

Comprehensive Annual Financial Report

of the

Sayreville School District

Sayreville, New Jersey

For the Fiscal Year Ended June 30, 2017

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal.....	2
Organizational Chart.....	7
Roster of Officials	8
Consultants and Advisors.....	9
FINANCIAL SECTION	
Independent Auditor's Report.....	11
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis	15
BASIC FINANCIAL STATEMENTS	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position.....	29
A-2 Statement of Activities.....	30
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet.....	33
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	34
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Combining Statement of Net Position	37
B-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	38
B-6 Combining Statement of Cash Flows.....	39
Fiduciary Funds:	
B-7 Combining Statement of Fiduciary Net Position.....	41
B-8 Combining Statement of Changes in Fiduciary Net Position.....	42
Notes to Financial Statements	43
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	84
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	94

**OUTLINE OF CAFR
(Continued)**

	Page
C. Budgetary Comparison Schedules: (Continued)	
Notes to Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	96
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS.....	99
L-2 Schedule of District Contributions - PERS	100
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	101
Notes to the Required Supplementary Information - Part III	103
Other Supplementary Information	
D. School-Based Budget Schedules (if applicable)	
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual.....	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	107
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis.....	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures.....	111
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	112
F-2A Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Arleth Elementary School - Mechanical Upgrades.....	113
F-2B Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Telecommunications Upgrades for the District	114
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	117
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	118
G-3 Combining Schedule of Cash Flows.....	119

**OUTLINE OF CAFR
(Continued)**

	Page
G. Proprietary Funds: (Continued)	
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-6 Combining Schedule of Cash Flows.....	N/A
H. Fiduciary Fund:	
H-1 Combining Statement of Fiduciary Net Position	122
H-2 Combining Statement of Changes in Fiduciary Net Position	123
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	124
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	125
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds.....	127
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	128
I-4 Schedule of Obligations Under Lease Purchase Agreement - Long-Term Debt.....	129

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	133
J-2 Changes in Net Assets/Net Position	134
J-3 Fund Balances - Governmental Funds	136
J-4 Changes in Fund Balances - Governmental Funds.....	137
J-5 General Fund Other Local Revenue by Source.....	139

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	141
J-7 Direct and Overlapping Property Tax Rates	142
J-8 Principal Property Taxpayers.....	143
J-9 Property Tax Levies and Collections	144

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	146
J-11 Ratios of General Bonded Debt Outstanding.....	147
J-12 Direct and Overlapping Governmental Activities Debt.....	148
J-13 Legal Debt Margin Information.....	149

Demographic and Economic Information

J-14 Demographic and Economic Statistics	151
J-15 Principal Employers	152

**OUTLINE OF CAFR
(Continued)**

	Page
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section (Continued)	
Operating Information	
J-16 Full-Time Equivalent District Employees by Function/Program	154
J-17 Operating Statistics	155
J-18 School Building Information	156
J-19 Schedule of Required Maintenance Expenditures by School Facilities	157
J-20 Insurance Schedule	158
SINGLE AUDIT SECTION	
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 <i>Government Auditing Standards</i>	160
K-2 Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08	162
K-3 Schedule of Expenditures of Federal Awards, Schedule A.....	165
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B.....	166
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	168
K-6 Schedule of Findings and Questioned Costs	170
K-7 Summary Schedule of Prior Year Audit Findings.....	173

INTRODUCTORY SECTION



Sayreville Public Schools
Vision 2030

P.O. Box 997
Sayreville, New Jersey 08871
Phone: 732-525-5200
Fax: 732-727-5769



Dr. Richard R. Labbe, Superintendent of Schools

Dr. Marilyn J. Shediack, Assistant Superintendent

Ms. Erin Hill, Business Administrator/Board Secretary

November 30, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Sayreville School District ("District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sayreville Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all materials, respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (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.

Educating Today's Learners to Be Tomorrow's Leaders

Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Sayreville School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Boards (“GASB”). All funds of the District are included in this report. The Sayreville Board of Education and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2016/17 fiscal year with an enrollment of 6093 students which is 24 students more than the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Increase (Decrease) Percent Change
2016/17	6093	0.40%
2015/16	6069	1.00%
2014/15	6009	(.056%)
2013/14	6036	1.55%
2012/13	5944	(0.75%)
2011/12	5,989	1.34%
2010/11	5,910	(1.73%)
2009/10	6,014	3.64%
2008/09	5,803	1.13%
2007/08	5,738	1.00%
2006/07	5,681	(.82%)

2. **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Sayreville is a community which has experienced moderate but increasing growth over the past decade. Building room exists for residential dwellings, condominiums, commercial structures and light industry. The Borough is convenient to urban centers, manufacturing areas, several institutes of higher learning, and merchandise malls. The community has benefited from a healthy national economy by maintaining established small businesses and moderate expansion of commerce.

3. MAJOR INITIATIVES: Programs are being developed and implemented to improve student performance on high stakes state testing. This testing is part of the requirements of the ESSA. Steps are being taken to ensure that students in all schools meet Annual Progress Targets.
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:
 - a) The cost of a control should not exceed the benefits likely to be derived; and
 - b) The valuation of costs and benefits requires estimate and judgments by management.

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

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


5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. 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 account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The accounting system of the District is organized on the basis of funds. These funds are explained in Note 1 of the Notes to Financial Statements.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in Note 3 of the Notes to Financial Statements. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Uniform Guidance and State OMB Circular Letter 15-08. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



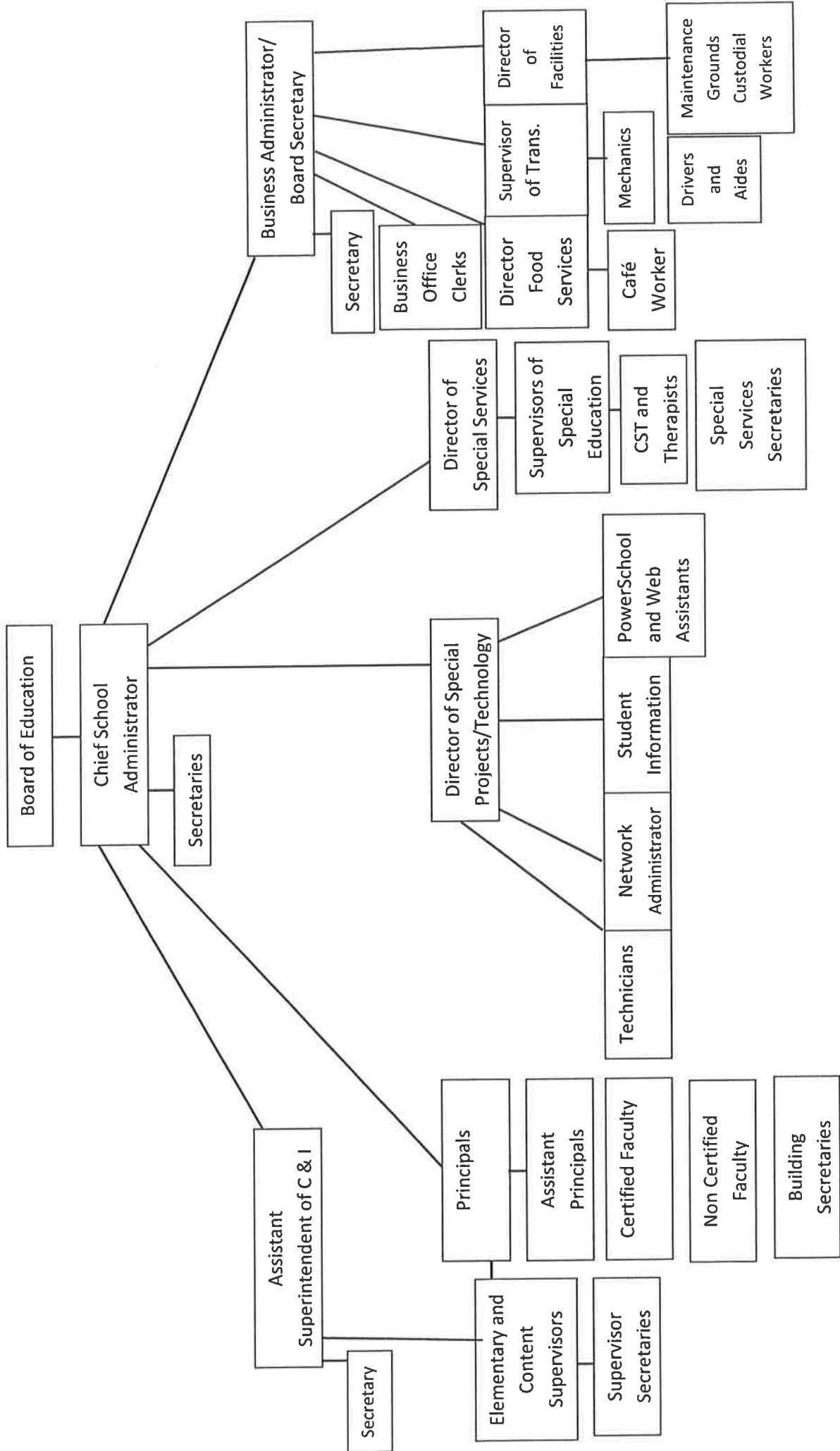
Dr. Richard R. Labbe
Superintendent



Erin Hill
School Business Administrator

SAYREVILLE PUBLIC SCHOOLS

ORGANIZATIONAL CHART 2016-17



**SAYREVILLE SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin E. Ciak, President	2018
Phyllis Batko, Vice President	2017
Daniel Balka	2019
Lucille Bloom	2019
Thomas Biesiada	2018
Beth DePinto	2017
Anthony Esposito	2018
Michael J. Macagnone	2017
John Walsh	2019
 <u>Other Officials</u>	
Richard Labbe, Superintendent of Schools	
Marilyn Zeichner-Shediack, Assistant Superintendent of Schools	
Erin Hill, Business Administrator/Board Secretary	
Wayne A. Kronowski, Treasurer of School Funds	

SAYREVILLE SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

JUNE 30, 2017

Health Benefits

Arthur J. Gallagher & Co.
707 State Road
Princeton, New Jersey 08540

Audit Firm

Samuel Klein and Company
Certified Public Accountants
550 Broad Street, 11th Floor
Newark, New Jersey 07102-4543

Attorney

Busch Law Group LLC
450 Main Street
Metuchen, New Jersey 08840

Official Depositories

Amboy National Bank
Highway No. 9, Ticetown Road
Old Bridge, New Jersey 08857

PNC Bank
P. O. Box 600
Edison, New Jersey 08817

MBIA
113 Kings Street
Armonk, New York 10504

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Sayreville Board of Education
County of Middlesex
Sayreville, New Jersey 08872

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 Board of Education of the Sayreville School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2017 and the related notes to financial statements, which collectively comprise the Board's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Board'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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information 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

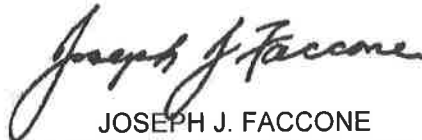
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sayreville School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections 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 December 1, 2017, on our consideration of the Board of Education of the Sayreville School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sayreville School District's 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 Sayreville School District's internal control over financial reporting and compliance.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

DISTRICT MISSION STATEMENT

The mission of the Sayreville Board of Education, an integral part of our diverse, involved community, is to meet the challenges of a changing society by offering a comprehensive education that will provide the opportunities for students to become well-rounded individuals who are able to think for themselves through consultation, cooperation and participation with that community.

