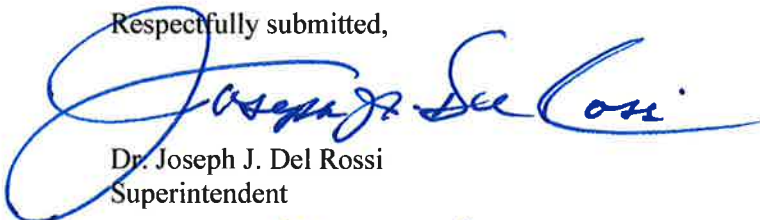
INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

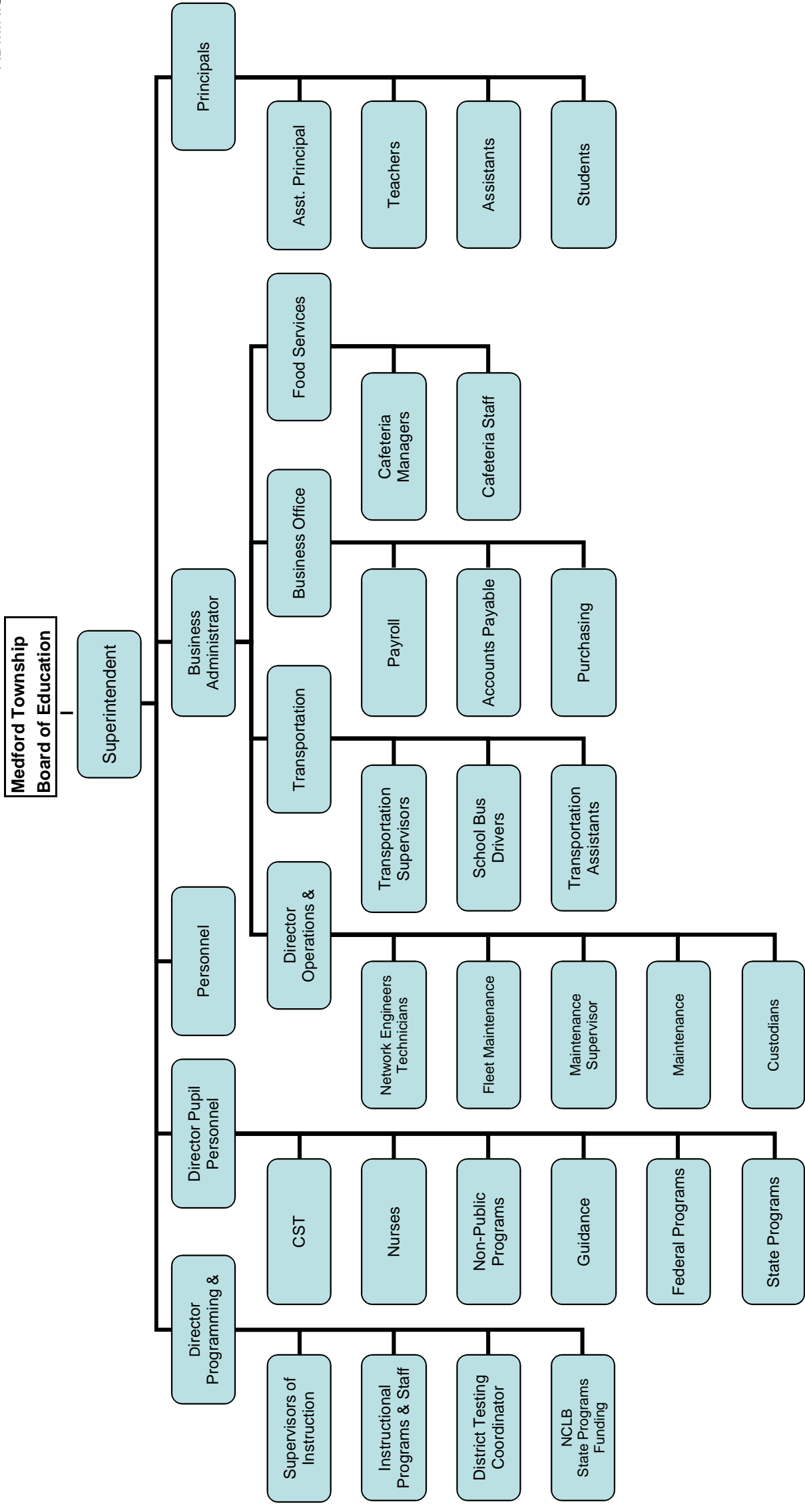


Dr. Joseph J. Del Rossi
Superintendent



Marie Goodwin,
Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



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MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
Medford, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Trudy Cole, President	2020
Dr. Michael Etter, Vice President	2019
David Bermingham	2019
Katherine Busca	2019
Heather Keleher	2018
Stephen Cappello	2018
Katherine Santamore	2020
Jeffrey Wagner	2018
Jessica Siragusa	2020

OTHER OFFICIALS

Dr. Joseph J. Del Rossi, Superintendent of Schools

Marie Goodwin, Business Administrator/Board Secretary

Evanthia DiGangi, Treasurer

Parker McCay, Solicitor

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MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
Medford, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Kevin P. Frenia
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Parker McCay
3 Greentree Center
7001 Lincoln Drive, West
P.O. Box 974
Marlton, New Jersey 08053

OFFICIAL DEPOSITORY

TD Bank
Medford, New Jersey

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Medford Township Public School District
County of Burlington
Medford, 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 Medford Township Public School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

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

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Overview of the Basic Financial Statements (continued)
Fund Financial Statements (continued)

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

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

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

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

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Financial Analysis of the School District as a Whole

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

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

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 7,127,065	\$ 8,110,192	\$ (983,127)	-12.1%
Capital Assets, Net	57,406,954	58,236,553	(829,599)	-1.4%
Total Assets	<u>64,534,019</u>	<u>66,346,745</u>	<u>(1,812,726)</u>	<u>-2.7%</u>
Deferred Outflow of Resources	<u>5,567,392</u>	<u>2,486,498</u>	<u>3,080,894</u>	<u>123.9%</u>
Current and other Liabilities	1,011,421	1,713,645	(702,224)	-41.0%
Noncurrent Liabilities	<u>40,710,228</u>	<u>39,341,583</u>	<u>1,368,645</u>	<u>3.5%</u>
Total Liabilities	<u>41,721,649</u>	<u>41,055,228</u>	<u>666,421</u>	<u>1.6%</u>
Deferred Inflow of Resources	<u>174,351</u>	<u>213,061</u>	<u>(38,710)</u>	<u>-18.2%</u>
Net Position:				
Net Investment in Capital Assets	35,005,227	36,418,957	(1,413,730)	-3.9%
Restricted	4,718,068	3,945,091	772,977	19.6%
Unrestricted (Deficit)	<u>(11,517,884)</u>	<u>(12,799,094)</u>	<u>1,281,210</u>	<u>-10.0%</u>
Total Net Position	<u>\$ 28,205,411</u>	<u>\$ 27,564,954</u>	<u>\$ 640,457</u>	<u>2.3%</u>

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 703,972	\$ 698,807	\$ 5,165	0.7%
Operating Grants & Contributions	6,487,662	11,629,026	(5,141,364)	-44.2%
General Revenues:				
Property Taxes	43,726,288	43,110,124	616,164	1.4%
Federal & State Aid	5,020,289	5,074,685	(54,396)	-1.1%
Other General Revenues	<u>582,016</u>	<u>692,633</u>	<u>(110,617)</u>	<u>-16.0%</u>
Total Revenues	<u>56,520,227</u>	<u>61,205,275</u>	<u>(4,685,048)</u>	<u>-7.7%</u>
Function/Program Expenditures:				
Regular Instruction	14,307,032	13,758,874	548,158	4.0%
Special Education Instruction	6,386,063	6,050,481	335,582	5.5%
Other Instruction	635,558	593,252	42,306	7.1%
Tuition	1,573,598	1,254,692	318,906	25.4%
Student & Instruction Related Services	5,127,071	4,533,787	593,284	13.1%
General Administrative	3,807,096	3,647,313	159,783	4.4%
School Administrative Services	990,594	1,014,369	(23,775)	-2.3%
Plant Operations & Maintenance	3,373,052	3,197,338	175,714	5.5%
Pupil Transportation	3,349,814	3,286,286	63,528	1.9%
Unallocated Benefits	8,046,356	13,002,791	(4,956,435)	-38.1%
On Behalf TPAF Pension and Social				
Security Contributions	5,345,399	4,805,875	539,524	11.2%
Special Schools	86,003	74,267	11,736	15.8%
Interest & Other Charges	438,250	863,639	(425,389)	-49.3%
Unallocated Depreciation	1,537,053	1,535,602	1,451	0.1%
Food Service	876,831	883,448	(6,617)	-0.7%
Total Expenditures	<u>55,879,770</u>	<u>58,502,014</u>	<u>(2,622,244)</u>	<u>-4.5%</u>
Change In Net Position	640,457	2,703,261	(2,062,804)	-76.3%
Net Position - Beginning	<u>27,564,954</u>	<u>24,861,693</u>	<u>2,703,261</u>	<u>10.9%</u>
Net Position - Ending	<u>\$ 28,205,411</u>	<u>\$ 27,564,954</u>	<u>\$ 640,457</u>	<u>2.3%</u>

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

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$608,723 or 2.22%. The primary reason for the decrease was the change in compensated absences.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$28,033,720, with an unrestricted deficit balance of \$11,656,636. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(11,656,636)
Add back: PERS Pension Liability		16,298,352
Less: Deferred Outflows related to pensions		(4,875,449)
Add back: Deferred Inflows related to pensions		<u>174,351</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(59,382)</u>

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$31,734 or 22.67%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$171,691.

General Fund Budgeting Highlights

Final budgeted revenues was \$46,999,960, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's budgeted revenues exceeded actual revenues by \$104,037.

Final budgeted appropriations was \$50,253,513, which was an increase of \$53,553 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$3,445,470.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$7,206,904 at June 30, 2017, an increase of \$191,917 from the prior year.

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

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$6,781,479, an increase of \$172,067 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$172,101 or 2.61% to \$6,778,267 at June 30, 2017, compared to an increase of \$692,773 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Increase in tax levy in the 2016/17 school year.
- Payment of prior year payables in the amount of \$1,065,699

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

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund decreased by \$34 or (1.04)% to \$3,212 at June 30, 2017, compared to an increase of \$3,212 in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$31,734 or 22.67% to \$171,691 at June 30, 2017, compared to an increase of \$3,081 in fund balance in the prior fiscal year. The primary factor affecting the change in net position of the food service fund is as follows:

- Increase in Non-operating revenues specifically the Food Distribution Program.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$57,406,954 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School District's "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$829,599. This decrease is primarily due to the current year depreciation of capital assets exceed the pay down of debt or current year construction. Table 4 shows fiscal 2017 balances compared to 2016.

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

Table 4
Summary of Capital Assets

<u>Capital Assets (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 5,114,713	\$ 5,114,713	\$ -	0.0%
Construction in Progress	1,760,673	1,760,673	-	0.0%
Building and Improvements	74,932,121	74,932,121	-	0.0%
Equipment	12,083,635	11,364,167	719,468	6.3%
Depreciation Expense	(36,484,188)	(34,935,121)	(1,549,067)	4.4%
	<u>\$ 57,406,954</u>	<u>\$ 58,236,553</u>	<u>\$ (829,599)</u>	-1.4%

Depreciation expense for the year was \$36,484,188. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District's outstanding debt issues included \$16,885,000 of general obligation bonds, compensation absence liability of \$1,318,206, net pension liability of \$16,298,352, unamortized bond premiums of \$2,306,292 and \$3,902,378 of capital lease obligations.

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

Factors on the School District's Future

- The District anticipates that the approved 2017-2018 budget will be adequate to satisfy all 2017-2018 financial needs, barring any significant unexpected situations or conditions unforeseen at this time.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary's Office, Medford Township Public School District, 137 Hartford Road, Medford, NJ 08055.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 5,442,530	\$ 213,405	\$ 5,655,935
Internal Balances	8,587	(8,587)	-
Receivables, Net (Note 4)	431,892	8,839	440,731
Inventory	-	17,478	17,478
Restricted Assets:			
Restricted Cash & Cash Equivalents	1,012,921	-	1,012,921
Capital Assets:			
Non-Depreciable (Note 5)	6,875,386	-	6,875,386
Depreciable, Net (Note 5)	50,498,629	32,939	50,531,568
Total Assets	64,269,945	264,074	64,534,019
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charges on Refunding of Debt	691,943	-	691,943
Deferred Outflows Related to Pensions (Note 8)	4,875,449	-	4,875,449
Total Deferred Outflow of Resources	5,567,392	-	5,567,392
Total Assets and Deferred Outflow of Resources	69,837,337	264,074	70,101,411
LIABILITIES			
Accounts Payable	97,188	49,911	147,099
Accrued Interest	284,942	-	284,942
Due to Other Governments	519,645	-	519,645
Unearned Revenue	17,263	42,472	59,735
Noncurrent Liabilities (Note 7):			
Due Within One Year	2,664,279	-	2,664,279
Due Beyond One Year	38,045,949	-	38,045,949
Total Liabilities	41,629,266	92,383	41,721,649
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	174,351	-	174,351
Total Deferred Inflow of Resources	174,351	-	174,351
Total Liabilities and Deferred Inflow of Resources	41,803,617	92,383	41,896,000
NET POSITION			
Net Investment in Capital Assets	34,972,288	32,939	35,005,227
Restricted For:			
Debt Service	3,212	-	3,212
Capital Projects	1,012,921	-	1,012,921
Excess Surplus	3,701,935	-	3,701,935
Unrestricted (Deficit)	(11,656,636)	138,752	(11,517,884)
Total Net Position	\$ 28,033,720	\$ 171,691	\$ 28,205,411

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 14,307,032	\$ -	\$ 891,942	\$ (13,415,090)	\$ -	\$ (13,415,090)
Special Education	6,386,063	-	-	(6,386,063)	-	(6,386,063)
Other Special Instruction	540,792	-	-	(540,792)	-	(540,792)
Other Instruction	94,766	-	-	(94,766)	-	(94,766)
Support Services & Undistributed Costs:						
Tuition	1,573,598	-	-	(1,573,598)	-	(1,573,598)
Attendance & Social Work Services	16,608	-	-	(16,608)	-	(16,608)
Health Services	559,768	-	-	(559,768)	-	(559,768)
Student & Instruction Related Services	3,240,732	-	45,728	(3,195,004)	-	(3,195,004)
Educational Media Services/School Library	535,886	-	-	(535,886)	-	(535,886)
Instructional Staff Training	774,077	-	-	(774,077)	-	(774,077)
School Administrative Services	3,807,096	-	-	(3,807,096)	-	(3,807,096)
Other Administrative Services	990,594	-	-	(990,594)	-	(990,594)
Plant Operations & Maintenance	3,373,052	-	-	(3,373,052)	-	(3,373,052)
Pupil Transportation	3,349,814	-	-	(3,349,814)	-	(3,349,814)
Unallocated Benefits	8,046,356	-	-	(8,046,356)	-	(8,046,356)
On Behalf TPAF Pension and Social Security Contributions	5,345,399	-	5,345,399	-	-	-
Special Schools	86,003	-	-	(86,003)	-	(86,003)
Interest and Other Charges	749,764	-	-	(749,764)	-	(749,764)
Unallocated Compensated Absences	(311,514)	-	-	311,514	-	311,514
Unallocated Depreciation	1,537,053	-	-	(1,537,053)	-	(1,537,053)
Total Governmental Activities	55,002,939	-	6,283,069	(48,719,870)	-	(48,719,870)
Business-Type Activities:						
Food Service	876,831	703,972	204,593	-	31,734	31,734
Total Business-Type Activities	876,831	703,972	204,593	-	31,734	31,734
Total Primary Government	\$ 55,879,770	\$ 703,972	\$ 6,487,662	(48,719,870)	31,734	(48,688,136)

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
41,301,672	41,301,672	-	41,301,672
2,424,616	2,424,616	-	2,424,616
5,020,289	5,020,289	-	5,020,289
76,910	76,910	-	76,910
22,053	22,053	-	22,053
483,053	483,053	-	483,053
Total General Revenues & Transfers	49,328,593	-	49,328,593
Change In Net Position	608,723	31,734	640,457
Net Position - Beginning	27,424,997	139,957	27,564,954
Net Position - Ending	28,033,720	\$ 171,691	\$ 28,205,411

FUNCTIONS/PROGRAMS

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	
Property Taxes Levied for Debt Service	
Federal & State Aid Not Restricted	
Tuition - From Individuals	
Tuition - From Other LEAS	
Miscellaneous Income	
Total General Revenues & Transfers	
Change In Net Position	
Net Position - Beginning	
Net Position - Ending	

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B. Fund Financial Statements

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Governmental Funds

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
Assets:				
Cash & Cash Equivalents	\$ 5,508,419	\$ -	\$ 3,212	\$ 5,511,631
Due From Other Funds	8,587	8,920	-	17,507
Receivables From Other Governments	340,727	91,165	-	431,892
Restricted Cash & Cash Equivalents	1,012,921	-	-	1,012,921
	<hr/>			
Total Assets	\$ 6,870,654	\$ 100,085	\$ 3,212	\$ 6,973,951
<hr/>				
Liabilities & Fund Balances:				
Liabilities:				
Cash Deficit	\$ -	\$ 69,101	\$ -	\$ 69,101
Accounts Payable	83,467	-	-	83,467
Intergovernmental - Accounts Payable	-	13,721	-	13,721
Interfund Payable	8,920	-	-	8,920
Unearned Revenue	-	17,263	-	17,263
	<hr/>			
Total Liabilities	92,387	100,085	-	192,472
<hr/>				
Fund Balances:				
Restricted for:				
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,832,375	-	-	1,832,375
Excess Surplus - Current Year	1,869,560	-	-	1,869,560
Capital Reserve Account	1,012,921	-	-	1,012,921
Debt Service Fund	-	-	3,212	3,212
Assigned to:				
Other Purposes	368,843	-	-	368,843
Designated by the BOE for Subsequent Year's Expenditures	1,167,625	-	-	1,167,625
Unassigned:				
General Fund	526,943	-	-	526,943
	<hr/>			
Total Fund Balances	6,778,267	-	3,212	6,781,479
<hr/>				
Total Liabilities & Fund Balances Balances	\$ 6,870,654	\$ 100,085	\$ 3,212	
<hr/>				

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$93,667,242 and the accumulated depreciation is \$36,293,227.	57,374,015
Deferred loss on refunding of debt is not recorded in the fund financials but is recorded on the government-wide financials	691,943
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	4,701,098
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position	(519,645)
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payable is not due in the current period.	(284,942)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 7)	<u>(40,710,228)</u>
Net Position of Governmental Activities	<u>\$ 28,033,720</u>

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

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 41,301,672	\$ -	\$ 2,424,616	\$ 43,726,288
Tuition - From Individuals	76,910	-	-	76,910
Tuition - From Other LEAS	22,053	-	-	22,053
Miscellaneous	437,970	45,083	-	483,053
Total Revenues - Local Sources	<u>41,838,605</u>	<u>45,083</u>	<u>2,424,616</u>	<u>44,308,304</u>
State Sources	10,364,668	143,324	-	10,507,992
Federal Sources	18,233	777,133	-	795,366
Total Revenues	<u>52,221,506</u>	<u>965,540</u>	<u>2,424,616</u>	<u>55,611,662</u>
Expenditures:				
Instruction	20,436,711	891,942	-	21,328,653
Undistributed Expenditures	30,516,240	45,728	-	30,561,968
Capital Outlay	1,580,451	27,870	-	1,608,321
Special Schools	86,003	-	-	86,003
Debt Service	-	-	2,424,650	2,424,650
Total Expenditures	<u>52,619,405</u>	<u>965,540</u>	<u>2,424,650</u>	<u>56,009,595</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(397,899)</u>	<u>-</u>	<u>(34)</u>	<u>(397,933)</u>
Other Financing Sources/(Uses):				
Capital Leases (Nonbudget)	570,000	-	-	570,000
Total Other Financing Sources/ (Uses)	<u>570,000</u>	<u>-</u>	<u>-</u>	<u>570,000</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	172,101	-	(34)	172,067
Fund Balances July 1	<u>6,606,166</u>	<u>-</u>	<u>3,246</u>	<u>6,609,412</u>
Fund Balances June 30	<u>\$ 6,778,267</u>	<u>\$ -</u>	<u>\$ 3,212</u>	<u>\$ 6,781,479</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 172,067

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

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

Depreciation Expense	\$ (1,537,053)	
Capital Outlays	<u>719,468</u>	(817,585)

Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position
and is not reported in the statement of activities. 1,570,000

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the statement of activities. The net effect of these
transactions is as follows:

Amortization of Premium on Bonds	238,582	
Amortization of Loss on Bond Refunding	<u>(71,580)</u>	167,002

Governmental funds report School District pension contributions as expenditures.
However in the statement of activities, the cost of pension benefits earned is reported
as pension expense. This is the amount by which pension benefits earned exceeded the
School District's pension contributions in the current period. (1,040,943)

Repayment of capital lease principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position and
is not reported in the statement of activities. 793,741

Interest on long-term debt in the statement of activities is accrued, regardless of when
due. In the governmental funds, interest is reported when due.

Prior year	307,869	
Current Year	<u>(284,942)</u>	22,927

Proceeds from a Capital Lease are reflected as a Funding Source in
the Governmental Funds but is an expenditure in the Statement of Net Position. (570,000)

Repayment of compensated absences is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities in the
statement of net position and is not reported in the statement of activities. 311,514

Change in Net Position of Governmental Activities \$ 608,723

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

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Proprietary Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 213,405
Due from Other Governments	8,839
Inventories	17,478
	239,722
Total Current Assets	
Capital Assets:	
Equipment	223,900
Less: Accumulated Depreciation	(190,961)
	32,939
Total Capital Assets	
Total Assets	272,661
LIABILITIES	
Unearned Revenue	42,472
Interfund Payable	8,587
Accounts Payable	49,911
	100,970
Total Liabilities	
NET POSITION	
Net Investment in Capital Assets	32,939
Unrestricted	138,752
	171,691
Total Net Position	\$ 171,691

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

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 374,956
Daily Sales - Nonreimbursable Programs	283,829
Special Functions	<u>45,187</u>
Total Operating Revenues	<u>703,972</u>
Operating Expenses:	
Labor	395,562
Supplies & Materials	29,079
Liability Insurance	11,666
Miscellaneous	19,156
Management Fee	42,630
Depreciation Expense	12,014
Cost of Sales - Reimbursable	276,166
Cost of Sales - Non Reimbursable	<u>90,558</u>
Total Operating Expenses	<u>876,831</u>
Operating Income/(Loss)	<u>(172,859)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	6,804
Federal Sources:	
National School Lunch Program	117,079
Healthy Hunger-Free Kids Act	9,640
Food Distribution Program	<u>71,070</u>
Total Nonoperating Revenues/(Expenses)	<u>204,593</u>
Change in Net Position	31,734
Total Net Position - Beginning	<u>139,957</u>
Total Net Position - Ending	<u><u>\$ 171,691</u></u>

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

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

	FOOD SERVICE FUND <hr/> BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 703,972
Payments to Employees	(318,875)
Payments to Suppliers	(474,137)
	<hr/>
Net Cash Provided/(Used) by Operating Activities	(89,040)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
State Sources	6,863
Federal Sources	127,819
	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	134,682
	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	45,642
Balances - Beginning of Year	167,763
	<hr/>
Balances - End of Year	<u>\$ 213,405</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (172,859)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Food Distribution Program	71,070
Depreciation & Net Amortization	12,014
Increase/(Decrease) in Prepaid	5,617
(Increase)/Decrease in Inventory	1,590
(Increase)/Decrease in Accounts Payable	(6,472)
	<hr/>
Total Adjustments	83,819
	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (89,040)</u>

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

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Fiduciary Fund

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE TRUST		AGENCY FUNDS		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	STUDENT ACTIVITY	PAYROLL AGENCY	
Cash & Cash Equivalents	\$ 19,691	\$ 10,191	\$ 270,232	\$ 307,861	\$ 607,975
Total Assets	19,691	10,191	270,232	307,861	607,975
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	307,861	307,861
Unemployment Claims Payable	6,633	-	-	-	6,633
Due to Student Groups	-	-	270,232	-	270,232
Total Liabilities	6,633	-	270,232	307,861	584,726
NET POSITION					
Restricted for Unemployment Held in Trust for Scholarships	13,058	-	-	-	13,058
	-	10,191	-	-	10,191
Total Net Position	\$ 13,058	\$ 10,191	\$ -	\$ -	\$ 23,249

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

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

ADDITIONS	PRIVATE PURPOSE TRUST		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	
Contributions:			
Other	\$ 16,800	\$ -	\$ 16,800
Total Contributions	16,800	-	16,800
Investment Earnings:			
Interest	-	52	52
Net Investment Earnings	-	52	52
Total Additions	16,800	52	16,852
DEDUCTIONS			
Unemployment Claims	35,607	-	35,607
Scholarships	-	1,100	1,100
Total Deductions	35,607	1,100	36,707
Change in Net Position	(18,807)	(1,048)	(19,855)
Net Position - Beginning of the Year	31,865	11,239	43,104
Net Position - End of the Year	\$ 13,058	\$ 10,191	\$ 23,249

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

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

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MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Reporting Entity

The Medford Township Public School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include five elementary schools located in Medford Township. The Medford Township Public School District has an approximate enrollment at June 30, 2017 of 2,736 students.

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

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

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

Component Units

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

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

C. Proprietary Fund Financial Statements

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

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

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

The School District reports the following major proprietary funds:

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

D. Fiduciary Fund Financial Statements

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

The School District reports the following fiduciary funds:

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances

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

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments

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

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

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

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

Tuition Receivable/Payable

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Inventories

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

Interfund Receivables/Payables

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

Capital Assets

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

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

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

Compensated Absences

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Deferred Outflows and Deferred Inflows of Resources

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

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

Fund Balance

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

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

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

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*,

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

as amended. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

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

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

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

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

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

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies (continued)

beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$8,191,025 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 7,325,330
Uninsured and Uncollateralized	<u>865,695</u>
	<u>\$ 8,191,025</u>

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District by the inclusion of \$300,000 in June of 2011 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Ending Balance, June 30, 2016 & 2017	<u>\$ 1,012,921</u>
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The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is \$23,410,448.