Introduction

The above Mission Statement underscores the educational philosophy that was the heart of all the District's financial activities during the fiscal year ending June 30, 2017. Management's Discussion and Analysis of the District's financial results that follow will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District, as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements as well as notes to those statements. These statements are organized so that the reader can understand the Sayreville Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities

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

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

**REPORTING THE SCHOOL DISTRICT AS A WHOLE
(Continued)**

Statement of Net Position and the Statement of Activities (Continued)

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - All of the School District's programs and services are reported here, including, but not limited to Instruction, Support Services, Operation and Maintenance of Plant Facilities, Pupil Transportation and Extracurricular Activities.
- **Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Adult School Enterprise Funds are reported as a business activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Detailed information about the School District's major funds is presented and an analysis of the School District's major funds is included in the 2016-2017 Comprehensive Annual Financial Report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2017 are as follows:

- The assets of the Sayreville Board of Education exceeded its liabilities at the close of the fiscal year by \$19,047,808 (net position). However, the amount available to meet the District's ongoing obligations (unrestricted) was \$(25,572,902).
- The District's total net position increased \$214,023.
- General revenues accounted for \$88,408,515 in revenue or 87.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$13,193,755 or 13 percent to total revenues of \$101,602,270.
- The School District had \$98,803,106 in expenses for governmental activities; only \$10,234,298 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$88,458,515 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,437,189.49.
- The General Fund had \$92,039,614 in revenues and \$91,413,886 in expenditures. The General Fund's balance's increased \$781,822 from the previous year to \$5,286,923.
- The General Fund budgetary fund balance at the close of the current fiscal year was \$7,378,780 which represented an increase of \$808,334 from the previous year.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

THE SCHOOL DISTRICT AS A WHOLE

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

The following provides a summary of the School District's Net Position for 2017 and 2016:

**Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 17,089,518	\$ 9,915,530	\$ 994,294	\$ 542,080	\$ 18,083,812	\$ 10,457,610
Capital Assets	80,440,862	82,044,823			80,440,862	82,044,823
Total Assets	<u>97,530,380</u>	<u>91,960,353</u>	<u>994,294</u>	<u>542,080</u>	<u>98,524,674</u>	<u>92,502,433</u>
Long-Term Liabilities	39,745,585	42,266,908	29,394		39,774,979	42,266,908
Other Liabilities	39,336,300	31,134,657	365,587	267,081	39,701,887	31,401,738
Total Liabilities	<u>79,081,885</u>	<u>73,401,565</u>	<u>394,981</u>	<u>267,081</u>	<u>79,476,866</u>	<u>73,668,646</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	39,012,616	37,233,881			39,012,616	37,233,881
Restricted	5,608,094	4,696,221			5,608,094	4,696,221
Unrestricted	(26,172,215)	(23,371,315)	599,313	274,998	(25,572,902)	(23,096,317)
Total Net Position	<u>\$ 18,448,495</u>	<u>\$ 18,558,787</u>	<u>\$ 599,313</u>	<u>\$ 274,998</u>	<u>\$ 19,047,808</u>	<u>\$ 18,833,785</u>

By far, the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**UNAUDITED
(Continued)**

**THE SCHOOL DISTRICT AS A WHOLE
(Continued)**

The following shows the Changes in Net Position for fiscal years 2017 and 2016:

**Change in Net Assets
For the Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$	\$	\$ 1,550,784	\$ 1,378,147	\$ 1,550,784	\$ 1,378,147
Operating Grants and Contributions	10,234,298	8,665,687	1,408,673	1,326,773	11,642,971	9,992,460
General Revenues:						
Property Taxes	62,254,946	60,525,205			62,254,946	60,525,205
State Aid - Unrestricted	25,161,687	24,656,440			25,161,687	24,656,440
Other	1,041,882	758,716	(50,000)	(150,000)	991,882	608,716
Total Revenues	98,692,813	94,606,048	2,909,457	2,554,920	101,602,270	97,160,968
Expenses						
Instruction:						
Regular	39,395,467	36,006,586			39,395,467	36,006,586
Special Education	12,808,935	11,780,097			12,808,935	11,780,097
Other Special Instruction	2,593,126	2,341,497			2,593,126	2,341,497
Other Instruction	1,582,684	1,493,424			1,582,684	1,493,424
School Sponsored Activities and Athletics	4,439	4,338			4,439	4,338
Support Services:						
Student and Instruction Related Services	17,680,147	16,899,922			17,680,147	16,899,922
General Administration Services	2,185,208	2,493,123			2,185,208	2,493,123
School Administrative Services	3,566,225	3,746,368			3,566,225	3,746,368
Central Services/Business Services	786,684	854,507			786,684	854,507
Administrative Information Technology	1,367,906	930,404			1,367,906	930,404
Plant Operations and Maintenance	7,398,339	7,082,143			7,398,339	7,082,143
Pupil Transportation	7,771,959	7,363,654			7,771,959	7,363,654
Special Schools	174,967	134,776			174,967	134,776
Charter Schools	255,597	116,240			255,597	116,240
Interest on Debt	1,231,423	2,323,332			1,231,423	2,323,332
Food Service			2,419,989	2,383,621	2,419,989	2,383,621
Adult School			165,152	188,433	165,152	188,433
Total Expenses	98,803,106	93,570,411	2,585,142	2,572,054	101,388,247	96,142,465
Increase (Decrease) in Net Assets	(110,293)	1,035,637	324,316	(17,134)	214,023	1,018,503
Net Assets, Beginning of Year	18,558,787	17,523,152	274,998	292,132	18,833,785	17,815,284
Net Assets, End of Year	\$ 18,448,494	\$ 18,558,789	\$ 599,314	\$ 274,998	\$ 19,047,808	\$ 18,833,787

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

Governmental Activities - The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes of \$62,254,946 and \$60,525,205 made up 63% and 64% of the revenues for governmental activities for the Sayreville Board of Education for fiscal years ended June 30, 2017 and 2016, respectively. The District's total revenues were \$98,692,813 and \$94,456,048 for the fiscal years ended June 30, 2017 and 2016, respectively. Federal, state and local aid and grants accounted for another \$35,395,985 and \$33,322,127 representing 36% and 35% of total governmental activities revenues for the fiscal years ended June 30, 2017 and 2016, respectively.

The total cost of all programs and services were \$98,803,106 and \$93,570,411 for the fiscal years ended June 30, 2017 and 2016, respectively. Instruction comprised \$56,384,651 (57%) and \$51,625,942 (55%) of District expenses for the fiscal years ended June 30, 2017 and 2016, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these funds.

**Total and Net Cost of Governmental Activities
For the Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction:				
Regular	\$ 39,395,467	\$ 36,006,586	\$ 34,609,538	\$ 31,313,393
Special Education	12,808,935	11,780,097	11,044,668	10,246,739
Other Special Instruction	2,593,126	2,341,497	2,234,164	1,914,653
Other Instruction	1,582,684	1,493,424	1,422,988	1,375,823
School Sponsored Activities and Athletics	4,439	4,338	3,825	4,338
Support Services:				
Student and Instruction Related Services	17,680,147	16,899,922	16,183,777	15,741,001
General Administration	2,185,208	2,493,123	2,064,124	2,322,284
School Administrative Services	3,566,225	3,746,368	3,075,872	3,247,392
Central Services/Business Services	786,684	854,507	686,174	854,507
Administrative Information Technology	1,367,906	930,404	1,302,619	864,449
Plant Operations and Maintenance	7,398,339	7,082,143	6,809,801	7,082,143
Pupil Transportation	7,771,959	7,363,654	7,493,493	7,363,654
Special Schools	174,967	134,776	150,747	134,776
Charter Schools	255,597	116,240	255,597	116,240
Interest on Debt	1,231,423	2,323,332	1,231,423	2,323,332
Total	<u>\$ 98,803,106</u>	<u>\$ 93,570,411</u>	<u>\$ 88,568,808</u>	<u>\$ 84,904,724</u>

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development includes expenses relating to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration, central services and administrative information technology include expenses associated with administrative and financial supervision of the District.

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

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

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

Business-Type Activities - Revenues for the District's business-type activities (food service and adult school programs) were comprised of charges for services and federal and state reimbursements.

- Food service and adult school revenues exceeded expenses by \$324,316 and expenses exceeded revenues by \$17,134 for the years ended June 30, 2017 and 2016, respectively.
- Charges for services represent \$1,550,784 and \$1,378,147 of revenue for the fiscal years ended June 30, 2017 and 2016. This represents amounts paid by patrons for daily food sales (72% and 78%) and program fees (28% and 22%) for the adult school.
- Federal and state reimbursements for food service meals, including payments for free and reduced lunches and donated commodities were \$1,408,673 and \$1,326,773 for the fiscal years ended June 30, 2017 and 2016, respectively.
- Total expenses were \$2,585,142 and \$2,572,054 for the fiscal years ended June 30, 2017 and 2016, respectively.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is included in the 2016-2017 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$98,642,813 and \$94,456,047 and expenditures of \$97,902,522 and \$94,243,044 for the fiscal years ended June 30, 2017 and 2016, respectively. As the District completed the year, its governmental funds reported a combined fund balance of \$5,437,189 an increase of \$790,291 from last year's fund balance of \$4,646,899.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 12 including pupil transportation and capital outlay activities. The following schedules present a summary of the revenues of the General Fund for the fiscal years ended June 30, 2017 and 2016, and the amount and percentage of increases or decreases in relation to prior year revenues.

	<u>2017</u>	<u>2016</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources:				
Property Taxes	\$ 62,254,946	\$ 60,525,205	\$ 1,729,741	2.9%
Other	991,882	608,716	383,166	62.9%
State Sources	32,830,169	30,968,223	1,861,946	6.0%
Federal Sources	<u>2,565,816</u>	<u>2,353,903</u>	<u>211,913</u>	9.0%
	<u>\$ 98,642,813</u>	<u>\$ 94,456,047</u>	<u>\$ 4,186,766</u>	4.4%

Overall, General Fund revenues increased 4.4% during the current school year. The increase in Local Sources is attributable to a tax increase of 2.9% to fund District operations and tuition revenues earned during the current year. The net increase in State Sources is due mainly to the addition of State Aid. Federal Sources increased due to additional Federal reimbursement in the Food service account.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

THE SCHOOL DISTRICT'S FUNDS (Continued)

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Instruction	\$ 38,694,923	\$ 37,358,612	\$ 1,336,311	3.6%
Support Services	54,248,141	51,669,109	2,579,032	5.0%
Debt Service	3,527,172	3,738,793	(211,621)	-5.7%
Capital Outlay	<u>1,432,287</u>	<u>1,476,530</u>	<u>(44,243)</u>	-3.0%
	<u>\$ 97,902,522</u>	<u>\$ 94,243,044</u>	<u>\$ 3,659,478</u>	3.9%

Overall District expenditures during the current year increased 3.9% from the previous year.

The increase in Support Services is attributable to a moderate increase in tuition related expenditures.

The decrease in capital outlay is attributed to the completion of construction projects from the previous year.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of the 2016/2017 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Amendments are made during the year for:

- Staffing changes based on student needs.
- Changes in facility maintenance and operation needs.
- Changes in appropriations to prevent budget overruns.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

GENERAL FUND BUDGETING HIGHLIGHTS (Continued)

While the District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal with the use of \$2,885,000 of prior year unreserved/undesignated budgetary fund balance, the actual results for the year ended June 30, 2017 revealed an increase of \$808,334 in budgetary surplus funds in 2017 respectively. The total fund balance (budgetary basis) at June 30, 2017 was \$7,378,780 compared to \$6,570,446 at June 30, 2016.

CAPITAL ASSETS

At the end of the fiscal years 2017 and 2016, the School District has \$80,440,862 and \$82,044,824 invested in land, construction-in-progress, buildings, leasehold improvements, and furniture and equipment vehicles. Depreciation charges for the fiscal years 2017 and 2016 were \$2,997,619 and \$2,937,490 for governmental activities, respectively and none for business-type activities, respectively. The following is a comparison of the June 30, 2017 and 2016 balances.

**Capital Assets
at June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,767,549	\$ 6,767,549	\$ -	\$ -	\$ 6,767,549	\$ 6,767,549
Construction-in-Progress	22,755				22,755	
Leasehold Improvements	521,800	521,800			521,800	521,800
Site Improvements	3,390,519	3,390,519			3,390,519	3,390,519
Buidlings and Building Improvements	106,783,461	104,941,286			106,783,461	104,941,286
Machinery and Equipment	11,558,482	12,029,755	552,902	552,902	12,111,384	12,582,657
	129,044,566	127,650,909	552,902	552,902	129,597,468	128,203,811
Less: Accumulated Depreciation	(48,603,704)	(45,606,085)	(552,902)	(552,902)	(49,156,606)	(46,158,987)
Total	\$ 80,440,862	\$ 82,044,824	\$ -	\$ -	\$ 80,440,862	\$ 82,044,824

Additional information on the District's capital assets can be found in the Notes to the Basic Financial Statements.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

LONG-TERM LIABILITIES

At June 30, 2017, the School District had \$42,273,365 as outstanding debt consisting of \$41,119,400 bonds (net of unamortized premium and loss on refunding) for school construction, \$471,938 Lease Purchase Agreements and \$682,027 compensated absences. The following is a comparison of the June 30, 2017 and 2016 balances:

**Outstanding Long-Term Liabilities
at June 30, 2017 and 2016**

	Governmental Activities	
	2017	2016
General Obligation Bonds Payable, Net	\$ 41,119,400	\$ 43,609,096
Lease Purchase Agreements	471,938	795,546
Compensated Absences	682,027	562,303
Total	\$ 42,273,365	\$ 44,966,945

Additional information on the District's long-term liabilities can be found in the Notes to the Basic Financial Statements.

FOR THE FUTURE

We continue to strive for excellence within the Sayreville Public Schools. While we have much work to do, we are proud of the outcomes our students produced in 2016-17. This year we will be entering the first year of the second set of several Vision 2030 strategic Action Plans, in which over the past three years we have utilized to implement significant changes that we are now beginning to see have both enhanced student achievement and improved the efficiency of our business operation. In fact, this fall the Sayreville Public Schools engaged the entire community in collaborative strategic planning. While some members of the community participated in a two day Education Summit in September, all community members were asked to complete a Needs Assessment Survey in order to assist the district in plotting the next four-year journey in our pursuit of vision 2030.

During 2016-17 the district devoted considerable attention to refurbishing our facilities. We began renovating student bathrooms at the Wilson Elementary School, our oldest school in the district. We also began replacing heating units in the Arleth Elementary School. Finally, we repaired a trench in our middle school grounds and replaced the windows in the middle school gymnasium. During the 2017-18 school year we plan to install permanent walls in the "open concept" clusters at the Truman Elementary School, finish renovating the student bathrooms at the Wilson Elementary School, install a new fire alarm system panel at the middle school, and install new windows at the Arleth Elementary School.