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 4. Accounts Receivable

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

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Business-Type Activities</u>
Federal Awards	\$ -	\$ 91,165	\$ 91,165	\$ 8,360	\$ 8,360
State Awards	340,727	-	340,727	479	479
Total	\$ 340,727	\$ 91,165	\$ 431,892	\$ 8,839	\$ 8,839

Note 5. Capital Assets

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

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,114,713	\$ -	\$ -	\$ 5,114,713
Construction in Progress	1,760,673	-	-	1,760,673
Total Capital Assets not being depreciated	6,875,386	-	-	6,875,386
Capital Assets being depreciated:				
Land Improvements	21,984,047	-	-	21,984,047
Buildings and Improvements	52,948,074	-	-	52,948,074
Equipment	11,140,267	719,468	-	11,859,735
Total Capital Assets being depreciated	86,072,388	719,468	-	86,791,856
Less: Accumulated Depreciation:				
Land Improvements	(9,802,201)	(314,255)	-	(10,116,456)
Buildings and Improvements	(18,563,396)	(1,045,838)	-	(19,609,234)
Equipment	(6,390,577)	(176,960)	-	(6,567,537)
Total Accumulated Depreciation	(34,756,174)	(1,537,053)	-	(36,293,227)
Total Capital Assets being depreciated, net	51,316,214	(817,585)	-	50,498,629
Total Governmental Activities Capital Assets, net	\$ 58,191,600	\$ (817,585)	\$ -	\$ 57,374,015

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 5. Capital Assets (continued):

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Business-Type Activities:				
Equipment	\$ 223,900	\$ -	\$ -	\$ 223,900
Total Capital Assets being depreciated	<u>223,900</u>	<u>-</u>	<u>-</u>	<u>223,900</u>
Less: Accumulated Depreciation:				
Equipment	(178,947)	(12,014)	-	(190,961)
Total Capital Assets being depreciated, net	<u>(178,947)</u>	<u>(12,014)</u>	<u>-</u>	<u>(190,961)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 44,953</u>	<u>\$ (12,014)</u>	<u>\$ -</u>	<u>\$ 32,939</u>

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

Note 6. Interfund Receivables, Payables and Transfers

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

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 8,587	\$ 8,920
Special Revenue Fund	8,920	-
Food Service Fund	<u>-</u>	<u>8,587</u>
	<u>\$ 17,507</u>	<u>\$ 17,507</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year. There were no interund transfers during the fiscal year.

Note 7. Long-Term Obligations

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Balance Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 18,455,000	\$ -	\$ 1,570,000	\$ 16,885,000	\$ 1,630,000
Capital Leases	4,126,119	570,000	793,741	3,902,378	795,697
Compensated Absences	1,629,720	-	311,514	1,318,206	-
Net Pension Liability	12,585,870	3,712,482	-	16,298,352	-
Bond Premiums	<u>2,544,874</u>	<u>-</u>	<u>238,582</u>	<u>2,306,292</u>	<u>238,582</u>
	<u>\$ 39,341,583</u>	<u>\$ 4,282,482</u>	<u>\$ 2,913,837</u>	<u>\$ 40,710,228</u>	<u>\$ 2,664,279</u>

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 7. Long-Term Obligations (continued):

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

Bonds Payable

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

On December 16, 2015, the School District issued \$18,715,000 of Refunding Bonds to refund the callable portion of the outstanding 22,785,000 Bond Issue. The Refunding Bonds generated \$2,217,689 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,943,911, or a net annual present value savings of 9.33%. The Refunding Bonds were issued at interest rates varying from 4.625% to 5.00% and mature on March 1, 2027.

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,630,000	\$ 791,850	\$ 2,421,850
2019	1,660,000	726,650	2,386,650
2020	1,740,000	660,250	2,400,250
2021	1,735,000	573,250	2,308,250
2022	1,705,000	377,875	2,082,875
2023-2027	8,415,000	1,383,375	9,798,375
	<u>\$ 16,885,000</u>	<u>\$ 4,513,250</u>	<u>\$ 21,398,250</u>

Capital Lease Payable

On October 15, 2011, the School District entered into a lease purchase agreement in the amount of \$28,705 for copiers. The lease obligation was issued at an interest rate of 5.93% and matured on September 15, 2016.

On July 10, 2013, the School District entered into a lease purchase agreement in the amount of \$211,000 for two passenger buses. The lease obligation was issued at an interest rate of 2.30% and matures on August 1, 2017.

On April 22, 2014, the School District entered into a lease purchase agreement in the amount of \$1,200,000 for various capital improvements. The lease obligation was issued at an interest rate of 1.63% and matures on March 15, 2019.

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 7. Long-Term Obligations (continued):

On July 1, 2014, the School District entered into a lease purchase agreement in the amount of \$426,119 for five passenger buses. The lease obligation was issued at an interest rate of 1.31% and matures on July 1, 2018.

On July 15, 2014, the School District entered into a lease purchase agreement in the amount of \$326,058 for copiers. The lease obligation was issued at an interest rate of 3.40% and matures on June 15, 2019.

On August 7, 2015, the School District entered into a lease purchase agreement in the amount of \$525,028 for passenger buses. The lease obligation was issued at an interest rate of 1.57% and matures on September 1, 2019.

On October 29, 2015, the School District entered into a lease purchase agreement in the amount of \$2,460,940 for an energy savings improvement program. The lease obligation was issued at an interest rate of 2.48% and matures on June 30, 2031.

On June 10, 2016, the School District entered into a lease purchase agreement in the amount of \$320,000 for five passenger buses. The lease obligation was issued at an interest rate of 2.08% and matures on September 1, 2020.

On September 1, 2016, the School District entered into a lease purchase agreement in the amount of \$250,000 for Chromebooks. The lease obligation was issued at an interest rate of 1.969% and matures on September 1, 2020.

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

Fiscal Year Ending				
<u>June 30,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2018	\$ 795,697	\$	82,910	\$ 878,607
2019	753,117		67,154	820,271
2020	364,284		53,432	417,716
2021	259,077		46,765	305,842
2022	229,013		40,061	269,074
2023-2027	808,364		130,412	938,776
2028-2031	692,826		35,194	728,020
	<u>\$ 3,902,378</u>	<u>\$</u>	<u>455,928</u>	<u>\$ 4,358,306</u>

Bonds Authorized but not Issued

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$16,298,352 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .05503%, which was a decrease of .00103% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$1,533,630 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 303,100	\$ -
Changes of Assumptions	3,376,148	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	621,471	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	55,085	174,351
School District contributions subsequent to measurement date	519,645	
	\$ 4,875,449	\$ 174,351

\$519,645 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

Year Ending <u>June 30,</u>		
2018	\$	951,245
2019		951,246
2020		1,107,759
2021		916,477
2022		<u>254,726</u>
	\$	<u>4,181,453</u>

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

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

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

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

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

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
School District's Proportionate Share of the Net Pension Liability	\$ 19,971,728	\$ 16,298,352	\$ 13,265,662

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

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.05503%	 0.05607%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/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 ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$153,013,572. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .19450%, which was an increase of .00722% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$11,496,841 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

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

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

	<u>At 1% Decrease (2.22%)</u>	<u>At Current Discount Rate (3.22%)</u>	<u>At 1% Increase (4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 182,732,400	\$ 153,013,572	\$ 128,744,314
	<u>\$ 182,732,400</u>	<u>\$ 153,013,572</u>	<u>\$ 128,744,314</u>

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

C. Defined Contribution Plan (DCRP)

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 8. Pension Plans (continued):

Individuals eligible for membership in the DCRP include:

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

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

For the year ended June 30, 2017, employee contributions totaled \$22,453, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$11,376.

Note 9. State Post-Retirement Medical Benefits

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 9. State Post-Retirement Medical Benefits (continued):

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

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

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$2,108,083, \$1,756,512 and \$2,922, respectively.

Note 11. Risk Management

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 16,800	\$ 35,607	\$ 13,058
2015-2016	39,428	20,594	31,865
2014-2015	57,378	76,734	13,031

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 11. Risk Management (continued):

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

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

Note 12. Contingencies

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

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

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
Variable Annuity Life Insurance Company
AXA Equitable
Mass Mutual
Midland National

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$1,318,206.

Note 15. Tax Abatements

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

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

Note 16. Operating Leases

At June 30, 2017, the School District had operating lease agreements in effect for 26 copiers and the Board of Education building office lease at 137 Hartford Road, Medford, NJ. Total operating lease payments made during the year ended June 30, 2017 was \$472,768. The following is a schedule of the remaining future minimum lease payments under these operating leases.

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT

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

Note 16. Operating Leases (continued):

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2018	\$ 92,928
2019	92,928
2020	92,928
2021	<u>61,952</u>
	<u>\$ 340,736</u>

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2017 was \$1,869,560.

Note 18. Fund Balances

General Fund – Of the \$6,778,267 General Fund fund balance at June 30, 2017, \$1,012,921 has been restricted for the Capital Reserve Account; \$1,869,560 has been restricted for current year excess surplus; \$1,832,375 is restricted for prior year excess surplus – designated for subsequent year’s expenditures; \$1,167,625 has been assigned and included as anticipated revenue for the year ending June 30, 2018; 368,843 has been assigned for other purposes and \$526,943 has been unassigned.

Debt Service Fund – Of the \$3,212 Debt Service Fund fund balance at June 30, 2017, \$3,212 is restricted for future debt service payments.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$11,656,636 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

ACCOUNT NUMBER	JUNE 30, 2017				POSITIVE (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 41,301,672	\$ -	\$ 41,301,672	\$ 41,301,672	\$ -
Tuition - From Individuals	10-1310	-	-	-	76,910	76,910
Tuition - From Other LEAS	10-1320	-	-	-	22,053	22,053
Miscellaneous	10-1990	600,000	-	600,000	437,970	(162,030)
Interest Earned on Capital Reserve	10-1xxx	1,000	-	1,000	-	(1,000)
Total Local Sources		41,902,672	-	41,902,672	41,838,605	(64,067)
State Sources:						
Categorical Special Education Aid	10-3132	1,680,355	-	1,680,355	1,680,355	-
Equalization Aid	10-3176	2,700,883	-	2,700,883	2,700,883	-
Security Aid	10-3177	78,003	-	78,003	78,003	-
Transportation Aid	10-3132	230,547	-	230,547	230,547	-
Non-Public Transportation Aid	10-3xxx	-	-	-	21,500	21,500
Extraordinary Aid	10-3190	300,000	-	300,000	248,477	(51,523)
PARCC Readiness Aid	10-3181	26,465	-	26,465	26,465	-
Per Pupil Growth Aid	10-3182	26,465	-	26,465	26,465	-
Professional Learning Community Aid	10-3183	26,390	-	26,390	26,390	-
Nonbudgeted:						
On-Behalf TPAF Medical Contributions		-	-	-	1,756,512	1,756,512
On-Behalf TPAF Pension Contributions		-	-	-	2,108,083	2,108,083
On-Behalf TPAF Long-Term Disability Contributions		-	-	-	2,922	2,922
Reimbursed TPAF Social Security Contributions		-	-	-	1,477,882	1,477,882
Total State Sources		5,069,108	-	5,069,108	10,384,484	5,315,376
Federal Sources:						
Medicare Reimbursement	10-4200	28,180	-	28,180	18,233	(9,947)
Total Federal Sources		28,180	-	28,180	18,233	(9,947)
Total Revenues		46,999,960	-	46,999,960	52,241,322	5,241,362
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	766,222	3,794	770,016	725,418	44,598
Grades 1 - 5	11-120-100-101	7,809,789	(320,056)	7,489,733	7,136,110	353,623
Grades 6 - 8	11-130-100-101	5,115,606	(100,697)	5,014,909	4,790,558	224,351
Home Instruction:						
Salaries of Teachers	11-150-100-101	1,000	-	1,000	609	391
Regular Programs - Undistributed Instruction:						
Purchased Professional -						
Educational Services	11-190-100-320	92,325	75,126	167,451	167,339	112
Other Purchased Services	11-190-100-500	159,540	2,122	161,662	160,762	900
General Supplies	11-190-100-610	571,255	(70,282)	500,973	336,090	164,883
Textbooks	11-190-100-640	70,200	144	70,344	-	70,344
Other Objects	11-190-100-800	172,660	(20,332)	152,328	98,204	54,124
Total Regular Programs		14,758,597	(430,181)	14,328,416	13,415,090	913,326
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	1,233,567	139,957	1,373,524	1,359,526	13,998
Purchased Professional -						
Educational Services	11-204-100-320	475,573	2,000	477,573	477,573	-
General Supplies	11-204-100-610	2,000	(2,000)	-	-	-
Total Learning and/or Language Disabilities		1,711,140	139,957	1,851,097	1,837,099	13,998
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	654,638	10,000	664,638	657,664	6,974
Purchased Professional -						
Educational Services	11-212-100-320	309,743	200,000	509,743	475,631	34,112
Total Multiple Disabilities:		964,381	210,000	1,174,381	1,133,295	41,086

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Resource Room:						
Salaries of Teachers	11-213-100-101	2,006,655	(271,615)	1,735,040	1,727,457	7,583
Purchased Professional - Educational Services	11-213-100-320	1,119,587	124,567	1,244,154	1,242,735	1,419
General Supplies	11-213-000-610	3,200	(694)	2,506	2,242	264
Total Resource Room		3,129,442	(147,742)	2,981,700	2,972,434	9,266
Preschool Handicapped - Part-Time:						
Salaries of Teachers	11-215-100-101	199,812	-	199,812	193,717	6,095
Purchased Professional - Educational Services	11-215-100-320	130,482	116,615	247,097	247,072	25
General Supplies	11-215-100-600	2,000	(2,000)	-	-	-
Other Objects	11-215-100-800	4,000	(1,554)	2,446	2,446	-
Total Preschool Handicapped -Part-Time		336,294	113,061	449,355	443,235	6,120
Total Special Education		6,141,257	315,276	6,456,533	6,386,063	70,470
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	448,882	108,604	557,486	533,354	24,132
General Supplies	11-230-100-610	8,700	(393)	8,307	7,438	869
Total Basic Skills/Remedial		457,582	108,211	565,793	540,792	25,001
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	33,928	37,227	71,155	41,741	29,414
Supplies and Materials	11-401-100-600	3,000	-	3,000	1,079	1,921
Total School Sponsored Cocurricular Activities		36,928	37,227	74,155	42,820	31,335
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	10,360	26,332	36,692	36,692	-
Purchased Services	11-402-100-500	10,000	(3,918)	6,082	6,082	-
Supplies and Materials	11-402-100-600	15,000	(9,204)	5,796	5,796	-
Total School Sponsored Athletics - Instruction		35,360	13,210	48,570	48,570	-
Other Instructional Programs						
Salaries	11-4xx-100-100	20,614	-	20,614	-	20,614
Supplies and Materials	11-4xx-100-600	7,100	(3,724)	3,376	3,376	-
Total Other Instructional Programs		27,714	(3,724)	23,990	3,376	20,614
Total - Instruction		21,457,438	40,019	21,497,457	20,436,711	1,060,746
Undistributed Expenditures:						
Tuition						
Tuition to Other LEA'S Within State - Special	11-000-100-562	86,606	91,000	177,606	161,260	16,346
Tuition to CSSD & Regular Day Schools	11-000-100-565	611,218	(149,103)	462,115	462,115	-
Tuition to Private School for Handicapped - State	11-000-100-566	535,227	483,361	1,018,588	949,575	69,013
Tuition to Private School for Handicapped - Outside State	11-000-100-567	38,000	(38,000)	-	-	-
Tuition - Other	11-000-100-569	25,000	(24,028)	972	648	324
Total Tuition		1,296,051	363,230	1,659,281	1,573,598	85,683
Attendance & Social Work Services:						
Salaries	11-000-211-100	16,608	-	16,608	16,608	-
Total Attendance & Social Work Services		16,608	-	16,608	16,608	-

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Health Services:						
Salaries	11-000-213-100	518,485	30,803	549,288	549,288	-
Purchased Professional & Technical Services	11-000-213-300	700	-	700	595	105
Other Purchased Services	11-000-213-500	600	-	600	420	180
Supplies and Materials	11-000-213-600	10,000	(258)	9,742	9,465	277
Total Health Services		529,785	30,545	560,330	559,768	562
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	608,046	(33,222)	574,824	574,824	-
Purchased Technical Services	11-000-216-320	595,000	94,376	689,376	686,362	3,014
Supplies and Materials	11-000-216-600	3,000	-	3,000	3,000	-
Other Objects	11-000-216-800	2,000	(1,580)	420	280	140
Total Other Support Services - Students - Related Services		1,208,046	59,574	1,267,620	1,264,466	3,154
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	610,889	24,419	635,308	622,177	13,131
Other Purchased Professional & Technical Services	11-000-218-390	8,625	-	8,625	4,540	4,085
Other Purchased Services	11-000-218-500	2,000	(1,039)	961	961	-
Supplies and Materials	11-000-218-600	7,100	(375)	6,725	4,571	2,154
Total Other Support Services - Students - Special Services		628,614	23,005	651,619	632,249	19,370
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	1,244,415	57,896	1,302,311	1,233,845	68,466
Other Purchased Educational Services	11-000-219-320	101,500	(57,623)	43,877	41,590	2,287
Supplies and Materials	11-000-219-600	25,000	(1,275)	23,725	22,854	871
Total Other Support Services - Students - Special Services		1,370,915	(1,002)	1,369,913	1,298,289	71,624
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	628,945	33,000	661,945	651,793	10,152
Other Salaries	11-000-221-109	41,352	-	41,352	41,352	-
Other Purchased Services	11-000-221-500	27,700	(2,050)	25,650	13,732	11,918
Total Improvement of Instruction Services/Other Support Services Instructional Staff		697,997	30,950	728,947	706,877	22,070
Educational Media Services/School Library:						
Salaries	11-000-222-100	553,989	-	553,989	471,507	82,482
Supplies and Materials	11-000-222-600	68,975	(1,107)	67,868	64,379	3,489
Total Educational Media Services/School Library		622,964	(1,107)	621,857	535,886	85,971
Instructional Staff Training Services:						
Salaries of Supervisors of Instruction	11-000-223-102	28,250	38,950	67,200	67,200	-
Total Instructional Staff Training Services		28,250	38,950	67,200	67,200	-

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	317,794	49,500	367,294	329,886	37,408
Professional Salaries	11-000-230-104	-	2,500	2,500	-	2,500
Legal Services	11-000-230-331	50,000	-	50,000	46,955	3,045
Audit fees	11-000-230-332	30,000	-	30,000	29,800	200
Architectural/Engineering Services	11-000-230-334	20,000	12,000	32,000	25,929	6,071
Other Purchased Professional Services	11-000-230-339	33,000	3,178	36,178	33,500	2,678
Communications/Telephone	11-000-230-530	325,000	15,000	340,000	332,161	7,839
Travel	11-000-230-585	1,000	-	1,000	844	156
Other Purchased Services	11-000-230-590	112,830	33,584	146,414	144,092	2,322
Supplies and Materials	11-000-230-610	26,000	(11,000)	15,000	10,063	4,937
In House Training Supplies	11-000-230-630	1,500	(1,111)	389	-	389
Miscellaneous Expenditures	11-000-230-890	28,000	(17,067)	10,933	10,709	224
BOE Membership Dues	11-000-230-895	25,000	(3,000)	22,000	21,030	970
Total Support Services General Administration		970,124	83,584	1,053,708	984,969	68,739
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	1,007,167	41,600	1,048,767	981,669	67,098
Salaries of Secretarial & Clerical Assistants	11-000-240-105	844,499	40,000	884,499	858,020	26,479
Purchased Professional & Technical Services	11-000-240-300	10,000	-	10,000	10,000	-
Lease Purchase	11-000-240-440	-	161,597	161,597	103,500	58,097
Other Purchased Services	11-000-240-500	149,005	(138,055)	10,950	5,667	5,283
General Supplies	11-000-240-600	100,500	(5,233)	95,267	78,000	17,267
Other Objects	11-000-240-800	10,175	(32)	10,143	9,331	812
Total Support Services School Administration		2,121,346	99,877	2,221,223	2,046,187	175,036
Central Services:						
Salaries	11-000-251-100	532,480	50,000	582,480	543,996	38,484
Purchased Professional Services	11-000-251-330	10,965	29,317	40,282	31,659	8,623
Purchased Technical Services	11-000-251-340	3,500	(3,500)	-	-	-
Other Purchased Services	11-000-251-592	10,000	-	10,000	5,318	4,682
General Supplies	11-000-251-600	52,750	(16,000)	36,750	24,996	11,754
Miscellaneous Expenditures	11-000-251-890	7,500	(5,000)	2,500	-	2,500
Total Central Services		617,195	54,817	672,012	605,969	66,043
Administrative Information Technology:						
Salaries	11-000-252-100	269,469	45,000	314,469	290,174	24,295
Purchased Professional Services	11-000-252-330	5,000	19,183	24,183	22,237	1,946
Purchased Technical Services	11-000-252-340	30,000	(30,000)	-	-	-
Other Purchased Services	11-000-252-500	55,000	-	55,000	49,646	5,354
General Supplies	11-000-252-600	25,000	3,000	28,000	22,568	5,432
Total Administrative Information Technology		384,469	37,183	421,652	384,625	37,027
Maintenance for School Facilities:						
Salaries	11-000-261-100	430,895	-	430,895	380,874	50,021
Cleaning, Repair & Maintenance	11-000-261-420	363,500	(363,500)	-	-	-
General Supplies	11-000-261-610	218,500	391,471	609,971	525,405	84,566
Total Maintenance for School Facilities		1,012,895	27,971	1,040,866	906,279	134,587
Custodial Services:						
Salaries	11-000-262-100	1,175,055	-	1,175,055	1,158,125	16,930
Cleaning, Repair & Maintenance Services	11-000-262-420	312,000	(58,360)	253,640	197,657	55,983
Lease Purchase Payments- Enegry Savings	11-000-262-444	140,002	59,221	199,223	199,223	-
Other Purchased Property Services	11-000-262-490	138,000	-	138,000	90,000	48,000
Insurance	11-000-262-520	74,676	41,703	116,379	116,379	-
Miscellaneous Purchased Services	11-000-262-590	573,210	(100,924)	472,286	472,286	-
General Supplies	11-000-262-610	40,000	(10,000)	30,000	24,502	5,498
Energy (Heat & Electricity)	11-000-262-622	760,000	125,000	885,000	758,448	126,552
Energy (Natural Gas)	11-000-262-621	125,000	(125,000)	-	-	-
Other Objects	11-000-262-800	5,000	10,000	15,000	11,895	3,105
Total Custodial Services		3,342,943	(58,360)	3,284,583	3,028,515	256,068
Care & Upkeep of Grounds:						
Cleaning, Repair & Maintenance Services	11-000-263-420	230,000	5,000	235,000	149,751	85,249
General Supplies	11-000-263-610	10,000	(10,000)	-	-	-
Total Care & Upkeep of Grounds		240,000	(5,000)	235,000	149,751	85,249

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Security:						
Cleaning, Repair & Maintenance Services	11-000-266-420	65,000	20,918	85,918	54,378	31,540
General Supplies	11-000-266-610	5,000	(5,000)	-	-	-
Total Security		70,000	15,918	85,918	54,378	31,540
Total Other Operating & Maintenance of Plant Services		4,665,838	(19,471)	4,646,367	4,138,923	507,444
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	1,226,243	248,938	1,475,181	1,447,488	27,693
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	341,925	(168,938)	172,987	168,732	4,255
Salaries for Pupil Transportation - (Other than Home & School)	11-000-270-162	101,000	(80,000)	21,000	18,299	2,701
Purchased Professional & Technical Services	11-000-270-390	45,000	(29,250)	15,750	8,362	7,388
Lease Purchase Payments - Buses	11-000-270-443	210,000	(5,000)	205,000	200,496	4,504
Contracted Services ESC & CTSA	11-000-270-500	201,095	29,291	230,386	230,386	-
Miscellaneous Purchased Services	11-000-270-593	305,986	15,083	321,069	184,289	136,780
Transportation Supplies	11-000-270-615	460,510	(10,124)	450,386	288,712	161,674
Miscellaneous Expenditures	11-000-270-800	3,300	-	3,300	3,050	250
Total Student Transportation Services		2,895,059	-	2,895,059	2,549,814	345,245
Student Transportation Services - Employee Benefits:						
Health Benefits	11-000-270-270	800,000	-	800,000	800,000	-
Total Student Transportation Services - Employee Benefits		800,000	-	800,000	800,000	-
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	485,000	38,731	523,731	513,086	10,645
Other Retirement Contributions						
PERS	11-000-291-241	500,000	193,907	693,907	512,143	181,764
Unemployment Compensation	11-000-291-250	193,907	(193,907)	-	-	-
Workmen's Compensation	11-000-291-260	351,524	-	351,524	272,231	79,293
Health Benefits	11-000-291-270	6,732,947	(824,333)	5,908,614	5,622,054	286,560
Tuition Reimbursement	11-000-291-280	87,152	-	87,152	1,954	85,198
Other Employee Benefits	11-000-291-290	234,175	-	234,175	83,945	150,230
Total Unallocated Benefits		8,584,705	(785,602)	7,799,103	7,005,413	793,690
Nonbudgeted:						
On-Behalf TPAF Medical Contributions		-	-	-	1,756,512	(1,756,512)
On-Behalf TPAF Pension Contributions		-	-	-	2,108,083	(2,108,083)
On-Behalf TPAF Long-Term Disability Contributions		-	-	-	2,922	(2,922)
Reimbursed TPAF Social Security Contributions		-	-	-	1,477,882	(1,477,882)
Total Undistributed Expenditures		27,437,966	14,533	27,452,499	30,516,240	(3,063,741)
Total Expenditures - Current Expense		48,895,404	54,552	48,949,956	50,952,951	(2,002,995)
Capital Outlay						
Interest Deposit to Capital Reserve	10-604	1,000	(1,000)	-	-	-
Equipment:						
Grade 6 - 8	12-130-100-730	17,825	-	17,825	6,353	11,472
Undistributed Expenditures:						
Instruction	12-000-100-730	41,000	-	41,000	-	41,000
General Administration	12-000-230-730	6,000	-	6,000	-	6,000
Required Maintenance for School Facilities	12-000-261-730	30,000	5,000	35,000	29,266	5,734
Custodial Services	12-000-262-730	5,000	(5,000)	-	-	-
Student Transportation - Noninstructional Equipment	12-000-270-732	5,000	-	5,000	812	4,188
School Buses- Regular	12-000-300-733	125,000	-	125,000	113,037	11,963
Total Equipment		229,825	-	229,825	149,468	80,357

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	15,000	-	15,000	-	15,000
Lease Purchase Agreement Principal Buildings Other Than Lease Purchase Agreement	12-000-400-721	425,000	-	425,000	387,316	37,684
Assesment for Debt service On SDA funding	12-000-400-722	457,998	-	457,998	388,624	69,374
	12-000-400-896	85,043	-	85,043	85,043	-
Total Facilities Acquisition & Construction Services		983,041	-	983,041	860,983	122,058
Total Capital Outlay		1,213,866	(1,000)	1,212,866	1,010,451	202,415
Assets Acquired Under Capital Leases (Nonbudgeted):						
Undistributed Expenditures:						
Instructional Equipment		-	-	-	570,000	(570,000)
Total Assets Acquired Under Capital Leases/ (Nonbudgeted)		-	-	-	570,000	(570,000)
Special Schools:						
Summer School - Instruction:						
Salaries of Teachers	13-422-100-101	68,800	5,786	74,586	71,462	3,124
Other Salaries for Instruction	13-422-100-106	18,490	(5,785)	12,705	12,705	-
Purchased Professional & Technical Services	13-422-100-300	3,400	-	3,400	1,836	1,564
Total Summer School - Instruction		90,690	1	90,691	86,003	4,688
Total Expenditures		50,199,960	53,553	50,253,513	52,619,405	(2,365,892)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(3,200,000)	(53,553)	(3,253,553)	(378,083)	2,875,470
Other Financing Sources/(Uses): Capital Leases (Nonbudgeted)		-	-	-	570,000	570,000
Total Other Financing Sources/(Uses)		-	-	-	570,000	570,000
Excess/(Deficiency) of Revenues Over/(Under) After Expenditures & Other Financing Sources/(Uses)		(3,200,000)	(53,553)	(3,253,553)	191,917	3,445,470
Fund Balances, July 1		7,014,987	-	7,014,987	7,014,987	-
Fund Balances, June 30		\$ 3,814,987	\$ (53,553)	\$ 3,761,434	\$ 7,206,904	\$ 3,445,470