Academically, according to our Advanced Placement (AP) Testing scores, our AP students at the high school continue to excel, particularly in science, in which students demonstrated a significant cumulative increase from 2015-16 to 2016-17. Likewise, in mathematics, there was an 11% increase in the number of students who met or exceeded expectations on the PARCC Algebra 1 Assessment. Furthermore, there was a 4% or more increase in the number of students who met or exceeded expectations on the combined PARCC middle school math assessments, as well as the 3rd Grade Math Assessment.

**SAYREVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED
(Continued)**

**FOR THE FUTURE
(Continued)**

In language arts, our students in the elementary school continued to demonstrate significant progress in developing the skill of literacy, as demonstrated by their Developmental Reading Assessment results. In fact, there was a 6% increase in the number of 1st Graders who were reading on or above grade level this year compared to last year. Moreover, according to our PARCC results, in nearly every grade level there was an increase in the number of students who met or exceeded expectations, especially in grades 5-8, in which 62% of those students met this standard of development. As a matter of fact, 20% of our 8th grade students exceeded expectations.

Finally, district-wide, there was a marked improvement in student behavior and attendance. As a matter of fact, compared to the 2015-16 school year, there were 276 less behavioral infractions this year that led to in-school or out of school suspensions, and average daily attendance this year was ever so slightly below 95% district-wide. Coincidentally, staff average daily attendance also increased.

During the 2017-18 school year the district will continue to make changes that we believe will improve learning or our business efficiency. For example, the high school will explore the development of career academies for implementation in 2018-19 and will incorporate them into its new three-year strategic action plan. In addition, as we did last year in Kindergarten through 2nd Grade, this year we will replace conventional report cards with standards-based report cards in Grades 3-5. Furthermore, a committee will be assembled for the purpose of reviewing and revising the assessment of all students district-wide. In addition, the district will implement the Fountas and Pinnel Reading System to assist our Kindergarten and 1st Grade teachers in promoting literacy development. Likewise, with the support of the additional equalization aid that the district received recently from the New Jersey Department of Education, we hope to purchase enough student instructional devices, such as iPads and chromebooks, to bring our student to device ratio down to one device per 1.3 students, which will result in more of our students utilizing essential instructional software, like Achieve 3000, RAZ Kids, Math XL, and ST Math on a far greater frequency level. Finally, due to the aforementioned additional equalization aid, we hope to increase the safety and security of our staff and students by hiring more campus security monitors and by purchasing and implementing both visitor and staff attendance management software systems.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have questions on this report or need additional financial information, please contact Erin Hill, School Business Administrator/Board Secretary at Sayreville Board of Education, 150 Lincoln Street, South Amboy, New Jersey 08879 or send an email to Erin.Hill@sayrevillek12.net.

BASIC FINANCIAL STATEMENTS

A. DISTRICT-WIDE FINANCIAL STATEMENTS

**SAYREVILLE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,659,879.40	\$ 679,887.46	\$ 3,339,766.86
Receivables - Net	2,219,316.15	274,346.70	2,493,662.85
Due from Other Funds - Net	236,979.68		236,979.68
Inventory		40,060.17	40,060.17
Deferred Charges - Bond Issuance Costs	163,091.87		163,091.87
Restricted Assets:			
Capital Reserve Account - Cash	1,441,626.66		1,441,626.66
Maintenance Reserve Account - Cash	1,003.96		1,003.96
Capital Assets, Net	<u>80,440,862.38</u>		<u>80,440,862.38</u>
Total Assets	<u>87,162,760.10</u>	<u>994,294.33</u>	<u>88,157,054.43</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>10,367,620.00</u>		<u>10,367,620.00</u>
LIABILITIES			
Accounts Payable	1,088,450.61	56,772.53	1,145,223.14
Due to State of New Jersey	4,967.48		4,967.48
Due to Other Funds - Net		236,979.68	236,979.68
Accrued Interest Payable	557,042.90		557,042.90
Deferred Inflows	28,198.27	71,834.30	100,032.57
Net Pension Liability	34,532,484.00		34,532,484.00
Noncurrent Liabilities:			
Due Within One Year	2,527,780.10		2,527,780.10
Due Beyond One Year	<u>39,745,585.37</u>	<u>29,394.44</u>	<u>39,774,979.81</u>
Total Liabilities	<u>78,484,508.73</u>	<u>394,980.95</u>	<u>78,879,489.68</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount Related to Pension	<u>597,377.00</u>		<u>597,377.00</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	39,012,616.11		39,012,616.11
Restricted for:			
Debt Service	150,266.08		150,266.08
Other Purposes	5,457,827.65		5,457,827.65
Unrestricted	<u>(26,172,215.47)</u>	<u>599,313.38</u>	<u>(25,572,902.09)</u>
Total Net Position	<u>\$ 18,448,494.37</u>	<u>\$599,313.38</u>	<u>\$ 19,047,807.75</u>

See accompanying notes to financial statements.

SAYREVILLE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

A-2

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 39,395,467.22	\$ 4,785,929.30	\$ 4,785,929.30	\$ (34,609,537.92)
Special Education	12,808,935.46	1,764,267.74	1,764,267.74	(11,044,667.71)
Other Special Instruction	2,593,125.71	358,961.94	358,961.94	(2,234,163.77)
Other Instruction	1,582,683.95	159,696.25	159,696.25	(1,422,987.70)
Community Service Programs	4,439.06	614.49	614.49	(3,824.57)
Support Services:				
Tuition	4,570,718.87			(4,570,718.87)
Student and Instruction Related Services	13,109,428.12	1,496,370.39	1,496,370.39	(11,613,057.73)
General Administrative Services	2,185,207.54	121,083.63	121,083.63	(2,064,123.91)
School Administrative Services	3,566,225.42	490,353.01	490,353.01	(3,075,872.41)
Central Services	786,683.76	100,510.08	100,510.08	(686,173.68)
Administrative Information Technology	1,367,906.06	65,287.18	65,287.18	(1,302,618.88)
Plant Operations and Maintenance	7,398,338.79	588,538.05	588,538.05	(6,809,800.74)
Pupil Transportation	7,771,958.56	278,465.19	278,465.19	(7,493,493.37)
Special Schools	174,967.04	24,220.39	24,220.39	(150,746.66)
Charter School	255,597.33			(255,597.33)
Debt Service:				
Interest	1,231,422.76			(1,231,422.76)
Total Governmental Activities	98,803,105.65		10,234,297.65	(88,568,808.00)
Business-Type Activities:				
Food Service	2,419,989.30	1,118,722.84	1,408,673.22	107,406.76
Adult School	165,152.26	432,061.25		266,908.99
Total Business-Type Activities	2,585,141.56	1,550,784.09	1,408,673.22	374,315.75
Total Primary Government	\$ 101,388,247.21	\$ 1,550,784.09	\$ 11,642,970.87	\$ (88,194,492.25)
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes, Net				\$ 58,677,741.00
Property Taxes, Levied for Debt Service				3,577,205.00
Federal and State Aid Not Restricted				25,161,686.70
Tuition				306,728.94
Private Sources				368,244.65
Miscellaneous Income				316,908.57
Transfers			(50,000.00)	316,908.57
Total General Revenues, Special Items, Extraordinary Items and Transfer			(50,000.00)	88,408,514.86
Change in Net Position				214,022.61
Net Position - Beginning				18,833,785.14
Net Position - Ending				\$ 19,047,807.75

B. FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

SAYREVILLE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

B-1

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$3,189,655.63	\$	\$	\$ 150,266.08	\$ 3,339,921.71
Due from Other Funds	236,979.68				236,979.68
Accounts Receivable - Other	122,610.23	2,800.00	25,205.40		150,615.63
Accounts Receivable - State	1,133,319.52	734.00			1,134,053.52
Accounts Receivable - Federal		934,647.00			934,647.00
Restricted Cash - Capital Reserve Account	1,441,626.66				1,441,626.66
Restricted Cash - Maintenance Reserve Account	1,003.96				1,003.96
Total Assets	<u>\$6,125,195.68</u>	<u>\$ 938,181.00</u>	<u>\$25,205.40</u>	<u>\$ 150,266.08</u>	<u>\$ 7,238,848.16</u>
LIABILITIES					
Cash Overdraft	\$ 823,797.27	\$ 680,042.31	\$ -	\$	\$ 680,042.31
Accounts Payable		239,447.94	25,205.40		1,088,450.61
Due to State of New Jersey		4,967.48			4,967.48
Deferred Revenue	14,475.00	13,723.27			28,198.27
Total Liabilities	<u>838,272.27</u>	<u>938,181.00</u>	<u>25,205.40</u>		<u>1,801,658.67</u>
FUND BALANCES					
Restricted for:					
Excess Surplus - Current Year	1,113,882.56				1,113,882.56
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	682,411.52				682,411.52
Capital Reserve Account	1,498,262.83				1,498,262.83
Maintenance Reserve	1,003.96				1,003.96
Debt Service				150,266.08	150,266.08
Committed to:					
Encumbrances	447,292.42				447,292.42
Assigned to:					
Designated for Subsequent Year's Expenditures	1,702,588.48				1,702,588.48
ARRA/SEMI - Designated for Subsequent Year's Expenditures	12,385.88				12,385.88
Unassigned:					
General Fund	(170,904.24)				(170,904.24)
Total Fund Balances	<u>5,286,923.41</u>			<u>150,266.08</u>	<u>5,437,189.49</u>
Total Liabilities and Fund Balance	<u>\$6,125,195.68</u>	<u>\$ 938,181.00</u>	<u>\$25,205.40</u>	<u>\$ 150,266.08</u>	<u>\$ 7,238,848.16</u>

Total Fund Balances Above \$ 5,437,189.49

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 costs of the assets is \$129,044,566.38 and the accumulated depreciation is \$48,603,704.00 (See Note 5). 80,440,862.38

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 Note 6).

Bonds Payable, Net	\$ (41,119,400.00)	
Deferred Charge for Bond Issuance Cost	163,091.87	
Lease Purchase Payable	(471,938.14)	
Compensated Absences	<u>(682,027.33)</u>	
		(42,110,273.60)

Deferred Outflows related to pension contributions subsequent to the Net Position Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7). 10,367,620.00

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the funds. (See Note 7). (597,377.00)

Long-Term Liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7). (34,532,484.00)

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance. (557,042.90)

Net Position of Governmental Activities (A-1) \$ 18,448,494.37

SAYREVILLE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 58,677,741.00	\$	\$	\$3,577,205.00	\$ 62,254,946.00
Tuition	306,728.94				306,728.94
Interest Earned	1,628.79				1,628.79
Miscellaneous	314,652.77			627.01	315,279.78
Private Sources		12,600.00	355,644.65		368,244.65
Total Local Sources	<u>59,300,751.50</u>	<u>12,600.00</u>	<u>355,644.65</u>	<u>3,577,832.01</u>	<u>63,246,828.16</u>
State Sources	32,536,088.65	230,178.39	(25,698.47)	89,600.00	32,830,168.57
Federal Sources	202,774.33	2,363,041.45			2,565,815.78
Total Revenues	<u>92,039,614.48</u>	<u>2,605,819.84</u>	<u>329,946.18</u>	<u>3,667,432.01</u>	<u>98,642,812.51</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	24,898,583.02	2,137,224.40			27,035,807.42
Special Education Instruction	8,790,349.16				8,790,349.16
Other Special Instruction	1,779,576.49				1,779,576.49
Other Instruction	1,086,143.70				1,086,143.70
Community Service Programs	3,046.38				3,046.38
Support Services and Undistributed Costs:					
Tuition	3,136,733.33				3,136,733.33
Student and Instruction Related Services	8,527,971.91	468,595.44			8,996,567.35
General Administrative Services	1,499,635.73				1,499,635.73
School Administrative Services	2,669,464.31				2,669,464.31
Central Services	539,875.07				539,875.07
Administrative Information Technology	938,748.73				938,748.73
Plant Operations and Maintenance	5,077,235.45				5,077,235.45
Pupil Transportation	5,333,638.35				5,333,638.35
Employee Benefits	25,760,760.12				25,760,760.12
Special Schools	120,074.10				120,074.10
Charter School	175,408.00				175,408.00
Debt Service:					
Principal				2,135,000.00	2,135,000.00
Interest				1,392,171.68	1,392,171.68
Capital Outlay	1,076,641.95		355,644.65		1,432,286.60
Total Expenditures	<u>91,413,885.80</u>	<u>2,605,819.84</u>	<u>355,644.65</u>	<u>3,527,171.68</u>	<u>97,902,521.97</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>625,728.68</u>	<u>-</u>	<u>(25,698.47)</u>	<u>140,260.33</u>	<u>740,290.54</u>
Other Financing Sources (Uses):					
Transfers In:					
Operating Transfers In	156,093.53				156,093.53
Operating Transfers (Out)			(106,093.53)		(106,093.53)
Total Other Financing Sources (Uses)	<u>156,093.53</u>		<u>(106,093.53)</u>		<u>50,000.00</u>
Net Change in Fund Balances	781,822.21		(131,792.00)	140,260.33	790,290.54
Fund Balance July 1	<u>4,505,101.20</u>		<u>131,792.00</u>	<u>10,005.75</u>	<u>4,646,898.95</u>
Fund Balance June 30	<u>\$ 5,286,923.41</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,266.08</u>	<u>\$ 5,437,189.49</u>