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	\$ 53,553
Total Budget Transfers	<u>\$ 53,553</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Excess Surplus	\$ 1,869,560
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	1,832,375
Capital Reserve	1,012,921
Assigned Fund Balance:	
Reserve for Encumbrances	368,843
Designated for Subsequent Year's Expenditures	1,167,625
Unassigned Fund Balance	<u>955,580</u>
Subtotal	7,206,904
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(428,637)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 6,778,267</u>

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

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
State Sources	\$ 160,106	\$ -	\$ 160,106	\$ 160,106	\$ -
Federal Sources	590,262	233,347	823,609	777,133	(46,476)
Local Sources	50,000	-	50,000	45,083	(4,917)
Total Revenues	800,368	233,347	1,033,715	982,322	(51,393)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	43,416	77,259	120,675	109,047	11,628
Purchased Professional & Technical Services	187,741	(24,408)	163,333	150,253	13,080
Tuition	501,430	74,511	575,941	575,941	-
General Supplies	-	47,994	47,994	40,875	7,119
Textbooks	39,781	12,263	52,044	32,608	19,436
Total Instruction	772,368	187,619	959,987	908,724	51,263
Support Services:					
Purchased Professional - Educational Services	-	31,844	31,844	31,844	-
Personal Services - Employee Benefits	-	10,963	10,963	10,963	-
Other Purchased Services (400-500 Series)	-	2,410	2,410	2,410	-
Supplies & Materials	-	511	511	511	-
Total Support Services	-	45,728	45,728	45,728	-
Facilities Acquisitions & Construction Services:					
Non-Instructional Equipment	28,000	-	28,000	27,870	130
Total Facilities Acquisitions & Construction Services	28,000	-	28,000	27,870	130
Total Expenditures	800,368	233,347	1,033,715	982,322	51,393
Total Outflows	800,368	233,347	1,033,715	982,322	51,393
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 52,241,322	\$ 982,322
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(16,782)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(428,637)	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	408,821	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 52,221,506</u>	<u>\$ 965,540</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	<u>\$ 52,619,405</u>	<u>\$ 982,322</u>
Differences- Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposed, but in the year the supplies are received for financial reporting purposes.	<u>\$ -</u>	<u>\$ (16,782)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 52,619,405</u>	<u>\$ 965,540</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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MEDFORD TOWNSHIP PUBLIC 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
District's proportion of the net pension liability (asset)	0.05503%	0.05607%	0.05611%	0.05557%
District's proportionate share of the net pension liability (asset)	\$ 16,298,352	\$ 12,585,870	\$ 10,505,332	\$ 10,620,617
District's covered-employee payroll	3,818,964	3,729,825	3,777,913	Unavailable
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	426.77%	337.44%	281.66%	281.124%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 519,645	\$ 488,880	\$ 482,024	\$ 462,563
Contributions in relation to the contractually required contribution	<u>519,645</u>	<u>488,880</u>	<u>482,024</u>	<u>462,563</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,838,612	\$ 3,818,964	\$ 3,729,825	Unavailable
Contributions as a percentage of covered-employee payroll	13.54%	12.80%	12.92%	#VALUE!

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

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.1945%	0.1873%	0.1876%	0.1916%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 153,013,572	\$ 118,369,399	\$ 100,271,313	\$ 96,829,050
District's covered-employee payroll	20,283,185	19,872,833	19,123,833	19,278,396
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

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

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

	TITLE I	TITLE II PART A	TITLE III	TITLE III Immigrant	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PRESCHOOL
Revenues:						
Federal Sources	\$ 71,837	\$ 54,806	\$ 12,321	\$ 2,259	\$ 602,389	\$ 33,521
Total Revenues	\$ 71,837	\$ 54,806	\$ 12,321	\$ 2,259	\$ 602,389	\$ 33,521
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 26,093	\$ 34,488	\$ 4,834	\$ -	\$ -	\$ -
General Supplies	-	-	-	-	39,847	-
Tuition	-	-	-	-	542,420	33,521
Textbooks	5,814	-	4,707	2,259	-	-
Total Instruction	69,329	34,488	9,541	2,259	582,267	33,521
Support Services:						
Purchased Professional Educational Services	-	11,352	370	-	20,122	-
Personal Services - Employee Benefits	1,997	8,966	-	-	-	-
Other Purchased Services	-	-	2,410	-	-	-
Supplies and Materials	511	-	-	-	-	-
Total Support Services	2,508	20,318	2,780	-	20,122	-
Total Expenditures	\$ 71,837	\$ 54,806	\$ 12,321	\$ 2,259	\$ 602,389	\$ 33,521

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

	NJ NONPUBLIC HANDICAPPED SERVICES CH 193						NONPUBLIC AUXILIARY CH 192
	INITIAL EXAM	ANNUAL EXAM	CORRECTIVE SPEECH	SUPPLEMENTARY INSTRUCTION	E.S.L	HOME INSTRUCTION	COMPENSATORY EDUCATION
Revenues:							
State Sources	\$ 7,559	\$ 5,054	\$ 19,525	\$ 13,811	\$ 275	\$ 1,028	\$ 35,922
Total Revenues	<u>\$ 7,559</u>	<u>\$ 5,054</u>	<u>\$ 19,525</u>	<u>\$ 13,811</u>	<u>\$ 275</u>	<u>\$ 1,028</u>	<u>\$ 35,922</u>
Expenditures:							
Instruction:							
Salaries of Teachers	-	-	-	-	275	-	-
Purchased Professional & Technical Services	7,559	5,054	19,525	13,811	-	-	35,922
General Supplies	-	-	-	-	-	1,028	-
Total Instruction	<u>7,559</u>	<u>5,054</u>	<u>19,525</u>	<u>13,811</u>	<u>275</u>	<u>1,028</u>	<u>35,922</u>
Total Expenditures	<u>\$ 7,559</u>	<u>\$ 5,054</u>	<u>\$ 19,525</u>	<u>\$ 13,811</u>	<u>\$ 275</u>	<u>\$ 1,028</u>	<u>\$ 35,922</u>

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

	NONPUBLIC NURSING PROGRAM	NONPUBLIC SECURITY	NONPUBLIC TEXTBOOKS PROGRAM	NONPUBLIC TECHNOLOGY PROGRAM	MEDFORD EDUCATION FOUNDATION	OUTSIDE CLASSROOM	TOTALS
Revenues:							
State Sources	\$ 30,960	\$ 17,200	\$ 19,828	\$ 8,944	\$ -	\$ -	\$ 160,106
Federal Sources	-	-	-	-	-	-	777,133
Local Sources	-	-	-	-	43,357	1,726	45,083
Total Revenues	\$ 30,960	\$ 17,200	\$ 19,828	\$ 8,944	\$ 43,357	\$ 1,726	\$ 982,322
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ 43,357	\$ -	\$ 109,047
Purchased Professional & Technical Services	30,960	-	-	-	-	-	150,253
General Supplies	-	-	-	-	-	-	40,875
Tuition	-	-	-	-	-	-	575,941
Textbooks	-	-	19,828	-	-	-	32,608
Total Instruction	30,960	-	19,828	-	43,357	-	908,724
Support Services:							
Purchased Professional Educational Services	-	-	-	-	-	-	31,844
Personal Services - Employee Benefits	-	-	-	-	-	-	10,963
Other Purchased Services	-	-	-	-	-	-	2,410
Supplies and Materials	-	-	-	-	-	-	511
Total Support Services	-	-	-	-	-	-	45,728
Facilities Acquisitions & Construction Services:							
Non-Instructional Equipment	-	17,200	-	8,944	-	1,726	27,870
Total Facilities Acquisitions & Construction Services	-	17,200	-	8,944	-	1,726	27,870
Total Expenditures	\$ 30,960	\$ 17,200	\$ 19,828	\$ 8,944	\$ 43,357	\$ 1,726	\$ 982,322

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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Enterprise Funds

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 213,405
Accounts Receivable:	
State	479
Federal	8,360
Inventories	<u>17,478</u>
Total Current Assets	<u>239,722</u>
Capital Assets:	
Equipment	223,900
Accumulated Depreciation	<u>(190,961)</u>
Total Capital Assets	<u>32,939</u>
Total Assets	<u>272,661</u>
LIABILITIES	
Unearned Revenue	42,472
Interfund Payable	8,587
Accounts Payable	<u>49,911</u>
Total Liabilities	<u>100,970</u>
NET POSITION	
Net Investment in Capital Assets	32,939
Unrestricted	<u>138,752</u>
Total Net Position	<u><u>\$ 171,691</u></u>

MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

EXHIBIT G-2

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 374,956
Daily Sales - Nonreimbursable Programs	283,829
Special Functions	<u>45,187</u>
Total Operating Revenue	<u>703,972</u>
Operating Expenses:	
Labor	395,562
Supplies & Materials	29,079
Liability Insurance	11,666
Miscellaneous	19,156
Management Fee	42,630
Depreciation Expense	12,014
Cost of Sales - Reimbursable	276,166
Cost of Sales - Non Reimbursable	<u>90,558</u>
Total Operating Expenses	<u>876,831</u>
Operating Income/(Loss)	<u>(172,859)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	6,804
Federal Sources:	
National School Lunch Program	117,079
Healthy Hunger-Free Kids Act	9,640
Food Distribution Program	<u>71,070</u>
Total Nonoperating Revenues	<u>204,593</u>
Net Income/(Loss)	31,734
Net Position/(Deficit) - July 1	<u>139,957</u>
Net Position/(Deficit) - June 30	<u><u>\$ 171,691</u></u>

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
 PROPRIETARY FUNDS
 SCHEDULE OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT G-3

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 703,972
Payments to Employees	(318,875)
Payments to Suppliers	<u>(474,137)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(89,040)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	6,863
Federal Sources	<u>127,819</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>134,682</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	45,642
Balances - Beginning of Year	<u>167,763</u>
Balances - End of Year	<u><u>\$ 213,405</u></u>
 Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (172,859)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Food Distribution Program	71,070
Depreciation & Net Amortization	12,014
Increase/(Decrease) in Prepaid	5,617
(Increase)/Decrease in Inventories	1,590
Increase/(Decrease) in Accounts Payable	<u>(6,472)</u>
Total Adjustments	<u>83,819</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (89,040)</u></u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	AGENCY FUNDS		PRIVATE PURPOSE TRUST		TOTALS
	STUDENT ACTIVITY	PAYROLL AGENCY	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP	
Cash & Cash Equivalents	\$ 270,232	\$ 307,861	\$ 19,691	\$ 10,191	\$ 607,975
Interfund Receivable	-	-	-	-	-
Total Assets	270,232	307,861	19,691	10,191	607,975
LIABILITIES					
Payroll Deductions & Withholdings	-	307,861	-	-	307,861
Unemployment Claims Payable	-	-	6,633	-	6,633
Due to Student Groups	270,232	-	-	-	270,232
Total Liabilities	270,232	307,861	6,633	-	584,726
NET POSITION					
Restricrcted for Unemployment Claims Held in Trust for Scholarships	-	-	13,058	-	13,058
	-	-	-	10,191	10,191
Total Net Position	\$ -	\$ -	\$ 13,058	\$ 10,191	\$ 23,249

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

	PRIVATE PURPOSE TRUST		TOTALS
	SCHOLARSHIP FUND	UNEMPLOYMENT COMPENSATION	
ADDITIONS			
Local Sources:			
Contributions	\$ -	\$ 16,800	\$ 16,800
Interest on Investments	52	-	52
Total Additions	52	16,800	16,852
DEDUCTIONS			
Unemployment Claims	-	35,607	35,607
Scholarships	1,100	-	1,100
Total Deductions	1,100	35,607	36,707
Change in Net Position	(1,048)	(18,807)	(19,855)
Fund Balances, July 1	11,239	31,865	43,104
Fund Balances, June 30	\$ 10,191	\$ 13,058	\$ 23,249

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JUNE 30, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Elementary Schools:				
Taunton Forge	\$ 18,354	\$ 45,325	\$ 44,209	\$ 19,470
Chairville	21,725	42,414	34,990	29,149
Haines	34,032	51,839	34,752	51,119
Cranberry Pines	41,226	36,345	42,408	35,163
Kirby's Mill	27,517	37,246	29,799	34,964
Milton H. Allen	34,685	35,211	42,435	27,461
	<hr/>			
Total Elementary Schools	177,539	248,380	228,593	197,326
	<hr/>			
Junior High School:				
Memorial	72,600	262,713	262,407	72,906
	<hr/>			
Total Junior High School	72,600	262,713	262,407	72,906
	<hr/>			
Total All Schools	\$ 250,139	\$ 511,093	\$ 491,000	\$ 270,232

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

ASSETS	BALANCE JUNE 30, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 264,500	\$ 38,788,667	\$ 38,745,306	\$ 307,861
	<hr/>			
Total Assets	\$ 264,500	\$ 38,788,667	\$ 38,745,306	\$ 307,861
	<hr/>			
LIABILITIES				
Net Payroll & Withholdings	\$ 264,500	\$ 38,788,667	\$ 38,745,306	\$ 307,861
	<hr/>			
Total Liabilities	\$ 264,500	\$ 38,788,667	\$ 38,745,306	\$ 307,861