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

B-3

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds	B-2	\$ 790,290.54
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (2,997,619.00)	
Capital Assets - Prior Year Adjustment	259,904.53	
Capital Outlays, net of capital lease principal payments	<u>1,133,753.60</u>	(1,603,960.87)
<p>Repayment of Debt 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.</p>		
Serial Bonds	2,135,000.00	
Refunding Bonds, Net	400,000.00	
Lease Purchase Agreements, Net	<u>323,608.24</u>	2,858,608.24
<p>Governmental Funds report the effect of issuance costs, premiums, and the loss on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of Loss on Refunding Bonds	(63,186.00)	
Amortization of Original Issue Premium	17,882.00	
Amortization of Issuance Costs	<u>7,088.87</u>	(38,215.13)
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net position liability and deferred inflows/outflows related to pension changed during the period.</p>		
		(2,094,789.00)
Increase in Compensated Absences		(119,723.97)
Decrease in Accrued Interest Payable		<u>97,497.05</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ (110,293.14)</u>

PROPRIETARY FUNDS

SAYREVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

B-4

	Business-Type Activities Enterprise Funds		Totals
	Food Service	Community School	
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 279,793.12	\$ 400,094.34	\$ 679,887.46
Accounts Receivable:			
State Sources	5,260.49		5,260.49
Federal Sources	265,392.66		265,392.66
Other	3,693.55		3,693.55
Inventories:			
Regular	40,060.17	-	40,060.17
Total Current Assets	594,199.99	400,094.34	994,294.33
Noncurrent Assets:			
Furniture, Machinery and Equipment	552,902.00		552,902.00
Less: Accumulated Depreciation	(552,902.00)		(552,902.00)
Total Noncurrent Assets	-	-	-
Total Assets	\$ 594,199.99	\$ 400,094.34	\$ 994,294.33
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 56,772.53	\$	\$ 56,772.53
Deferred Inflows		71,834.30	71,834.30
Interfunds Payable	236,979.68	-	236,979.68
Total Current Liabilities	293,752.21	71,834.30	365,586.51
Noncurrent Liabilities:			
Compensated Absences	29,394.44		29,394.44
Total Noncurrent Liabilities	29,394.44	-	29,394.44
Total Liabilities	\$ 323,146.65	\$ 71,834.30	\$ 394,980.95
<u>NET POSITION</u>			
Unrestricted	\$ 271,053.34	\$ 328,260.04	\$ 599,313.38
Total Net Position	\$ 271,053.34	\$ 328,260.04	\$ 599,313.38

SAYERVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

B-5

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 724,722.72	\$	\$ 724,722.72
Daily Sales - Nonreimbursable Programs	369,680.00		369,680.00
Special Event Sales	24,320.12		24,320.12
Program Fees		432,061.25	432,061.25
Total Operating Revenues	1,118,722.84	432,061.25	1,550,784.09
Operating Expenses:			
Cost of Sales - Reimbursable Programs	841,540.00		841,540.00
Cost of Sales - Nonreimbursable Programs	81,158.00		81,158.00
USDA Food Commodities	161,604.01		161,604.01
Salaries	1,015,310.05	161,066.26	1,176,376.31
Employee Benefits	202,567.98		202,567.98
Repairs and Maintenance	27,904.09		27,904.09
Supplies and Materials	79,356.10	4,086.00	83,442.10
Miscellaneous	10,549.07		10,549.07
Total Operating Expenses	2,419,989.30	165,152.26	2,585,141.56
Operating (Loss)/Gain	(1,301,266.46)	266,908.99	(1,034,357.47)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	24,891.91		24,891.91
Federal Sources:			
National School Lunch Program	1,004,875.74		1,004,875.74
National School Breakfast Program	217,301.56		217,301.56
USDA Food Commodities	161,604.01		161,604.01
Total Nonoperating Revenues	1,408,673.22		1,408,673.22
Other Financing Source (Uses):			
Transfer Out - General Fund		(50,000.00)	(50,000.00)
Change in Net Position	107,406.76	216,908.99	324,315.75
Total Net Position - Beginning	163,646.58	111,351.05	274,997.63
Total Net Position - Ending	\$ 271,053.34	\$328,260.04	\$ 599,313.38

SAYERVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

B-6

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Total Enterprise
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 1,115,029.29	\$ 444,980.95	\$ 1,560,010.24
Payments to Employees for Salaries and Benefits	(1,188,483.59)	(161,066.26)	(1,349,549.85)
Payments to Suppliers	(969,485.77)	(4,668.00)	(974,153.77)
 Net Cash Provided by (Used for) Operating Activities	(1,042,940.07)	279,246.69	(763,693.38)
<u>Cash Flows from Noncapital Financing Activities</u>			
State Sources	21,560.87		21,560.87
Federal Sources	1,049,175.06		1,049,175.06
Other Sources (Uses)	26,075.02	(50,000.00)	(23,924.98)
 Net Cash Provided by (Used for) Noncapital Financing Activities	1,096,810.95	(50,000.00)	1,046,810.95
 Net Increase (Decrease) in Cash and Cash Equivalents	53,870.88	229,246.69	283,117.57
Balances - Beginning of Year	225,922.24	170,847.65	396,769.89
Balances - End of Year	\$ 279,793.12	\$ 400,094.34	\$ 679,887.46
 Reconciliation of Operating Loss to Net Cash Provided by (Used for) by Operating Activities:			
Operating (Loss)/Gain	\$ (1,301,266.46)	\$ 266,908.99	\$ (1,034,357.47)
 Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:			
Federal Commodities	161,604.01		161,604.01
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(29,768.57)	470.00	(29,298.57)
(Increase)/Decrease in Inventory	10,460.40		10,460.40
Increase/(Decrease) in Accounts Payable	86,636.11	(582.00)	86,054.11
Increase/(Decrease) in Compensated Absences	29,394.44		29,394.44
Increase/(Decrease) in Deferred Inflows		12,449.70	12,449.70
 Total Adjustments	258,326.39	12,337.70	270,664.09
 Net Cash Provided by (Used for) by Operating Activities	\$ (1,042,940.07)	\$ 279,246.69	\$ (763,693.38)

FIDUCIARY FUNDS

SAYREVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

B-7

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$ 87,463.37</u>	<u>\$64,859.28</u>	<u>\$296,006.84</u>
Total Assets	<u><u>\$ 87,463.37</u></u>	<u><u>\$64,859.28</u></u>	<u><u>\$296,006.84</u></u>
 <u>LIABILITIES</u>			
Payroll Deductions Payable			\$ 292.01
Payable to Student Groups			<u>295,714.83</u>
Total Liabilities			<u><u>\$296,006.84</u></u>
 <u>NET POSITION</u>			
Held in Trust for Unemployment Claims and Other Purposes	<u><u>\$ 87,463.37</u></u>	<u><u>\$64,859.28</u></u>	

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

B-8

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Trust Fund</u>
<u>Additions</u>		
Employees' Contributions	\$152,118.46	\$
Board Contributions	9,589.84	
Donations		1,400.00
Investment Earnings:		
Interest	<u>49.04</u>	<u>57.13</u>
Total Additions	<u>161,757.34</u>	<u>1,457.13</u>
<u>Deductions</u>		
Quarterly Contribution Reports	63,108.80	
Unemployment Claims	80,530.01	
Scholarship Awards		<u>5,325.00</u>
Total Deductions	<u>143,638.81</u>	<u>5,325.00</u>
Change in Net Position	18,118.53	(3,867.87)
Total Net Position - Beginning	<u>69,344.84</u>	<u>68,727.15</u>
Total Net Position - Ending	<u>\$ 87,463.37</u>	<u>\$ 64,859.28</u>

NOTES TO FINANCIAL STATEMENTS

SAYREVILLE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Sayreville School District (the "District") is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2017 of 6,088 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Basis of Presentation (Continued)**

1. **Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. **Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. **Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. **Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

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

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

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

2. Proprietary Fund Type

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund (Continued)

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

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

Food Service Fund:	
Machinery and Equipment	5 - 12 Years
Adult School:	
Equipment	5 Years

Internal Service Funds - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The District does not currently utilize any Internal Service Funds.

3. Fiduciary Funds

Fiduciary Fund reporting focuses on net position and changes in net position. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. There are four fiduciary fund types - pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

Unemployment Insurance Trust - The SUI Fund is an employee benefit trust fund which accounts for resources held and administered while acting in a fiduciary capacity for individuals or other government agencies. Assets are held in trust for members of the defined contribution plan.

Scholarship Fund - This is a private-purpose trust fund under which principal and income benefit individuals, private organizations or other governments. It is a default fund type for assets held in trust for others outside the reporting district.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. These funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

4. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. 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 for approval. Budgets which meet the tax levy cap requirements do not require voter approval. Budgets which exceed the tax levy cap require voter approval for the excess amount at the November election. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.).

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

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

The overexpenditures related to on-behalf payments in the general fund are due to the inclusion of the nonbudgeted on-behalf payments made by the State of New Jersey as district expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund Revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 92,066,126.48	\$ 2,596,295.60
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances June 30, 2017		
Encumbrances June 30, 2016		9,524.24
Difference - Budget-to-GAAP:		
State aid payment recognized for budgetary purposes not recognized for GAAP statements - current year.	(2,091,857.00)	
State aid payment not recognized for budgetary purposes, recognized for GAAP statements - prior year.	<u>2,065,345.00</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 92,039,614.48</u>	<u>\$ 2,605,819.84</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 91,413,885.80	\$ 2,596,295.60
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances June 30, 2017		
Encumbrances June 30, 2016		<u>9,524.24</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 91,413,885.80</u>	<u>\$ 2,605,819.84</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances (Continued)

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2017.

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.

G. Cash, Cash Equivalents and Investments

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. 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.

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Tuition Receivable

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Tuition Payable

Tuition charges for the fiscal years 2015-16 and 2016-17 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

K. Short-Term Interfund Receivables/Payables

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

L. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	7 - 20 Years
Vehicles	8 Years

M. Deferred Outflows/Inflows of Resources

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

N. Compensated Absences

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

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable 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.

P. Net Position

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Q. Deferred Inflows

Deferred inflows in the special revenue fund represents cash that has been received but not yet earned. Deferred inflows in the General Fund represents prepaid fees collected for future programs.

R. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balance (Continued)

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board of Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

T. Proprietary Funds Revenues and Expenses

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

V. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the District and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

W. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, worker's compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

X. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Y. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement was effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 82. Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. Other Accounting Standards (Continued)

- *GASB Statement No. 85. Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months, but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (Continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Board in the Board's name.

As of June 30, 2017, cash and cash equivalents consisted of:

Amboy Bank - Checking Accounts	\$ 570,937.02
Amboy Bank - Checking Accounts	4,745,228.13
PNC Bank - Checking Accounts	922,902.08
PNC - Savings Accounts	87,463.37
Southern Middlesex County Teachers Federal Credit Union - Restricted Account	<u>70,181.56</u>
Total Cash and Cash Equivalents	<u>\$ 6,396,712.16</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$5,078,404.32. Of the bank balance, \$500,000.00 was covered by Federal Depository Insurance, \$70,181.56 was covered by the National Credit Union Administration (NCIA), a U.S. Government Agency, and \$4,508,222.76 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums.

Of the total amount, deposits of \$1,441,626.66 have been earmarked towards the Capital Reserve Account (See Note 5).

As of June 30, 2017, the Board had no investments.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued)

- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2017, the Board had funds invested and on deposit in checking and New Jersey Cash Management accounts. The amount on deposit of the Board's cash, cash equivalents and investments as of June 30, 2017 was \$5,078,404.32. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities that the Board held that could be categorized as investments.

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2017 consisted of Federal and State All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (Continued)

	Governmental Fund Financial Statements	Business- Type Activities
General Fund:		
State Aid:		
Extraordinary Aid	\$ 945,644.00	
Nonpublic Transportation Aid	51,717.00	
TPAF FICA Reimbursement	<u>135,958.52</u>	
	<u>\$ 1,133,319.52</u>	
Special Revenue Fund:		
Federal Aid:		
Title I	\$ 294,146.00	
Title IIA	34,382.00	
Title II Immigration	8,642.00	
Title III	11,247.00	
IDEA Basic	547,366.00	
IDEA Part B Preschool	38,864.00	
State Aid:		
Handicapped Services:		
Home Instruction	<u>734.00</u>	
	<u>\$ 935,381.00</u>	
Proprietary Fund:		
Enterprise Fund:		
Federal Sources:		
National School Lunch Program		\$ 210,891.32
School Breakfast Program		54,501.34
State Sources:		
National School Lunch Program		<u>5,260.49</u>
		<u>\$ 270,653.15</u>

5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Resolution on September 28, 2000 by inclusion of \$100.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 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.