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I. Long-Term Debt

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2016	RETIRED	BALANCE JUNE 30, 2017
Refunding Bond Issue	12/16/2015	\$ 18,715,000	03/01/18	\$ 1,630,000	4.000%	\$ 18,455,000	\$ 1,570,000	\$ 16,885,000
			03/01/19	1,660,000	4.000%			
			03/01/20	1,740,000	5.000%			
			03/01/21	650,000	2.000%			
			03/01/21	1,085,000	5.000%			
			03/01/22	1,710,000	5.000%			
			03/01/23	1,705,000	5.000%			
			03/01/24	1,695,000	5.000%			
			03/01/25	1,685,000	5.000%			
			03/01/26	1,670,000	5.000%			
			03/01/27	1,655,000	5.000%			
Total						\$ 18,455,000	\$ 1,570,000	\$ 16,885,000

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2017**

DESCRIPTION	DATE OF LEASE	TERM	LAST PAYMENT DUE	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
Copiers for Memorial Media Center & Haines Guidance	10/15/2011	5 YEARS	9/15/2016	5.93%	\$ 28,705	\$ 551	\$ -	\$ 551	\$ -
2010/2012 54 Passenger School Buses (2) Lease Purchase Agreement for	7/10/2013	4 YEARS	8/1/2017	2.30%	211,000	85,448	-	42,237	43,211
Various Capital Improvement Projects	4/22/2014	5 YEARS	3/15/2019	1.63%	1,200,000	720,000	-	240,000	480,000
2015 54 Passenger School Buses (5)	7/1/2014	4 YEARS	7/1/2018	1.31%	426,119	257,731	-	65,136	192,595
Copiers for Various Locations	7/15/2014	5 YEARS	6/15/2019	3.40%	326,058	202,249	-	84,795	117,454
2016 54 Passenger School Buses	8/7/2015	4 YEARS	9/1/2019	1.57%	525,028	438,000	-	107,000	331,000
Energy Savings Improvement Program (ESIP)	10/29/2015	15 YEARS	6/30/2031	2.48%	2,460,940	2,422,140	-	140,022	2,282,118
2017 Passenger School Buses (5)	6/10/2016	5 YEARS	9/1/2020	2.08%	320,000	-	320,000	64,000	256,000
Chromebooks	9/1/2016	5 YEARS	9/1/2020	1.969%	250,000	-	250,000	50,000	200,000
Total					\$ 4,126,119	\$ 4,126,119	\$ 570,000	\$ 793,741	\$ 3,902,378

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,424,616	\$ -	\$ 2,424,616	\$ 2,424,616	\$ -
Total Revenues	2,424,616	-	2,424,616	2,424,616	-
Expenditures:					
Regular Debt Service:					
Interest	854,650	-	854,650	854,650	-
Redemption of Principal	1,570,000	-	1,570,000	1,570,000	-
Total Expenditures	2,424,650	-	2,424,650	2,424,650	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(34)	-	(34)	(34)	-
Fund Balances July 1, 2016	3,246	-	3,246	3,246	-
Fund Balances June 30, 2017	\$ 3,212	\$ -	\$ 3,212	\$ 3,212	\$ -

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

	OUTSTANDING BALANCE 2016	ADDITIONS/ (DEDUCTIONS)	OUTSTANDING BALANCE 2017
Compensated Absences	\$ 1,629,720	\$ (311,514)	\$ 1,318,206

STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 34,972,288	\$ 33,829,130	\$ 32,270,778	\$ 31,885,856	\$ 31,015,580	\$ 35,288,542	\$ 35,375,706	\$ 35,076,157	\$ 34,052,853	\$ 33,170,798
Restricted	4,718,068	3,945,091	2,182,135	1,346,729	2,119,936	3,941,654	3,552,417	2,724,411	4,778,520	4,620,546
Unrestricted	(11,656,636)	(10,349,224)	(9,728,096)	(9,138,954)	1,252,295	(74,640)	(1,815,821)	(1,240,464)	(1,456,480)	(465,724)
Total Governmental Activities Net Position	\$ 28,033,720	\$ 27,424,997	\$ 24,724,817	\$ 24,093,631	\$ 34,387,811	\$ 39,155,556	\$ 37,112,302	\$ 36,560,104	\$ 37,374,893	\$ 37,325,620
Business-Type Activities:										
Net Investment in										
Capital Assets	\$ 32,939	\$ 44,953	\$ 56,967	\$ 68,981	\$ 81,874	\$ 25,434	\$ 33,370	\$ 42,554	\$ 52,788	\$ 66,331
Unrestricted	138,752	95,004	79,909	85,683	111,287	138,300	146,823	138,442	120,281	135,634
Total Business-Type Activities Net Position	\$ 171,691	\$ 139,957	\$ 136,876	\$ 154,664	\$ 193,161	\$ 163,734	\$ 180,193	\$ 180,996	\$ 173,069	\$ 201,965
District-Wide:										
Net Investment in										
Capital Assets	\$ 35,005,227	\$ 33,874,083	\$ 32,327,745	\$ 31,954,837	\$ 31,097,454	\$ 35,313,976	\$ 35,409,076	\$ 35,118,711	\$ 34,105,641	\$ 33,237,129
Restricted	4,718,068	3,945,091	2,182,135	1,346,729	2,119,936	3,941,654	3,552,417	2,724,411	4,778,520	4,620,546
Unrestricted	(11,517,884)	(10,254,220)	(9,648,187)	(9,053,271)	1,363,582	63,660	(1,668,998)	(1,102,022)	(1,336,199)	(330,090)
Total District Net Position	\$ 28,205,411	\$ 27,564,954	\$ 24,861,693	\$ 24,248,295	\$ 34,580,972	\$ 39,319,290	\$ 37,292,495	\$ 36,741,100	\$ 37,547,962	\$ 37,527,585

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 14,307,032	\$ 13,758,874	\$ 13,812,482	\$ 13,264,305	\$ 13,156,839	\$ 12,409,724	\$ 12,028,959	\$ 13,153,219	\$ 13,569,075	\$ 12,836,488
Special Education	6,386,063	6,050,481	5,251,205	5,332,693	5,308,220	5,033,439	4,845,628	4,370,758	4,139,178	4,159,125
Other Special Instruction	540,792	512,589	436,086	500,752	402,047	337,313	304,690	376,203	366,000	329,607
Other Instruction	94,766	80,663	121,015	99,833	120,261	42,175	13,496	124,659	123,639	161,580
Support Services & Undistributed Costs:										
Tuition	1,573,598	1,254,692	1,486,260	1,723,175	1,338,256	1,502,954	1,380,735	1,578,557	1,256,541	1,351,346
Attendance & Social Work Services	16,608	16,130	15,718	14,617	15,115	13,830	4,914	6,175	5,997	5,299
Health Services	559,768	534,331	503,721	490,200	492,596	520,812	516,355	503,881	465,904	528,467
Student & Instruction Related Services	3,240,732	2,852,636	2,857,722	2,791,497	2,841,851	2,791,267	3,090,874	3,541,219	2,629,436	3,260,812
Educational Media Services/School Library	535,886	478,188	481,778	444,490	365,627	354,003	373,335	606,831	493,028	598,062
Instructional Staff Training	774,077	652,502	633,882	644,526	431,881	575,670	553,037	672,153	597,141	522,951
School Administrative Services	3,807,096	3,647,313	3,435,720	3,271,999	3,068,602	999,195	980,190	846,608	842,964	907,487
Other Administrative Services	990,594	1,014,369	883,693	889,890	828,865	2,700,993	2,453,549	2,689,154	2,621,113	2,828,830
Plant Operations & Maintenance	3,373,052	3,197,338	4,452,043	3,983,931	3,788,271	3,502,879	3,849,537	3,825,265	3,339,295	3,461,444
Pupil Transportation	3,349,814	3,286,286	3,386,312	3,787,193	3,429,686	3,405,580	3,202,868	3,280,228	2,942,096	3,214,706
Unallocated Benefits	8,046,356	17,808,666	15,621,007	10,688,097	11,119,839	10,094,703	9,943,646	10,095,072	9,661,654	10,797,442
Transfer to Charter Schools	5,345,399	-	11,840	22,394	31,998	-	-	-	-	-
Long-Term Debt and Other Charges	749,764	795,328	1,131,442	1,191,496	1,294,440	1,358,396	1,484,245	1,404,885	1,592,479	1,578,613
Special Schools	86,003	74,267	71,712	58,490	69,048	77,077	33,983	80,512	70,828	60,199
Amortization of Bond Issuance Costs	-	-	-	-	-	14,114	14,114	14,117	14,114	3,782
Unallocated Amortization of Loss on Refunding	-	-	-	33,218	33,218	33,218	33,218	33,218	33,218	33,218
Increase in Compensated Absences	(311,514)	68,311	(103,086)	165,365	(120,277)	12,579	101,508	36,274	418,323	234,547
Reduction in Capital Leases	-	-	-	(542,720)	(465,873)	(361,675)	(331,829)	(481,092)	-	-
Adjustment to Capital Assets	-	-	-	-	5,829,345	-	-	-	-	-
Unallocated Depreciation	1,537,053	1,535,602	2,300,002	2,401,850	1,748,398	2,133,778	2,133,778	1,948,724	2,057,407	1,563,965
Total Governmental Activities Expenses	55,002,939	57,618,566	56,790,554	51,257,291	55,142,368	47,552,024	47,010,830	48,706,620	47,239,430	48,437,970
Business-Type Activities:										
Food Service	876,831	883,448	881,083	857,994	832,583	894,710	867,830	849,527	865,203	843,317
Total Business-Type Activities Expense	876,831	883,448	881,083	857,994	832,583	894,710	867,830	849,527	865,203	843,317
Total District Expenses	\$ 55,879,770	\$ 58,502,014	\$ 57,671,637	\$ 52,115,285	\$ 55,974,951	\$ 48,446,734	\$ 47,878,660	\$ 49,556,147	\$ 48,104,633	\$ 49,281,287
Program Revenues:										
Governmental Activities:										
Charges for Services:	\$ 6,283,069	\$ 11,441,304	\$ 5,321,321	\$ 905,056	\$ 952,932	\$ 958,306	\$ 924,614	\$ 1,587,530	\$ 997,396	\$ 989,112
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	6,283,069	11,441,304	5,321,321	905,056	952,932	958,306	924,614	1,587,530	997,396	989,112

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Business-Type Activities:										
Charges for Services:										
Food Service	703,972	698,807	690,679	643,545	623,272	711,617	711,798	726,570	707,079	703,182
Operating Grants & Contributions	204,593	187,722	172,616	175,423	167,915	163,583	152,276	128,576	126,729	127,357
Total Business Type Activities Program Revenues	908,565	886,529	863,295	818,968	791,187	875,200	864,074	855,146	833,808	830,539
Total District Program Revenues	\$ 7,191,634	\$ 12,327,833	\$ 6,184,616	\$ 1,724,024	\$ 1,744,119	\$ 1,833,506	\$ 1,788,688	\$ 2,442,676	\$ 1,831,204	\$ 1,819,651
Net (Expense)/Revenue:										
Governmental Activities	\$ (48,719,870)	\$ (46,177,662)	\$ (51,469,233)	\$ (52,140,822)	\$ (50,352,235)	\$ (54,189,436)	\$ (46,593,718)	\$ (46,086,216)	\$ (47,119,090)	\$ (46,242,034)
Business-Type Activities	31,734	3,081	(17,788)	(62,115)	(66,807)	42,617	(30,636)	(12,684)	(15,719)	(34,664)
Total District-Wide Net Expense	\$ (48,688,136)	\$ (46,174,181)	\$ (51,487,021)	\$ (52,202,937)	\$ (50,419,042)	\$ (54,146,819)	\$ (46,624,354)	\$ (46,098,900)	\$ (47,134,809)	\$ (46,276,698)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes, Net	\$ 41,301,672	\$ 40,491,836	\$ 38,926,028	\$ 37,514,654	\$ 36,307,156	\$ 36,417,885	\$ 36,046,947	\$ 35,454,808	\$ 34,491,065	\$ 34,153,568
Taxes Levied for Debt Service	2,424,616	2,618,288	3,309,458	3,384,198	3,458,801	3,348,072	3,083,050	2,927,866	2,931,840	3,037,016
Federal & State Aid Not Restricted	5,020,289	5,074,685	9,624,963	8,693,712	9,076,950	8,154,002	6,723,025	7,114,398	8,149,046	9,457,957
Miscellaneous Income	582,016	692,653	702,553	652,205	544,166	682,395	750,773	733,606	695,745	680,138
Amortization of Gain on Early Retirement of Debt	-	-	-	34,618	34,618	34,618	34,619	34,618	34,619	-
Cancellation of Accounts Payable	-	-	-	-	-	-	-	39,005	-	-
Cancellation of EDA Receivable	-	-	-	-	-	-	-	-	(35,294)	-
Total Governmental Activities	49,328,593	48,877,442	52,562,982	50,279,387	49,421,691	48,636,972	46,638,414	46,304,301	46,267,021	47,328,679
Business-Type Activities:										
Adjustment to Capital Assets	-	-	-	529	69,593	3,051	2,953	2,308	2,499	8,684
Investment Earnings	-	-	-	1,230	1,230	-	-	-	-	-
Total Business-Type Activities	-	-	-	529	70,823	3,051	2,953	2,308	2,499	8,684
Total District-Wide	\$ 49,328,593	\$ 48,877,442	\$ 52,562,982	\$ 50,279,916	\$ 49,492,514	\$ 48,640,023	\$ 46,641,367	\$ 46,306,609	\$ 46,269,520	\$ 47,337,363
Change in Net Position:										
Governmental Activities	\$ 608,723	\$ 2,700,180	\$ 1,093,749	\$ (1,861,435)	\$ (930,544)	\$ (5,552,464)	\$ 44,696	\$ 218,085	\$ (852,069)	\$ 1,086,645
Business-Type Activities	31,734	3,081	(17,788)	(61,586)	(4,016)	45,668	(27,683)	(10,376)	(13,220)	(25,980)
Total District	\$ 640,457	\$ 2,703,261	\$ 1,075,961	\$ (1,923,021)	\$ (926,528)	\$ (5,506,796)	\$ 17,013	\$ 207,709	\$ (865,289)	\$ 1,060,665