5. CAPITAL RESERVE ACCOUNT (Continued)

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

Balance, July 1, 2016		\$ 800,000.00
Increase:		
Transfers In per Board Resolution	\$ 1,000,000.00	
Unexpended Funds	56,636.17	
Interest Earned	<u>1,626.66</u>	
		<u>1,058,262.83</u>
		1,858,262.83
Decreased by:		
Budgeted Transfer to Capital Outlay		<u>360,000.00</u>
Ending Balance, June 30, 2017		<u><u>\$ 1,498,262.83</u></u>

6. CAPITAL ASSETS

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirement</u>	<u>Prior Year Adjustment</u>	<u>Balance June 30, 2017</u>
<u>Governmental Activities</u>					
Nondepreciable Assets:					
Land	\$ 6,767,549.00	22,755.38	\$	\$	\$ 6,767,549.00
Construction-in-Progress	<u>6,767,549.00</u>	<u>22,755.38</u>			<u>6,790,304.38</u>
Depreciable Assets:					
Leasehold Improvements	521,800.00				521,800.00
Site Improvements	3,390,519.00				3,390,519.00
Building and Improvements	104,941,285.74			1,842,175.26	106,783,461.00
Machinery and Equipment	12,029,754.51	1,110,998.22		<u>(1,582,270.73)</u>	11,558,482.00
	<u>120,883,359.25</u>	<u>1,110,998.22</u>		<u>259,904.53</u>	<u>122,254,262.00</u>
Total Assets	<u>127,650,908.25</u>	<u>1,133,753.60</u>		<u>259,904.53</u>	<u>129,044,566.38</u>
Less Accumulated Depreciation:					
Leasehold Improvements	(521,800.00)				(521,800.00)
Site Improvements	(2,486,129.00)	(91,482.00)			(2,577,611.00)
Building and Improvements	(33,397,673.00)	(2,486,737.00)			(35,884,410.00)
Machinery and Equipment	(9,200,483.00)	(419,400.00)			(9,619,883.00)
	<u>(45,606,085.00)</u>	<u>(2,997,619.00)</u>			<u>(48,603,704.00)</u>
Assets Net of Depreciation	<u>\$ 82,044,823.25</u>	<u>\$ (1,863,865.40)</u>	<u>\$ -</u>	<u>\$ 259,904.53</u>	<u>\$ 80,440,862.38</u>
<u>Capital Outlay</u>					
General		1,076,641.95			
Capital Projects		355,644.65			
		<u>1,432,286.60</u>			
Adjustments:					
Assessment for Debt Service		(298,533.00)			
Total Additions to Capital Assets		<u>\$ 1,133,753.60</u>			

Business-Type Activities

The following is a summary of proprietary fund type fixed assets at June 30, 2017:

Machinery and Equipment	\$ 552,902.00
Less: Accumulated Depreciation	<u>(552,902.00)</u>
Net Capital Assets	<u>\$ -</u>

7. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2017

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year	Long-Term Portion
Compensated Absences	\$ 562,303.36	\$ 119,723.97	\$	\$ 682,027.33	\$	\$ 682,027.33
Lease Purchase Payable	795,546.38	355,644.65	679,252.89	471,938.14	283,084.10	188,854.04
Serial Bonds Payable	43,855,000.00	14,520,000.00	17,055,000.00	41,320,000.00	2,290,000.00	39,030,000.00
Unamortized Premium on Refunding	98,278.00		17,882.00	80,396.00	17,882.00	62,514.00
Unamortized Loss on Refunding	(344,182.00)		(63,186.00)	(280,996.00)	(63,186.00)	(217,810.00)
	\$ 44,966,945.74	\$ 14,995,368.62	\$ 17,688,948.89	\$ 42,273,365.47	\$ 2,527,780.10	\$ 39,745,585.37

7. LONG-TERM DEBT (Continued)

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2017 are comprised of the following issues:

\$28,725,000, 2012 Refunding Bonds, due in annual installments of \$1,015,000 to \$3,800,000 through July 15, 2030, interest at 2.375% to 5.00%.	\$ 27,320,000.00
\$6,640,000, 2016 Refunding Bonds, due in annual installments of \$535,000 to \$720,000 through March 1, 2027, interest at 2.00% to 5.00%.	6,120,000.00
\$7,880,000, 2017 Refunding Bonds, due in annual installments of \$740,000 to \$850,000 through March 1, 2027, interest at 1.863%.	<u>7,880,000.00</u>
	<u><u>\$ 41,320,000.00</u></u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2018	\$ 2,290,000.00	\$ 1,303,276.01	\$ 3,593,276.01
2019	2,350,000.00	1,245,439.65	3,595,439.65
2020	2,440,000.00	1,171,163.28	3,611,163.28
2021	2,535,000.00	1,082,368.78	3,617,368.78
2022	2,625,000.00	990,194.89	3,615,194.89
2023	2,725,000.00	900,559.74	3,625,559.74
2024	2,830,000.00	801,095.20	3,631,095.20
2025	2,930,000.00	984,883.14	3,914,883.14
2026	3,010,000.00	625,634.82	3,635,634.82
2027	3,105,000.00	536,332.10	3,641,332.10
2028	3,430,000.00	400,100.00	3,830,100.00
2029	3,565,000.00	278,025.00	3,843,025.00
2030	3,685,000.00	169,275.00	3,854,275.00
2031	3,800,000.00	57,000.00	3,857,000.00
	<u>\$ 41,320,000.00</u>	<u>\$ 10,545,347.61</u>	<u>\$ 51,865,347.61</u>

7. LONG-TERM DEBT (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 179,825,937.00
Less: Net Debt Issued	<u>41,320,000.00</u>
Remaining Borrowing Power	<u>\$ 138,505,937.00</u>

Defeasance of Debt

The District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

Bonds Authorized but Not Issued

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

Lease Purchase Agreements

The Board has entered into a lease purchase agreement with Ricoh Americas Corporation for Digital Copiers. The details are as follows:

Date:	April 2013
Period:	August 28, 2013 to July 28, 2017
Yield	N/A
Principal	\$ 279,336.46
Interest	<u>24,307.70</u>
	<u>\$ 303,644.16</u>

The Board has entered into a lease purchase agreement with Ricoh Americas Corporation for Digital Copiers. The details are as follows:

Date:	November 2013
Period:	January 28, 2014 to December 28, 2017
Yield	N/A
Principal	\$ 19,752.26
Interest	<u>2,622.94</u>
	<u>\$ 22,375.20</u>

7. LONG-TERM DEBT (Continued)

The Board has entered into a lease purchase agreement with US Bancorp for Technology and Mini Buses. The details are as follows:

Date:	November 2014
Period:	December 18, 2014 to September 1, 2017
Yield	1.281%
Principal	\$ 685,000.00
Interest	<u>11,801.05</u>
	<u>\$ 696,801.05</u>

The Board has entered into a lease purchase agreement with Ricoh Americas Corporation for Digital Copiers. The details are as follows:

Date:	July 2015
Period:	August 28, 2015 to July 28, 2020
Yield	N/A
Principal	\$ 24,361.39
Interest	<u>3,848.81</u>
	<u>\$ 28,210.20</u>

The Board has entered into a lease purchase agreement with Cisco Systems Capital Corp. for Telecommunication Equipment. The details are as follows:

Date:	October 28, 2016
Period:	October 28, 2016 to November 27, 2019
Yield	N/A
Principal	\$ 355,644.65
Interest	<u>-</u>
	<u>\$ 355,644.65</u>

7. LONG-TERM DEBT (Continued)

The following is a schedule of the future minimum lease payments under the Lease Purchase Agreements:

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Interest Portion</u>	<u>Principal Portion</u>
June 30, 2018	\$286,276.37	\$3,192.27	\$283,084.10
June 30, 2019	94,553.20	516.27	94,036.93
June 30, 2020	94,553.20	203.95	94,349.25
June 30, 2021	470.17	2.31	467.86
	<u>\$475,852.94</u>	<u>\$3,914.80</u>	<u>\$471,938.14</u>

8. PENSION PLANS

Description of Plan

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

8. PENSION PLANS (Continued)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60th of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member of the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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.

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.20% of employees' annual compensation, as defined.

8. **PENSION PLANS (Continued)**

Contribution Requirements (Continued)

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the school is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2017	\$1,058,088.67	\$1,058,088.67	100%
June 30, 2016	990,833.00	990,833.00	100%
June 30, 2015	962,950.00	962,950.00	100%

**Three-Year Trend Information for TPAF
(Paid On-Behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Long-Term Disability Insurance</u>	<u>Post-Retirement Medical Benefits</u>
June 30, 2017	\$4,074,898.00	100%	\$10,211.00	\$3,395,317.00
June 30, 2016	2,712,543.00	100%		3,229,889.00
June 30, 2015	1,862,564.00	100%		2,956,822.00

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$,074,898.00 to the TPAF for pension and \$3,395,317.00 for post-retirement medical benefits and \$10,211.00 for long-term disability insurance On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,753,871.65 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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.

8. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) 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 district (employer) 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 district. However, the State's portion of the net pension liability that was associated with the district was \$266,519,507, as measured on June 30, 2016 and \$217,747,001 as measured on June 30, 2015.

For the year ended June 30, 2017, the district recognized pension expense of \$20,025,232 and revenue of \$20,025,232 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 7,521,378,257	\$ 17,414,701,002
Collective Deferred Inflows of Resources	554,399,005	134,532,594
Collective Net Pension Liability (Nonemployer - State of New Jersey)	63,204,270,305	78,666,367,052
State's Portion of the Net Pension Liability that was Associated with the District	217,747,001	266,519,507
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	0.3445131159%	0.338797273%

Actuarial Assumptions

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

Inflation:	2.5%
Salary Increases:	Varies Based on Experience
Investment Rate of Return:	7.65%

8. **PENSION PLANS (Continued)**

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of social Security data from 1953 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 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 the 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 Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	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%

8. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the District has no proportionate share of the net pension liability because of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf17.pdf>.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$34,532,484 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability 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 total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.1165963140%, which was an increase of 0.0013472334% from its proportion measured as of June 30, 2015.

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$2,139,721. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 642,200	\$
Changes of Assumptions	7,153,286	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,316,755	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	219,554	597,377
District Contributions Subsequent to the Measurement Date	<u>1,035,825</u>	
Total	<u>\$ 10,367,620</u>	<u>\$ 597,377</u>

The \$1,035,825 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017 the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 2,051,538.37
2018	2,051,538.37
2019	2,376,776.00
2020	1,996,839.42
2021	<u>635,548.57</u>
Total	<u>\$ 9,112,240.73</u>

8. **PENSION PLANS (Continued)**

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Additional Information:

Collective balances at June 30, 2015 and 2016 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 3,578,755,666	\$ 8,685,338,380
Collective Deferred Inflows of Resources	999,410,455	870,133,595
Collective Net Pension Liability (Nonstate - Local Group)	22,447,996,119	29,617,131,759
District's Portion of Net Pension Liability	25,871,109	34,532,484
District's Proportion %	0.1152490806%	0.1165963141%

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, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation	3.08%
Salary Increases:	
2012-2021	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 Pre-retirement 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 rates were based on the RP-2000 combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	8.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yields Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	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 US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.98%) or one percentage point higher (4.98%) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 42,315,529	\$ 34,532,484	\$ 28,106,906

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law required that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirement, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past year is as follows:

<u>Fiscal Year</u>	<u>School District</u>	<u>Employees</u>
2017	\$ 26,431.67	\$ 48,440.55

10. POST-RETIREMENT 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 eligible for post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) 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>

11. COMPENSATED ABSENCES

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

11. COMPENSATED ABSENCES (Continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's 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. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

12. DEFERRED COMPENSATION

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

Thomas Seely
Variable Annuity Life Insurance Company
Vision Financial Services
VTA (American Skandia)
The Equitable
Lincoln Investment Planning, Inc.
Fidelity Investments
USAA Insurance Company
Vanguard

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation property, auto and general liability claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

13. RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Year Ended June 30th</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 9,589.84	\$ 152,118.46	\$ 49.04	\$ 143,638.81	\$ 87,463.37
2016	-	146,353.71	24.30	163,292.48	69,344.84
2015	-	145,765.25	48.79	136,988.44	86,259.31

14. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$236,979.68	\$
Enterprise Fund		236,979.68
	<u>\$236,979.68</u>	<u>\$236,979.68</u>

15. INVENTORY

Inventory in the Enterprise Fund for regular food and supplies at June 30, 2017 of \$40,060.17 is stated at lower of cost or market.

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

16. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$5,286,923.41 General Fund fund balance at June 30, 2017, \$447,292.42 is reserved for encumbrances; \$1,498,262.83 has been reserved in the Capital Reserve Account; \$1,003.83 96 has been reserved in the Maintenance Reserve Account; \$1,796,294.08 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$682,411.52 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,702,588.48 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$12,385.88 has been reserved and will be anticipated as revenues for the year ending June 30, 2019 and \$(170,904.24) is unreserved and undesignated.

Debt Service Fund - Of the \$150,266.08 Debt Service Fund balance at June 30, 2017, \$150,266.08 is unreserved and undesignated.

17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Excess Surplus as of June 30, 2017 was \$1,113,882.56.

18. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$170,904.24 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event that a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$170,904.24 is less than the last state aid payment.

18. CONTINGENT LIABILITIES

A. Litigation

The District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome of exposure to the Board from such litigation is either unknown or potential losses, if any, would not be material to the financial statements as they would be covered by the District's insurance policy. The District is also a defendant to one (1) tort claim notice related to a hurt student seeking \$2.9 million in damages.

B. Unasserted Claims and Assessments

The Board was recently made aware of a series of incidents involving alleged hazing among football players at the Sayreville War Memorial High School during the month of September 2014. As a result of the alleged incidents, seven students were arrested. To date the Board has only received two complaints filed by any party related to these alleged incidents. These two complaints were referred to the board's insurance carrier.

C. Federal and State Awards

The School District participates in several federal and state grant and aid 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 or aid, 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 management, 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 general purpose financial statements for such contingencies.

20. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

21. RECONCILIATION OF FUND BALANCE - GENERAL FUND

The Surpluses are presented on a GAAP basis and a reconciliation from the budget basis to the GAAP basis is as follows:

	<u>Unreserved and Designated</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 7,378,780.41
Less: Allocation of State Aid Payment of \$2,091,857.00 Not Recognized on a GAAP Basis	<u>(2,091,857.00)</u>
Balance on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$ 5,286,923.41</u>

22. TAX ABATEMENTS

As defined by the Governmental Accounting Standards board (GASB), 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. 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 provision 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.

The Borough of Sayreville provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. Taxes abated include municipal, local school and county taxes. The total assessed value of the properties abated in the Borough of Sayreville is \$330,600.00. If these abatements were billed in full, the amount of taxes billed would have been \$16,153.12 based on the 2016 total tax rate.

23. SUBSEQUENT EVENT

The Sayreville School District has evaluated subsequent events that occurred after the balance sheet date, but before December 1, 2017. No items were determined to require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. BUDGETARY COMPARISON SCHEDULES

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

C-1
Sheet #1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 58,677,741.00	\$	\$ 58,677,741.00	\$ 58,677,741.00	\$ 156,728.94
Tuition	150,000.00		150,000.00	306,728.94	2.13
Interest Earned on Maintenance Reserve				2.13	2.13
Interest Earned on Capital Reserve Funds				1,626.66	1,626.66
Miscellaneous	224,104.00		224,104.00	314,652.77	90,548.77
<u>Total - Local Sources</u>	<u>59,051,845.00</u>		<u>59,051,845.00</u>	<u>59,300,751.50</u>	<u>248,906.50</u>
State Sources:					
Transportation Aid	573,421.00		573,421.00	573,421.00	
Categorical Special Education Aid	3,677,408.00		3,677,408.00	3,677,408.00	
Equalization Aid	15,439,972.00		15,439,972.00	15,439,972.00	
Extraordinary Aid	700,000.00		700,000.00	945,644.00	245,644.00
Categorical Security Aid	955,521.00		955,521.00	955,521.00	
Under Adequacy Aid	500,000.00		500,000.00	500,000.00	
PARRC Readiness Aid	61,380.00		61,380.00	61,380.00	
Per Pupil Growth Aid	61,380.00		61,380.00	61,380.00	
Professional Learning Community Aid	61,860.00		61,860.00	61,860.00	
Nonpublic Transportation Aid	61,860.00		61,860.00	61,860.00	
Nonbudgeted:				51,717.00	51,717.00
On-Behalf TPAF Post-Retirement Medical Contributions				3,395,317.00	
On-Behalf Teacher's Pension and Annuity Fund Contributions				4,074,898.00	
On-Behalf TPAF Long-Term Disability Insurance Contributions				10,211.00	
Reimbursed TPAF Social Security Contributions				2,753,871.65	2,753,871.65
<u>Total - State Sources</u>	<u>22,030,942.00</u>		<u>22,030,942.00</u>	<u>32,562,600.65</u>	<u>3,051,232.65</u>
Federal Sources:					
Medicaid Reimbursement	125,896.00		125,896.00	190,388.45	64,492.45
ARRA Medical Assistance Program (SEMI)				12,385.88	12,385.88
<u>Total - Federal Sources</u>	<u>125,896.00</u>		<u>125,896.00</u>	<u>202,774.33</u>	<u>76,878.33</u>
<u>Total Revenues</u>	<u>\$ 81,208,683.00</u>	<u>\$</u>	<u>\$ 81,208,683.00</u>	<u>\$ 92,066,126.48</u>	<u>\$ 3,377,017.48</u>
<u>Expenditures</u>					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:	\$ 1,539,060.00	\$ (116,696.19)	\$ 1,422,363.81	\$ 1,422,363.81	\$ 29,811.13
Preschool/Kindergarten	8,512,874.00	284,976.60	8,797,850.60	8,768,039.47	
Grades 1 - 5	5,501,767.00	152,367.08	5,654,134.08	5,654,134.08	
Grades 6 - 8	7,161,015.00	(240,001.20)	6,921,013.80	6,921,013.80	
Grades 9 - 12					
Home Instruction:	100,000.00	44,592.50	144,592.50	144,592.50	
Salaries of Teachers	15,000.00	14,710.00	29,710.00	27,180.69	
Purchased Professional - Educational Services					

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

C-1
 Sheet #2

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	\$ 253,709.00	\$ (34,178.06)	\$ 219,530.94	\$ 176,601.58	\$ 42,929.36
Purchased Professional - Educational Services	307,045.00	(4,194.81)	302,850.19	252,850.19	50,000.00
Other Purchased Services	432,642.00		432,642.00	430,022.84	2,619.16
General Supplies	1,017,950.00	(60,937.60)	957,012.40	834,927.03	122,085.37
Textbooks	285,731.00	(7,588.77)	278,142.23	215,494.53	62,647.70
Other Objects - Miscellaneous	56,000.00	6,367.30	62,367.30	51,362.50	11,004.80
Total Regular Programs	25,182,793.00	39,416.85	25,222,209.85	24,898,583.02	323,626.83
Special Education:					
Behavioral Disabilities:					
Salaries of Teachers	249,377.00	(62,062.70)	187,314.30	187,314.30	
Other Salaries for Instruction	104,180.00	(46,473.70)	57,706.30	57,706.30	
General Supplies	12,500.00	(7,000.00)	5,500.00	4,837.32	662.68
Total Behavioral Disabilities	366,057.00	(115,536.40)	250,520.60	249,857.92	662.68
Multiple Disabilities:					
Salaries of Teachers	640,276.00	(35,781.20)	604,494.80	577,911.98	26,582.82
Other Salaries for Instruction	319,334.00	113,553.80	432,887.80	429,934.34	2,953.46
General Supplies	10,000.00	7,225.37	17,225.37	13,324.34	3,901.03
Textbooks	8,000.00	(8,000.00)			
Total Multiple Disabilities	977,610.00	76,997.97	1,054,607.97	1,021,170.66	33,437.31
Resource Room/Resource Center:					
Salaries of Teachers	6,308,907.00	(47,749.30)	6,261,157.70	6,196,829.35	64,328.35
Other Salaries for Instruction	438,395.00	(142,809.48)	295,585.52	292,584.92	3,000.60
General Supplies	10,000.00		10,000.00	8,122.10	1,877.90
Textbooks	12,000.00	3,467.40	15,467.40	4,387.40	11,080.00
Total Resource Room/Resource Center	6,769,302.00	(187,091.38)	6,582,210.62	6,501,923.77	80,286.85
Preschool Disabilities Part-Time:					
Salaries of Teachers	385,018.00	27,722.80	412,740.80	411,918.04	822.76
Other Salaries for Instruction	59,837.00	(47,695.52)	12,141.48	12,141.48	
General Supplies	6,500.00		6,500.00	5,957.59	542.41
Total Preschool Disabilities Part-Time	451,355.00	(19,972.72)	431,382.28	430,017.11	1,365.17

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

C-1
 Sheet #3

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>Expenditures</u>					
Current Expense:					
Special Education:					
Preschool Disabilities Full-Time:					
Salaries of Teachers	\$ 389,879.00	\$ (17,252.68)	\$ 372,626.32	\$ 358,424.50	\$ 14,201.82
Other Salaries for Instruction	171,302.00	58,103.62	229,405.62	221,703.49	7,702.13
General Supplies	6,500.00	1,011.42	7,511.42	7,251.71	259.71
Total Preschool Disabilities Full-Time	567,681.00	41,862.36	609,543.36	587,379.70	22,163.66
Total Special Education	9,132,005.00	(203,740.17)	8,928,264.83	8,790,349.16	137,915.67
Basic Skills/Remedial:					
Salaries of Teachers	1,677,093.00	(80,461.72)	1,596,631.28	1,521,157.63	75,473.65
Total Basic Skills/Remedial	1,677,093.00	(80,461.72)	1,596,631.28	1,521,157.63	75,473.65
Bilingual Education:					
Salaries of Teachers	221,225.00	37,193.86	258,418.86	258,418.86	
Total Bilingual Education	221,225.00	37,193.86	258,418.86	258,418.86	
School-Sponsored Cocurricular Activities:					
Salaries	197,000.00	(10,476.75)	186,523.25	184,227.50	2,295.75
Supplies and Materials	26,000.00	(5,925.00)	20,075.00	19,443.88	631.12
Other Objects	59,000.00	16,000.00	75,000.00	58,079.25	16,920.75
Total School-Sponsored Cocurricular Activities	282,000.00	(401.75)	281,598.25	261,750.63	19,847.62
School-Sponsored Athletics:					
Salaries	597,000.00	10,476.75	607,476.75	607,476.75	
Purchased Services	109,000.00	10,277.04	119,277.04	103,416.54	15,860.50
Supplies and Materials	117,450.00	8,007.96	125,457.96	94,641.81	30,816.15
Other Objects	17,000.00	6,000.00	23,000.00	18,857.97	4,142.03
Total School-Sponsored Athletics	840,450.00	34,761.75	875,211.75	824,393.07	50,818.68
Community Service Programs - Operations:					
Salaries	5,000.00		5,000.00	3,046.38	1,953.62
Total Community Service Programs - Operations	5,000.00		5,000.00	3,046.38	1,953.62
Total - Instruction	37,340,566.00	(173,231.18)	37,167,334.82	36,557,698.75	609,636.07

SAYREVILLE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-1
 Sheet #4

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Regular	\$ 166,328.00	\$ (89,848.00)	\$ 76,480.00	\$ 51,940.00	\$ 24,540.00
Tuition to Other LEA's Within the State - Special	500,233.00	(177,195.28)	323,037.72	221,570.24	101,467.48
Tuition to CCSD and Regular Day Schools	1,936,026.00	(1,289,007.13)	647,018.87	492,423.76	154,595.11
Tuition to Private School for the Disabled - Within State	1,348,956.00	992,530.93	2,341,486.93	2,236,213.33	105,273.60
Tuition - State Facilities	44,465.00	3,000.00	47,465.00	47,089.00	376.00
Tuition - Other		146,804.00	146,804.00	87,497.00	59,307.00
Total Instruction	<u>3,996,008.00</u>	<u>(413,715.48)</u>	<u>3,582,292.52</u>	<u>3,136,733.33</u>	<u>445,559.19</u>
Attendance and Social Work Services:					
Purchased Professional and Technical Services	5,000.00	(754.00)	4,246.00		4,246.00
Total Attendance and Social Work Services	<u>5,000.00</u>	<u>(754.00)</u>	<u>4,246.00</u>		<u>4,246.00</u>
Health Services:					
Salaries	737,693.00	4,928.39	742,621.39	742,621.39	3,852.00
Purchased Professional and Technical Services	10,000.00		10,000.00	6,148.00	4,049.64
Supplies and Materials	13,600.00	4,263.77	17,863.77	13,814.13	7,901.64
Total Health Services	<u>761,293.00</u>	<u>9,192.16</u>	<u>770,485.16</u>	<u>762,583.52</u>	
Speech, Occupational Therapy, Physical Therapy, and Related Services:					
Salaries	1,423,752.00	(8,136.54)	1,415,615.46	1,410,513.21	5,102.25
Purchased Professional - Educational Services	115,000.00		115,000.00	90,305.84	24,694.16
Supplies and Materials	4,000.00	330.00	4,330.00	4,257.47	72.53
Total Speech, Occupational Therapy, Physical Therapy, and Related Services:	<u>1,542,752.00</u>	<u>(7,806.54)</u>	<u>1,534,945.46</u>	<u>1,505,076.52</u>	<u>29,868.94</u>
Other Support Services Students - Extraordinary Services:					
Salaries	666,166.00	132,776.80	798,942.80	797,016.10	1,926.70
Purchased Professional - Educational Services	995,800.00	(7,745.00)	988,055.00	792,126.73	195,928.27
Supplies and Materials		150.00	150.00	150.00	
Total Other Support Services Students - Extraordinary Services	<u>1,661,966.00</u>	<u>125,181.80</u>	<u>1,787,147.80</u>	<u>1,589,292.83</u>	<u>197,854.97</u>

SAYREVILLE SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-1
 Sheet #5

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Guidance:					
Salaries of Other Professional Staff	\$ 1,154,632.00	\$ (124,831.20)	\$ 1,029,800.80	\$ 1,026,475.63	\$ 3,325.17
Salaries of Secretarial and Clerical Assistants	191,174.00	109,612.43	300,786.43	293,797.63	6,988.80
Other Salaries	79,502.00	10,586.26	90,088.26	90,088.26	
Purchased Professional - Educational Services	40,000.00		40,000.00	33,822.00	6,178.00
Other Purchased Professional and Technical Services	60,500.00	479.10	60,979.10	60,979.10	
Other Purchased Services	1,000.00		1,000.00	634.75	365.25
Supplies and Materials	5,500.00	11,691.00	17,191.00	15,389.31	1,801.69
Other Objects	12,200.00	(11,691.00)	509.00	509.00	
Total Guidance	<u>1,544,508.00</u>	<u>(4,153.41)</u>	<u>1,540,354.59</u>	<u>1,521,695.68</u>	<u>18,658.91</u>
Child Study Teams:					
Salaries of Other Professional Staff	1,178,025.00	34,216.28	1,212,241.28	1,195,442.33	16,798.95
Salaries of Secretarial and Clerical Assistants	167,050.00	(1,042.52)	166,007.48	161,106.04	4,901.44
Other Purchased Professional and Technical Services	12,454.00	3,352.96	15,806.96	14,554.60	1,252.36
Miscellaneous Purchased Services	29,550.00	(479.10)	29,070.90	29,070.90	
Supplies and Materials	20,000.00	12,930.62	32,930.62	19,641.58	13,289.04
Total Child Study Teams	<u>1,407,079.00</u>	<u>48,978.24</u>	<u>1,456,057.24</u>	<u>1,419,815.45</u>	<u>36,241.79</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	974,805.00	(11,820.35)	962,984.65	962,304.11	680.54
Salaries of Secretarial and Clerical Assistants	47,893.00	(828.07)	47,064.93	47,064.93	
Other Salaries	50,000.00	(16,281.19)	33,718.81	31,600.00	2,118.81
Purchased Professional - Educational Services	93,000.00	2,775.00	95,775.00	90,452.55	5,322.45
Supplies and Materials	3,000.00		3,000.00	700.00	2,300.00
Total Improvement of Instructional Services	<u>1,168,698.00</u>	<u>(26,154.61)</u>	<u>1,142,543.39</u>	<u>1,132,121.59</u>	<u>10,421.80</u>
Educational Media Services/School Library:					
Salaries	543,456.00	17,439.05	560,895.05	560,895.05	
Purchased Professional and Technical Services		965.00	965.00	964.21	0.79
Supplies and Materials	27,500.00	(1,068.25)	26,431.75	25,173.06	1,258.69
Total Educational Media Services/School Library	<u>570,956.00</u>	<u>17,335.80</u>	<u>588,291.80</u>	<u>587,032.32</u>	<u>1,259.48</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,000.00		5,000.00	2,000.00	3,000.00
Other Purchased Professional and Technical Services	5,000.00	1,400.00	1,400.00	1,400.00	
Other Purchased Services	1,200.00	1,954.00	6,954.00	6,954.00	
Supplies and Materials	11,200.00	(1,200.00)			
Total Instructional Staff Training Services	<u>11,200.00</u>	<u>2,154.00</u>	<u>13,354.00</u>	<u>10,354.00</u>	<u>3,000.00</u>

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

C-1
 Sheet #6

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Support Services General Administration:					
Salaries	\$ 603,841.00	\$ 141.72	\$ 603,982.72	\$ 600,279.72	\$ 3,703.00
Legal Services	144,000.00	11,000.00	155,000.00	152,442.01	2,557.99
Audit Fees	28,500.00	(450.00)	28,050.00	28,050.00	
Architectural/Engineering Service	26,000.00	(1,838.20)	24,161.80	15,143.30	9,018.50
Purchased Technical Services	49,652.00	(9.96)	49,642.04	41,636.84	8,005.20
Communications/Telephone	275,000.00	(4,550.53)	270,449.47	253,824.59	16,624.88
Miscellaneous Purchased Services	372,159.00	(16,263.00)	355,896.00	341,531.73	14,364.27
General Supplies	12,000.00		12,000.00	7,286.67	4,713.33
BOE In-House Training/Meeting Supplies	2,000.00	24.87	2,024.87	2,024.87	
Judgments Against the School District	5,000.00	16,598.00	21,598.00	21,598.00	
Miscellaneous Expenditures	12,000.00	(162.70)	11,837.30	9,155.30	2,682.00
BOE Membership Fees and Dues	27,000.00	(337.30)	26,662.70	26,662.70	
Total Support Services General Administration	<u>1,557,152.00</u>	<u>4,152.90</u>	<u>1,561,304.90</u>	<u>1,499,635.73</u>	<u>61,669.17</u>
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	1,801,187.00	(4,150.90)	1,797,036.10	1,767,228.67	29,807.43
Salaries of Secretarial and Clerical Assistants	685,849.00	(1,832.70)	684,016.30	657,576.44	26,439.86
Unused Vacation Payment to Terminated/Retired Staff			6,150.90	6,150.90	
Purchased Professional and Technical Services	186,500.00	363.20	186,863.20	363.20	
Other Purchased Services	39,500.00	(8,945.23)	30,554.77	159,450.41	18,104.36
Supplies and Materials	45,900.00	1,951.22	47,851.22	37,784.46	3,666.76
Other Objects	45,900.00	(2,275.00)	43,625.00	40,910.23	2,714.77
Total Support Services School Administration	<u>2,758,936.00</u>	<u>(14,889.41)</u>	<u>2,750,197.49</u>	<u>2,669,464.31</u>	<u>80,733.18</u>
Central Services:					
Salaries	533,665.00	(11,006.00)	522,659.00	465,326.18	57,332.82
Unused Vacation Payment to Terminated/Retired Staff			2,958.90	2,958.90	
Purchased Professional Services	4,000.00	(311.99)	3,688.01	2,800.00	888.01
Purchased Technical Services	44,500.00	1,730.23	46,230.23	42,821.59	3,408.64
Miscellaneous Purchased Services	8,804.00	(1,402.69)	7,401.31	6,168.36	1,232.95
Supplies and Materials	10,000.00	3,326.27	13,326.27	8,524.32	4,801.95
Interest for Lease Purchased Agreement	9,200.00	(14.28)	9,185.72	9,185.72	
Miscellaneous Expenditures	1,800.00	290.00	2,090.00	2,090.00	
Total Central Services	<u>611,969.00</u>	<u>(7,388.46)</u>	<u>607,539.44</u>	<u>539,875.07</u>	<u>67,664.37</u>

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

C-1
 Sheet #7

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Administrative Information Technology:					
Salaries	\$ 317,683.00	\$ 5,982.30	\$ 323,665.30	\$ 323,665.30	\$ 11,764.41
Purchased Professional Services	61,400.00	15,915.38	77,315.38	65,550.97	39,409.42
Purchased Technical Services	433,000.00	(27,973.87)	405,026.13	365,616.71	0.83
Other Purchased Services		88,912.00	88,912.00	88,911.17	5,635.49
Supplies and Materials	34,000.00	66,640.07	100,640.07	95,004.58	56,810.15
Total Administrative Information Technology	<u>846,083.00</u>	<u>149,475.88</u>	<u>995,558.88</u>	<u>938,748.73</u>	
Required Maintenance for School Facilities:					
Salaries	664,345.00	(337.06)	664,007.94	526,094.49	137,913.45
Cleaning, Repair and Maintenance Services	507,520.00	7,091.11	514,611.11	339,364.25	175,246.86
General Supplies	180,000.00	(29,923.29)	150,076.71	104,578.21	45,498.50
Other Objects	7,000.00	4,319.33	11,319.33	11,227.61	91.72
Total Required Maintenance for School Facilities	<u>1,358,865.00</u>	<u>(18,849.91)</u>	<u>1,340,015.09</u>	<u>981,264.56</u>	<u>358,750.53</u>
Custodial Services:					
Salaries	2,198,694.00	(10,229.03)	2,188,464.97	2,103,771.90	84,693.07
Purchased Professional and Technical Services	28,000.00		28,000.00	26,763.40	1,216.60
Other Purchased Property Services	5,000.00		5,000.00	1,280.60	3,719.40
Insurance	254,678.00		254,678.00	254,678.00	
General Supplies	135,000.00		135,000.00	113,121.46	21,878.54
Energy (Natural Gas)	340,297.00	(4,402.80)	335,894.20	333,395.01	2,499.19
Energy (Electricity)	642,211.00	32,380.80	674,591.80	656,911.89	17,679.91
Total Custodial Services	<u>3,603,880.00</u>	<u>17,748.97</u>	<u>3,621,628.97</u>	<u>3,489,942.26</u>	<u>131,686.71</u>
Care and Upkeep of Grounds:					
Salaries	132,850.00	0.08	132,850.08	126,286.41	6,563.67
Cleaning, Repair and Maintenance Services	181,000.00		181,000.00	139,705.96	41,294.04
General Supplies	25,000.00	(1,103.97)	23,896.03	2,284.16	21,611.87
Total Care and Upkeep of Grounds	<u>338,850.00</u>	<u>(1,103.89)</u>	<u>337,746.11</u>	<u>268,276.53</u>	<u>69,469.58</u>
Security:					
Salaries	163,243.00		163,243.00	161,561.73	1,681.27
Purchased Professional and Technical Services	175,000.00	1,190.37	176,190.37	176,190.37	
General Supplies	338,243.00	10,913.60	350,346.97	337,752.10	10,913.60
Total Security	<u>676,486.00</u>	<u>12,103.97</u>	<u>688,589.97</u>	<u>675,504.40</u>	<u>12,594.87</u>
Total Operation and Maintenance of Plant Services	<u>5,639,838.00</u>	<u>9,899.14</u>	<u>5,649,737.14</u>	<u>5,077,235.45</u>	<u>572,501.69</u>

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

C-1
 Sheet #8

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Expenditures					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries of Noninstructional Aides	\$	\$ 177,431.25	\$ 177,431.25	\$ 177,431.25	\$
Salaries for Pupil Transportation (Between Home and School) - Regular	647,033.00	(6,824.20)	640,208.80	640,208.80	
Salaries for Pupil Transportation (Between Home and School) - Special Education	588,085.00	(123,470.87)	464,614.13	464,556.18	57.95
Salaries for Pupil Transportation (Other Than Between Home and School)	90,000.00	8,312.52	98,312.52	98,312.52	
Other Purchased Professional and Technical Services	20,650.00	(9,624.97)	11,025.03	11,025.03	
Cleaning, Repair and Maintenance Services	41,000.00	18,615.00	59,615.00	42,330.09	17,284.91
Rental Payments - School Buses	2,000.00	3,030.95	5,030.95	4,397.95	633.00
Lease Purchase Payments - School Buses	41,999.00	(1,057.00)	40,942.00	40,942.00	
Contracted Services - Aid-in-Lieu - Nonpublic Schools	212,160.00	(14,769.57)	197,390.43	175,464.08	21,926.35
Contracted Services (Between Home and School) - Vendors	2,091,895.00	29,002.42	2,120,897.42	2,120,897.42	
Contracted Services (Other Than Between Home and School) - Vendors	40,000.00	(3,850.40)	36,149.60	36,149.60	
Contracted Services (Between Home and School) - Joint Agreements	1,000.00	(1,000.00)	0.00	0.00	
Contracted Services - Special Education Students - Vendors	714,924.00	66,955.55	781,879.55	781,879.55	
Contracted Services - Special Education Students Joint Agreement	5,000.00	34,674.40	39,674.40	39,674.40	
Contracted Services - Regular Students - ESC's and CTSA's	829,878.00	(171,049.41)	658,828.59	574,296.05	84,532.54
Miscellaneous Purchased Services - Transportation	11,830.00	(688.50)	11,141.50	11,141.50	
General Supplies	185,000.00	(507.13)	184,492.87	111,528.03	72,964.84
Other Objects	4,230.00	(826.10)	3,403.90	3,403.90	
Total Student Transportation Services	<u>5,526,684.00</u>	<u>4,353.94</u>	<u>5,531,037.94</u>	<u>5,333,638.35</u>	<u>197,399.59</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	1,021,250.00	(10,000.00)	1,011,250.00	978,157.90	33,092.10
Other Retirement Contributions - PERS	1,040,375.00	205,000.00	1,245,375.00	1,240,866.83	4,508.17
Unemployment Compensation	80,000.00	(9,949.00)	70,051.00	9,589.84	60,461.16
Workers' Compensation	583,147.00	19,049.00	602,196.00	602,196.00	
Health Benefits	11,842,781.00	85,922.00	11,928,703.00	11,688,313.03	240,389.97
Tuition Reimbursement	115,000.00	27,000.00	142,000.00	132,814.54	9,185.46
Other Employee Benefits	648,500.00	20,294.66	668,794.66	668,794.66	
Unused Sick Payment to Terminated/Retired Staff	300,000.00	(21,942.16)	278,057.84	205,729.67	72,328.17
Total Unallocated Benefits - Employee Benefits	<u>15,631,053.00</u>	<u>315,374.50</u>	<u>15,946,427.50</u>	<u>15,526,462.47</u>	<u>419,965.03</u>