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 4,714,856	\$ 4,249,714	\$ 2,504,730	\$ 1,675,613	\$ 557,903	\$ 2,935,478	\$ 1,338,338	\$ 1,022,157	\$ 4,774,637	\$ 4,154,668
Assigned	1,536,468	1,849,135	2,014,037	2,125,628	2,881,855	1,447,135	1,617,516	1,902,591	-	-
Unassigned	526,943	507,317	533,214	557,967	1,788,253	1,008,487	1,014,529	483,659	353,293	593,063
Total General Fund	\$ 6,778,267	\$ 6,606,166	\$ 5,051,981	\$ 4,359,208	\$ 5,228,010	\$ 5,391,100	\$ 3,970,383	\$ 3,408,407	\$ 5,127,930	\$ 4,747,731
All Other Governmental Funds:										
Assigned	\$ 3,212	\$ 3,246	\$ 34	\$ 20,076	\$ 29,970	\$ 12,402	\$ 33,565	\$ 250,000	\$ 441,284	\$ -
Committed	-	-	-	1,105,302	-	-	-	-	-	-
Unassigned:										
Capital Projects Fund	-	-	-	-	-	-	-	-	128,279	567,703
Debt Service Fund	-	-	-	-	-	-	-	31,078	-	441,284
Total All Other Governmental Funds	\$ 3,212	\$ 3,246	\$ 34	\$ 1,125,378	\$ 29,970	\$ 12,402	\$ 33,565	\$ 281,078	\$ 569,563	\$ 1,008,987

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 43,726,288	\$ 43,110,124	\$ 42,235,486	\$ 40,898,852	\$ 39,765,957	\$ 39,765,957	\$ 39,129,997	\$ 38,382,674	\$ 37,422,905	\$ 37,190,584
Miscellaneous	582,016	692,633	702,533	652,205	544,166	682,395	750,773	733,606	695,745	680,138
State Sources	10,507,992	10,030,475	9,784,761	8,836,440	9,208,751	8,097,046	6,845,006	6,688,886	8,316,989	9,617,272
Federal Sources	795,366	815,315	778,493	762,328	821,131	1,015,262	802,633	2,013,042	829,453	829,797
Total Revenue	55,611,662	54,648,547	53,501,273	51,149,825	50,340,005	49,560,660	47,528,409	47,818,208	47,265,092	48,317,791
Expenditures:										
Current Expense:										
Instruction	21,328,653	20,402,607	19,620,788	19,197,583	18,987,367	17,822,651	17,192,773	18,024,839	18,197,892	17,467,920
Undistributed Expenditures	30,561,968	28,704,036	28,158,781	28,064,179	27,256,044	26,213,499	26,088,073	27,645,143	25,078,803	27,316,280
Capital Outlay	1,608,321	4,281,132	3,493,388	1,707,668	882,782	1,506,711	775,374	1,002,028	1,246,592	1,883,489
Special Schools	86,003	74,267	71,712	58,490	69,048	77,077	33,983	80,512	70,828	60,199
Debt Service	2,424,650	2,615,076	3,329,512	3,394,113	3,441,288	3,369,450	3,333,050	3,359,150	3,344,908	3,416,036
Total Expenditures	56,009,595	56,077,118	54,674,181	52,422,033	50,636,529	48,989,388	47,423,253	50,111,672	47,939,023	50,143,924
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(397,933)	(1,428,571)	(1,172,908)	(1,272,208)	(296,524)	571,272	105,156	(2,293,464)	(673,931)	(1,826,133)
Other Financing Sources/(Uses):										
Cancellation of EDA Receivable	-	-	-	-	-	-	-	-	(35,294)	-
Cancellation of Accounts Payable	-	-	-	-	-	-	-	39,005	-	-
Transfer to Charter Schools	-	-	(11,840)	(22,394)	(31,998)	-	-	-	-	-
Lease Purchase Proceeds	-	-	-	1,200,000	-	-	-	-	-	-
Capital Leases (Nonbudget)	570,000	2,985,968	752,177	321,208	183,000	828,282	209,307	246,451	650,000	487,992
Total Other Financing Sources/ (Uses)	570,000	2,985,968	740,337	1,498,814	151,002	828,282	209,307	285,456	614,706	487,992
Net Change in Fund Balances	\$ 172,067	\$ 1,557,397	\$ (432,571)	\$ 226,606	\$ (145,522)	\$ 1,399,554	\$ 314,463	\$ (2,008,008)	\$ (59,225)	\$ (1,338,141)
Debt Service as a Percentage of Noncapital Expenditures	4.5%	5.0%	6.5%	6.7%	6.9%	7.1%	7.1%	6.8%	7.2%	7.1%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

FISCAL YEAR ENDED JUNE 30,	TUITION	TRANSPORTATION AGREEMENTS	INTEREST ON INVESTMENTS	REFUNDS	MISCELLANEOUS	SALE & TRANSPORTATION FEES	FEDERAL REIMBURSEMENT	REBATES FOR ENERGY CONSERVATION	TOTAL
2017	\$ 98,963	\$ 56,542	\$ 29,974	\$ 7,332	\$ 344,122	\$ -	\$ -	\$ -	536,933
2016	16,240	-	-	3,530	576,643	-	-	-	596,413
2015	-	-	17,948	-	597,275	-	-	-	615,223
2014	166,523	-	32,990	-	452,671	-	-	-	652,184
2013	18,533	-	49,433	-	476,145	-	-	-	544,111
2012	71,309	62,258	93,590	-	455,023	-	-	-	682,180
2011	74,326	54,663	85,238	22,532	427,470	38,334	45,723	-	748,286
2010	109,297	57,147	98,828	2,351	391,027	-	-	68,430	727,080
2009	83,904	93,302	93,658	3,751	335,862	-	-	76,330	686,807
2008	80,042	51,886	268,613	11,948	149,230	-	-	77,134	638,853

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET TAXABLE VALUATION	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2017	\$ 18,152,400	\$ 2,628,474,600	\$ 35,211,000	\$ 2,544,000	\$ 249,120,600	\$ 16,368,800	\$ 52,814,900	\$ 3,002,686,300	\$ 5,503,089	\$ 3,008,189,389	2.226	\$ 3,008,189,389
2016	20,976,500	2,603,839,000	36,682,600	2,167,100	249,910,900	16,368,800	49,704,300	2,979,649,200	5,450,433	2,985,099,633	2.205	3,128,816,643
2015	22,987,200	2,580,361,200	38,040,700	2,341,800	256,944,800	16,368,800	50,204,300	2,967,248,800	5,541,405	2,972,790,205	2.170	2,972,790,205
2014	25,778,700	2,565,183,800	39,418,600	2,283,700	260,207,300	16,368,800	56,132,200	2,965,373,100	5,480,053	2,970,853,153	2.109	3,145,328,147
2013	28,587,900	2,552,413,700	40,497,600	2,933,500	270,483,900	16,368,800	56,932,200	2,968,217,600	7,676,777	2,975,894,377	2.020	3,120,094,011
2012	33,786,000	2,563,221,000	41,927,400	2,838,700	282,365,000	22,014,400	63,483,400	3,009,635,900	8,901,541	3,018,537,441	1.915	3,190,029,902
2011	17,360,100	1,541,272,500	21,760,600	3,023,000	149,260,800	9,287,700	29,815,900	1,771,780,600	5,092,638	1,776,873,238	3.224	3,190,029,902
2010	17,529,990	1,543,351,150	21,166,210	2,814,750	151,250,400	9,632,700	29,815,900	1,775,561,100	5,574,837	1,781,135,937	3.153	3,419,519,452
2009	18,184,300	1,545,481,100	21,002,200	2,795,800	150,000,300	9,632,700	29,815,900	1,776,912,300	5,060,019	1,781,972,319	3.068	3,497,216,064
2008	19,490,900	1,543,120,700	20,985,600	2,371,800	148,612,500	9,632,700	29,815,900	1,774,030,100	4,312,379	1,778,342,479	3.009	3,392,905,370

Source: Burlington County Abstract of Ratables

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE	
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP		BURLINGTON COUNTY	MUNICIPAL		
				MEDFORD TOWNSHIP			OPEN SPACE		
2017	1.488	0.738	2.226	0.406		0.446	0.024	3.102	
2016	1.465	0.740	2.205	0.410		0.447	0.030	3.092	
2015	1.450	0.720	2.170	0.411		0.435	0.030	3.046	
2014	1.422	0.687	2.109	0.411		0.403	0.030	2.953	
2013	1.374	0.646	2.020	0.412		0.395	0.029	2.856	
2012	1.318	0.597	1.915	0.413		0.401	0.029	2.758	
2011	2.238	0.986	3.224	0.521		0.695	0.030	4.470	
2010	2.197	0.956	3.153	0.495		0.729	0.030	4.407	
2009	2.154	0.914	3.068	0.495		0.715	0.030	4.308	
2008	2.104	0.905	3.009	0.495		0.743	0.030	4.277	

Source: Municipal Tax Collector

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	
The Estaugh T/A Medford Leas	\$ 27,941,000		0.93%
Sharp Run, LLC	15,344,900		0.51%
Medford Associates, L.P.	12,659,000		0.42%
Medford Supermarket Properties	9,401,500		0.31%
Haynes Run, LLC.	8,458,400		0.28%
Medford Convalescent & Nursing Center	8,049,200		0.27%
Medford Center Associates	7,833,600		0.26%
Verizon, Inc.	7,200,000		0.24%
Medford Investor Associates	5,450,433		0.18%
Depetris Family c/o Tauton Forge	5,353,400		0.18%
Total	<u>\$ 107,691,433</u>		<u>3.58%</u>

TAXPAYER	2008		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	
The Estaugh	\$ 18,959,900		1.07%
Wharton Hardware	8,480,000		0.48%
Medford Associates, LLP	5,800,000		0.33%
Medford Supermarket Properties	4,507,000		0.26%
Medford Convalescent & Nursing Center	4,100,000		0.00%
Haynes Run Apartments	3,550,000		0.20%
Medford Medical Group	3,500,000		0.20%
Medford Center Associates	3,163,600		0.18%
Medford Investors Associates	700,000		0.04%
Ironstone Village	600,000		0.03%
Total	<u>\$ 53,360,500</u>		<u>2.79%</u>

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2017	\$ 43,726,288	\$ 43,726,288	100.00%
2016	43,110,124	43,110,124	100.00%
2015	42,235,486	42,235,486	100.00%
2014	40,898,852	40,898,852	100.00%
2013	39,765,957	39,765,957	100.00%
2012	39,765,957	39,765,957	100.00%
2011	39,129,997	39,129,997	100.00%
2010	38,382,674	38,382,674	100.00%
2009	37,422,905	37,422,905	100.00%
2008	37,190,584	37,190,584	100.00%

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES		
2017	\$ 16,885,000	\$ 3,902,378	\$ 20,787,378	N/A
2016	18,455,000	4,126,119	22,581,119	N/A
2015	20,525,000	2,037,548	22,272,548	N/A
2014	24,815,000	1,963,953	26,778,953	1,147
2013	27,065,000	911,870	27,976,870	1,204
2012	29,260,000	1,194,743	30,454,743	1,310
2011	31,305,000	728,136	32,033,136	1,385
2010	33,230,000	850,659	34,080,659	1,480
2009	35,100,000	1,085,300	36,185,300	1,592
2008	36,875,000	886,064	37,761,064	1,657

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	16,885,000	-	16,885,000	0.56%	N/A
2016	18,453,000	-	18,453,000	0.62%	N/A
2015	20,235,000	-	20,235,000	0.68%	N/A
2014	24,815,000	-	24,815,000	0.84%	1,062
2013	27,065,000	-	27,065,000	0.91%	1,164
2012	29,260,000	-	29,260,000	0.97%	1,259
2011	31,305,000	-	31,305,000	1.76%	1,353
2010	33,230,000	-	33,230,000	1.87%	1,443
2009	35,100,000	-	35,100,000	1.97%	1,544
2008	36,875,000	-	36,875,000	2.07%	1,618

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

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Lenape Regional High School	\$ 55,940,000	17.72%	\$ 9,912,568
Medford Township	50,334,014	100%	50,334,014
Burlington County	314,966,982	6.98%	21,990,995
Subtotal, Overlapping Debt			82,237,577
Medford Township Public School District Debt			16,885,000
Total Direct & Overlapping Debt			\$ 99,122,577

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

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

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 96,456,849	\$ 94,102,446	\$ 94,102,466	\$ 95,326,820	\$ 96,548,371	\$ 98,669,564	\$ 101,646,063	\$ 102,730,334	\$ 100,526,487	\$ 94,165,294
Total Net Debt Applicable to Limit	16,885,000	18,453,000	20,235,000	24,815,000	27,065,000	29,260,000	31,305,000	33,230,000	35,100,000	37,045,000
Legal Debt Margin	\$ 79,571,849	\$ 75,649,446	\$ 73,867,466	\$ 70,511,820	\$ 69,483,371	\$ 69,409,564	\$ 70,341,063	\$ 69,500,334	\$ 65,426,487	\$ 57,120,294
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit (3.0%)	0.525%	0.588%	0.645%	0.781%	0.841%	0.890%	0.924%	0.970%	1.047%	1.180%

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis			
	2016	2015	2014	
Average Equalized Valuation of Taxable Property	\$ 3,270,745,554	\$ 3,256,776,205	\$ 3,118,163,091	
Debt Limit (3 % of Average Equalization Value)	\$ 98,122,666,666	\$ 97,703,111,165	\$ 93,549,902,707	
Net Bonded School Debt	\$ 16,885,000	\$ 16,885,000	\$ 16,885,000	
Legal Debt Margin	\$ 79,571,849	\$ 79,571,849	\$ 79,571,849	

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME (b)	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE (d)
2017	N/A	N/A	N/A	N/A
2016	23,440	\$ 1,148,442,800	48,995	4.5%
2015	23,141	1,078,995,407	46,627	6.0%
2014	23,357	1,255,368,679	53,747	5.1%
2013	23,245	1,200,325,310	51,638	6.0%
2012	23,246	1,189,009,654	51,149	5.7%
2011	23,132	1,144,363,172	49,471	5.5%
2010	23,032	1,096,000,752	47,586	5.7%
2009	22,726	1,076,848,784	47,384	5.3%
2008	22,794	1,088,595,852	47,758	5.3%

Source:

- (a) Population information provided by US Bureau of the Census; Population Division
- (b) Personal income calculated using population and per capita personal income
- (c) Per Capita Personal Income provided by the NJ Dept. of Labor and Workforce Development
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development
- N/A - Information not available

PRINCIPAL EMPLOYERS

	2017 EMPLOYEES
Medford Township Board of Education	N/A
The Estaugh	N/A
Shop Rite	N/A
Medford Convalescent	N/A
Acme	N/A
McDonalds	N/A
Total	-

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	185	178	167	156	212	212	214	238	238	240
Special Education	62	53	47	46	48	48	48	49	49	48
Other Special Education	26	27	34	34	118	118	118	120	121	121
Support Services:										
School Administrative Services	33	30	29	29	18	18	18	20	20	20
General & Business Administrative Services	10	10	7	7	6	6	6	6	7	7
Plant Operations & Maintenance	29	31	23	22	27	27	27	30	32	35
Pupil Transportation	56	55	55	51	50	50	50	56	57	59
Business & Other Support Services	5	5	14	14	5	5	5	5	5	5
Total	406	389	376	359	484	484	486	529	535	529

Source: District Personnel Records

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT ATTENDANCE (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY SCHOOL	MIDDLE SCHOOL				
2017	2,741	\$ 51,976,624	\$ 18,963	0.0059%	227	1:12	1:11	2,733	2,625	-0.04%	95.77%
2016	2,734	49,180,910	17,871	0.0061%	227	1:12	1:11	2,734	2,630	-1.12%	93.87%
2015	2,736	47,851,281	17,065	0.0059%	243	1:11	1:12	2,736	2,632	-1.12%	93.87%
2014	2,767	47,851,281	17,047	0.0068%	236	1:11	1:14	2,767	2,666	-5.76%	94.98%
2013	2,936	46,312,459	15,790	0.0074%	260	1:13	1:16	2,936	2,818	-2.56%	96.08%
2012	3,013	44,113,227	14,622	0.0074%	265	1:14	1:17	3,013	2,897	-1.82%	96.02%
2011	3,069	43,314,829	14,082	0.0065%	267	1:19	1:22	3,069	2,953	-1.54%	96.00%
2010	3,118	45,750,494	14,673	0.0074%	287	1:17	1:19	3,117	2,986	1.10%	95.77%
2009	3,083	43,347,523	14,101	0.0079%	287	1:14	1:19	3,083	2,969	0.78%	96.58%
2008	3,059	40,914,612	13,340	0.0071%	288	1:13	1:18	3,059	2,953	-1.06%	96.28%

Sources: District records

Note: Enrollment based on annual October district count.

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

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
DISTRICT BUILDINGS										
Elementary Schools:										
Chairville School (2004):	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Square Feet	500	500	500	500	500	500	500	500	500	500
Capacity (Students)	364	392	423	463	463	503	495	476	454	442
Enrollment										
Cranberry Pines School (1979):	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231	52,231
Square Feet	479	479	479	479	479	479	479	479	479	479
Capacity (Students)	382	373	340	355	355	362	378	392	406	424
Enrollment (a)										
Kirby's Mill School (2004):	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Square Feet	515	515	515	515	515	515	515	515	515	515
Capacity (Students)	331	332	324	327	327	331	364	394	407	396
Enrollment										
Milton Allen School (1926):	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396	59,396
Square Feet	486	486	486	486	486	486	486	486	486	486
Capacity (Students)	337	345	362	376	376	388	389	392	392	397
Enrollment										
Taunton Forge School (1975):	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772	42,772
Square Feet	447	447	447	447	447	447	447	447	447	447
Capacity (Students)	291	283	310	310	310	327	347	378	385	362
Enrollment										
Middle School:										
Haines 6th Grade Center (1960):	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363	50,363
Square Feet	461	461	461	461	461	461	461	461	461	461
Capacity (Students)	319	357	320	350	350	369	377	348	357	356
Enrollment										
Memorial Middle School (1968):	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750	118,750
Square Feet	1131	1131	1131	1131	1131	1131	1131	1131	1131	1131
Capacity (Students)	712	670	725	749	749	737	726	741	673	682
Enrollment										
Other Buildings:										
Transportation Center (2003):	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
Square Feet										
Warehouse: Old Bus Garage (1946):	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420
Square Feet										

Number of Schools at June 30, 2017:

Elementary = 5

Middle School = 1

Sixth Grade Center = 1

Other = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses.

Enrollment is based on the annual October District count

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	CHAIRVILLE SCHOOL	CRANBERRY PINES SCHOOL	HAINES 6TH GRADE CENTER	KIRBY'S MILL SCHOOL	MEMORIAL MIDDLE SCHOOL	MILTON ALLEN SCHOOL	TAUNTON FORGE SCHOOL	TOTAL
2017	\$ 98,768	\$ 137,433	\$ 119,718	\$ 108,538	\$ 195,647	\$ 115,693	\$ 130,482	\$ 906,279
2016	104,052	139,720	114,394	91,341	316,778	136,507	109,642	1,012,434
2015	69,036	108,099	103,178	69,714	230,406	118,879	116,181	815,493
2014	50,093	82,107	94,435	88,311	241,904	96,665	98,182	751,696
2013	54,389	79,857	85,913	60,108	209,699	101,942	102,177	694,085
2012	58,330	73,886	71,941	53,978	179,811	109,904	100,275	648,125
2011	45,540	72,597	76,925	44,991	176,664	108,539	104,596	629,852
2016	55,536	88,240	93,567	54,501	215,078	132,121	127,556	766,599
2009	54,259	108,678	124,562	56,745	210,357	141,241	117,117	812,959
2008	63,590	128,905	144,794	66,559	358,048	153,721	128,271	1,043,888

Source: District records

**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Educators Legal Liability	175,000	
Workers Compensation-Self Insured Retention	250,000	
Crime- Self insured Retention	250,000	500
School Pool For Excess Liability Limits **		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	150,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employers Liability	20,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
AIG / Commerce and Industry Insurance company		
Pollution Legal Liability	3,000,000	25,000
AIG / Lexington Insurance Company, Inc.		
Cyber Liability	1,000,000	25,000
Selective Insurance Company of America:		
Surety - Treasurer of Monies	325,000	
Surety - Board Secretary	250,000	

Excess and Reinsurance Carriers Involved **

Property and Crime	SPELLJIF, Great American Insurance Company Axis Surplus Insurance Company Westchester Fire Insurance Company Alterra Excess & Surplus Insurance Company Ironshore Specialty Insurance Company Steadfast Insurance Company RSUI Indemnity Company James River Insurance Company BRIT / Lloyd's of London Arch Specialty Insurance Company
General Liability and Automobile Liability	SPELLJIF, Great American Insurance Company
Workers Compensation	SPELLJIF, Great American Insurance Company, Safety National Casualty Company
Educator Legal Liability	SPELLJIF, Great American Insurance Company, General Reinsurance Corp.

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Medford Township Public School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Medford Township Public School District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medford Township Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2017

EXHIBIT K-2

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

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
November 20, 2017

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**MEDFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	UNEARNED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017
U.S. Department of Agriculture													
Passed Through New Jersey Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program (Noncash Assistance)	10.555	171N304N1099	Unavailable	\$73,272	7/1/16-6/30/17	\$ -	73,272	(67,234)	-	-	-	6,038	-
Food Distribution Program (Noncash Assistance)	10.555	16161N304N1099	Unavailable	56,321	7/1/15-6/30/16	3,835	-	(3,835)	-	-	-	-	-
National School Lunch Program	10.555	171N304N1099	100-010-3350-026	117,079	7/1/16-6/30/17	-	109,403	(117,079)	-	-	(7,676)	-	-
National School Lunch Program	10.555	16161N304N1099	100-010-3350-026	117,975	7/1/15-6/30/16	(8,695)	8,695	-	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171N304N1099	100-010-3350-026	9,640	7/1/16-6/30/17	-	8,956	(9,640)	-	-	(684)	-	-
Healthy Hunger-Free Kids Act	10.555	16161N304N1099	100-010-3350-026	10,127	7/1/15-6/30/16	(765)	765	-	-	-	-	-	-
Subtotal						(5,625)	201,091	(197,788)	-	-	(8,360)	6,038	-
Total Child Nutrition Cluster						(5,625)	201,091	(197,788)	-	-	(8,360)	6,038	-
Total U.S. Department of Agriculture						(5,625)	201,091	(197,788)	-	-	(8,360)	6,038	-
U.S. Department of Health and Human Services													
Passed Through New Jersey Department of Human Services:													
Medical Assistance Program (SEMI)													
	93.778	1705NJMAP	100-054-7540-211	18,233	7/1/16-6/30/17	-	18,233	(18,233)	-	-	-	-	-
Total U.S. Department of Health and Human Services						-	18,233	(18,233)	-	-	-	-	-
U.S. Department of Education													
Passed Through New Jersey Department of Education:													
Title I - Part A													
Title I - Part A	84.010	S010A160030	100-034-5064-194	71,836	7/1/16-6/30/17	-	55,623	(71,837)	-	-	(16,214)	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	82,716	7/1/15-6/30/16	(9,422)	9,422	-	-	-	-	-	-
Subtotal						(9,422)	65,045	(71,837)	-	-	(16,214)	-	-
Title IIA - Part A	84.367	S367A160029	100-034-5063-290	54,806	7/1/16-6/30/17	-	6,900	(54,806)	-	-	(47,906)	-	-
Title IIA - Part A	84.367	S367A150029	100-034-5063-290	57,888	7/1/15-6/30/16	(4,849)	4,849	-	-	-	-	-	-
Subtotal						(4,849)	11,749	(54,806)	-	-	(47,906)	-	-
Title III - Immigrant	84.365	S365A160009	100-034-5064-187	2,259	7/1/16-6/30/17	-	-	(2,259)	-	-	(2,259)	-	-
Title III - English Language Acquisition	84.365	S365A160009	100-034-5064-187	12,321	7/1/16-6/30/17	-	-	(12,321)	-	-	(12,321)	-	-
Subtotal						-	-	(14,580)	-	-	(14,580)	-	-
Special Education Cluster:													
L.D.E.A. Part B, Basic Regular	84.027	H027A160100	100-034-5065-016	602,542	7/1/16-6/30/17	-	571,114	(599,590)	-	-	(28,476)	-	-
L.D.E.A. Part B, Basic Regular	84.027	H027A150100	100-034-5065-016	616,596	7/1/15-6/30/16	(45,957)	48,756	(2,799)	-	-	-	-	-
Subtotal						(45,957)	619,870	(602,389)	-	-	(28,476)	-	-
L.D.E.A. Preschool	84.173A	H173A160114	100-034-5065-020	33,521	7/1/16-6/30/17	-	33,521	(33,521)	-	-	-	-	-
L.D.E.A. Preschool	84.173A	H173A150114	100-034-5065-020	33,296	7/1/15-6/30/16	(31,308)	31,308	-	-	-	-	-	-
L.D.E.A. Preschool	84.173A	H173A140114	100-034-5065-020	34,492	7/1/14-6/30/15	(1,788)	1,788	-	-	-	-	-	-
Subtotal						(33,296)	66,817	(33,521)	-	-	-	-	-
Total Special Education Cluster						(79,253)	686,687	(635,910)	-	-	(28,476)	-	-
Total U.S. Department of Education						(93,524)	763,481	(777,133)	-	-	(107,176)	-	-
Total Expenditures of Federal Awards						(99,149)	982,805	(993,154)	-	-	(115,536)	6,038	-

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

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

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

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

Note 3. Relationship to Basic Financial Statements

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

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

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(19,816) for the general fund and \$(16,782) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 18,233	\$ 10,364,668	\$ 10,382,901
Special Revenue Fund	777,133	143,324	920,457
Food Service Fund	<u>197,789</u>	<u>6,804</u>	<u>204,593</u>
Total Awards & Financial Assistance	<u>\$ 993,155</u>	<u>\$ 10,514,796</u>	<u>\$ 11,507,951</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

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

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>Special Education Cluster (I.D.E.A. Basic & Preschool)</u>
<u>84.173</u>	<u>H173A160114</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \$750,000

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

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

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

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000 _____

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

Internal control over major programs:

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

 2) Significant deficiency(ies) identified? _____ yes _____ X _____ no

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

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

Identification of major programs:

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

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

Section II – Financial Statement Findings

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

None.

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

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

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

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

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

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.