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

C-1
 Sheet #9

	<u>Original</u> <u>Budget</u>	<u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive (Negative)</u> <u>Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Nonbudgeted:					
On-Behalf TPAF Post-Retirement Medical Contributions	\$	\$	\$	\$ 3,395,317.00	\$ (3,395,317.00)
On-Behalf Teacher's Pension and Annuity Fund Contributions				4,074,898.00	(4,074,898.00)
On-Behalf TPAF Long-Term Disability Insurance Contributions				10,211.00	(10,211.00)
Reimbursed TPAF Social Security Contributions				2,753,871.65	(2,753,871.65)
Total Nonbudgeted				<u>10,234,297.65</u>	<u>(10,234,297.65)</u>
Total Undistributed Expenditures	<u>45,241,175.00</u>	<u>211,236.45</u>	<u>45,461,521.25</u>	<u>53,484,063.00</u>	<u>(8,022,541.75)</u>
Total Expenditures - Current Expense	<u>82,581,741.00</u>	<u>38,005.27</u>	<u>82,628,856.07</u>	<u>90,041,761.75</u>	<u>(7,412,905.68)</u>
Capital Outlay:					
Equipment:					
Special Education - Instruction:					
Undistributed Expenditures:	6,000.00				6,000.00
Instruction		36,397.92	42,397.92	36,397.92	
Required Maintenance for School Facilities		46,599.00	46,599.00	18,825.00	27,774.00
Noninstructional Services	600,000.00	(17,100.00)	582,900.00	574,000.51	8,899.49
Total Equipment	<u>606,000.00</u>	<u>65,896.92</u>	<u>671,896.92</u>	<u>629,223.43</u>	<u>42,673.49</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	50,000.00		110,000.00	36,255.38	73,744.62
Construction Services	233,000.00	300,000.00	533,000.00	112,630.14	420,369.86
Assessment for Debt Service on SDA Funding	298,533.00		298,533.00	298,533.00	
Total Facilities Acquisition and Construction Services	<u>581,533.00</u>	<u>360,000.00</u>	<u>941,533.00</u>	<u>447,418.52</u>	<u>494,114.48</u>
Total Capital Outlay	<u>1,187,533.00</u>	<u>425,896.92</u>	<u>1,613,429.92</u>	<u>1,076,641.95</u>	<u>536,787.97</u>
Special Schools:					
Summer School - Instruction:					
Salaries of Teachers	272,000.00		272,000.00	120,074.10	151,925.90
Total Summer School - Instruction	<u>272,000.00</u>		<u>272,000.00</u>	<u>120,074.10</u>	<u>151,925.90</u>
Total Special Schools	<u>272,000.00</u>		<u>272,000.00</u>	<u>120,074.10</u>	<u>151,925.90</u>

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

C-1
 Sheet #10

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Transfer of Funds to Charter Schools	\$ 102,409.00	\$ 72,999.00	\$ 175,408.00	\$ 175,408.00	\$
Total Expenditures	84,143,683.00	536,901.19	84,689,693.99	91,413,885.80	(6,724,191.81)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,935,000.00)	(536,901.19)	(3,481,010.99)	652,240.68	(3,347,174.33)
Other Financing Sources (Uses):					
Transfers from Capital Projects	50,000.00		50,000.00	106,093.53	(106,093.53)
Transfers from Enterprise Fund				50,000.00	
Total Other Financing Sources (Uses)	50,000.00		50,000.00	156,093.53	(106,093.53)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,885,000.00)	(536,901.19)	(3,431,010.99)	808,334.21	(3,241,080.80)
Fund Balances, July 1	6,570,446.20		6,570,446.20	6,570,446.20	
Fund Balances, June 30	\$ 3,685,446.20	\$ (536,901.19)	\$ 3,139,435.21	\$ 7,378,780.41	\$ (3,241,080.80)
Recapitulation:					
Restricted Fund Balance:				\$ 1,498,262.83	
Capital Reserve				1,003.96	
Maintenance Reserve				682,411.52	
Excess Surplus - Designated for Subsequent Years' Expenditures				1,113,882.56	
Excess Surplus - Current Year					
Committed Fund Balance:				447,292.42	
Year End Encumbrances					
Assigned Fund Balance:					
Designated for Subsequent Years' Expenditures				1,702,588.48	
ARRA/SEMI - Designated for Subsequent Years' Expenditures				12,385.88	
Unassigned Fund Balance				1,920,952.76	
Total				7,378,780.41	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				2,091,857.00	
Fund Balance per Governmental Funds (GAAP)				\$ 5,286,923.41	

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

C-2

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Revenues					
State Sources	\$ 165,000.00	\$ 69,855.32	\$ 234,855.32	\$ 229,888.32	\$ 4,967.00
Federal Sources	2,370,167.00	245,053.11	2,615,220.11	2,353,807.28	261,412.83
Private Sources	2,535,167.00	26,323.27	26,323.27	12,600.00	13,723.27
	<u>2,535,167.00</u>	<u>341,231.70</u>	<u>2,876,398.70</u>	<u>2,596,295.60</u>	<u>280,103.10</u>
<u>Expenditures</u>					
Instruction:					
Salaries	837,000.00		118,569.52	107,688.67	10,880.85
Salaries of Teachers		(718,430.48)	434,035.48	416,769.61	17,265.87
Salaries of Other Professional Staff		155,903.50	155,903.50	115,343.08	40,560.42
Purchased Professional - Technical Services		35,949.00	35,949.00	28,640.11	7,308.89
Purchased Professional and Educational Services		1,468.00	1,468.00	734.00	734.00
Other Purchased Services	1,403,167.00	(90,049.00)	1,313,118.00	1,290,206.34	22,911.66
Tuition		79,460.00	79,460.00	79,460.00	
General Supplies	20,000.00	68,546.50	88,546.50	69,566.90	18,979.60
Other Objects		13,723.27	13,723.27	13,723.27	
Textbooks	20,000.00	1.00	20,001.00	19,581.52	419.48
Total Instruction	<u>2,280,167.00</u>	<u>(19,392.73)</u>	<u>2,260,774.27</u>	<u>2,127,990.23</u>	<u>132,784.04</u>
Support Services:					
Salaries of Other Professional Staff		18,051.00	18,051.00	18,051.00	
Other Salaries	80,000.00	29,448.00	109,448.00	79,375.00	30,073.00
Personal Services - Employee Benefits		124,948.00	124,948.00	120,144.61	4,803.39
Purchased Professional and Educational Services	150,000.00	4,132.50	154,132.50	151,539.16	2,593.34
Purchased Professional and Technical Services		45,032.00	45,032.00	18,000.00	27,032.00
Other Purchased Professional Services	25,000.00	60,579.06	85,579.06	54,407.06	31,172.00
Tuition		17,107.00	17,107.00	15,848.00	1,259.00
Contracted Services - Transportation		5,187.00	5,187.00	5,187.00	
Other Purchased Services		5,527.00	5,527.00	579.00	4,948.00
Supplies and Materials		50,612.87	50,612.87	5,174.54	45,438.33
Total Support Services	<u>255,000.00</u>	<u>360,624.43</u>	<u>615,624.43</u>	<u>468,305.37</u>	<u>147,319.06</u>
Total Expenditures	<u>2,535,167.00</u>	<u>341,231.70</u>	<u>2,876,398.70</u>	<u>2,596,295.60</u>	<u>280,103.10</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

SAYREVILLE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

C-3

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources/Inflows of Resources:					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 92,066,126.48	[C-2]		\$ 2,596,295.60
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
Encumbrances June 30, 2017					
Encumbrances June 30, 2016					9,524.24
Difference - Budget-to-GAAP:					
State aid payment recognized for budgetary purposes, not recognized for GAAP statements - current year		(2,091,857.00)			
State aid payment not recognized for budgetary purposes, recognized for GAAP statements - prior year		<u>2,065,345.00</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 92,039,614.48</u>	[B-2]		<u>\$ 2,605,819.84</u>
Uses/Outflows of Resources:					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 91,413,885.80	[C-2]		\$ 2,596,295.60
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.					
Encumbrances June 30, 2017					
Encumbrances June 30, 2016					<u>9,524.24</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 91,413,885.80</u>	[B-2]		<u>\$ 2,605,819.84</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Note: GASB 68 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
(Unaudited)

L-1

	Fiscal Year Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.1166%	0.1152%	0.1168%	0.1207%
District's proportionate share of the net pension liability (asset)	\$ 34,532,484	\$ 25,871,109	\$ 21,869,691	\$ 23,077,303
State's proportionate share of the net pension liability (asset) associated with the District	<u>29,617,131,759</u>	<u>22,447,996,119</u>	<u>18,722,735,003</u>	<u>19,111,986,911</u>
Total	<u>\$29,651,664,243</u>	<u>\$22,473,867,228</u>	<u>\$18,744,604,694</u>	<u>\$19,135,064,214</u>
District's covered-employee payroll	\$ 8,072,478	\$ 7,915,231	\$ 7,630,444	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	427.78%	326.85%	286.61%	*
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*Data was not provided by School District.

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
(Unaudited)

L-2

	Fiscal Year Ended June 30,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,058,088	\$ 990,833	\$ 962,950	\$ 909,810
Contributions in relation to the contractually required contribution	<u>(1,058,088)</u>	<u>(990,833)</u>	<u>(962,950)</u>	<u>(909,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,890,934	\$8,072,478	\$7,915,231	\$7,630,444
Contributions as a percentage of covered-employee payroll	13.41%	12.27%	12.17%	11.92%

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
(Unaudited)

L-3

	Fiscal Year Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.339%	0.344%	0.360%	0.340%
District's proportionate share of the net pension liability (asset)	\$ 2,698,178	\$ 217,747,001	\$ 193,804,230	\$ 175,494,046
State's proportionate share of the net pension liability (asset) associated with the District	<u>78,666,367,052</u>	<u>63,204,270,305</u>	<u>53,446,745,367</u>	<u>50,539,213,484</u>
Total	<u>\$78,669,065,230</u>	<u>\$63,422,017,306</u>	<u>\$53,640,549,597</u>	<u>\$50,714,707,530</u>
District's covered-employee payroll	\$ 37,395,419	\$ 36,572,793	\$ 33,967,435	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.22%	595.38%	570.56%	*
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*Data was not provided by School District.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SAYREVILLE SCHOOL DISTRICT
COUNTY OF MIDDLESEX**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE YEAR ENDED JUNE 30, 2017**

Changes of Benefit Terms and Changes of Assumptions

Refer to Note 8 on the Notes to Financial Statements for benefits and assumptions.

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)

E. SPECIAL REVENUE FUND

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

E-1
Sheet #1

	Nonpublic Chapter 192		Nonpublic Chapter 193						
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Public Transportation	Nonpublic Compensatory Education	Nonpublic ESL	Supplemental Instruction	Nonpublic Exam and Classification	Corrective Speech
REVENUES:									
State Sources	\$ 19,581.52	\$ 30,963.00	\$ 8,871.00	\$ 5,187.00	\$ 54,733.00	\$ 1,371.00	\$ 9,573.00	\$ 15,848.00	\$ 13,783.00
Federal Sources									
Private Sources									
Total Revenues	<u>\$ 19,581.52</u>	<u>\$ 30,963.00</u>	<u>\$ 8,871.00</u>	<u>\$ 5,187.00</u>	<u>\$ 54,733.00</u>	<u>\$ 1,371.00</u>	<u>\$ 9,573.00</u>	<u>\$ 15,848.00</u>	<u>\$ 13,783.00</u>
EXPENDITURES:									
Instruction:	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries									
Salaries of Teachers									
Salaries of Other Professional Staff									
Purchased Professional-Technical Services									
Purchased Professional and Educational Services									
Other Purchased Services									
Tuition			8,871.00		54,733.00	1,371.00	9,573.00		13,783.00
General Supplies	19,581.52								
Textbooks	<u>19,581.52</u>		<u>8,871.00</u>		<u>54,733.00</u>	<u>1,371.00</u>	<u>9,573.00</u>		<u>13,783.00</u>
Support Services:									
Salaries of Other Professional Staff									
Other Salaries									
Personal Services - Employee Benefits									
Purchased Professional and Educational Services									
Purchased Professional and Technical Services									
Other Purchased Professional Services		30,963.00						15,848.00	
Tuition									
Contracted Services - Transportation				5,187.00					
Other Purchased Services		<u>30,963.00</u>		<u>5,187.00</u>				<u>15,848.00</u>	
Supplies and Materials									
Total Expenditures	<u>\$ 19,581.52</u>	<u>\$ 30,963.00</u>	<u>\$ 8,871.00</u>	<u>\$ 5,187.00</u>	<u>\$ 54,733.00</u>	<u>\$ 1,371.00</u>	<u>\$ 9,573.00</u>	<u>\$ 15,848.00</u>	<u>\$ 13,783.00</u>

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

E-1
Sheet #2

	IDEA					Nonpublic Security
	Title I Part A	Title III A Immigrant	Title II	Regular Program Part B	Preschool Handicapped	
REVENUES:						
State Sources	\$ 671,588.00	\$ 15,051.00	\$ 56,196.06	\$ 1,536,575.77	\$ 53,280.85	\$ 15,210.00
Federal Sources						
Private Sources						
Total Revenues	\$671,588.00	\$ 15,051.00	\$56,196.06	\$1,536,575.77	\$53,280.85	\$15,210.00
EXPENDITURES:						
Instruction:						
Salaries	\$ 416,769.61	\$ 90,372.00	\$ 16,652.52	\$ 16,652.52	\$ 4,176.00	\$ 4,176.00
Salaries of Teachers	106,654.00					
Salaries of Other Professional Staff	2,275.00					
Purchased Professional-Technical Services				26,365.11		
Purchased Professional and Educational Services				1,271,274.50	18,931.84	15,210.00
Other Purchased Services						
Tuition	21,307.97				8,567.33	15,210.00
General Supplies						
Textbooks	547,006.58			1,388,011.61	48,664.77	19,786.60
Support Services:						
Salaries of Other Professional Staff	3,000.00	15,051.00				
Other Salaries			16,025.00			750.00
Personal Services - Employee Benefits	115,528.53				4,616.08	
Purchased Professional and Educational Services	2,975.00			148,564.16		
Purchased Professional and Technical Services			18,000.00			
Other Purchased Professional Services	1,273.00		22,171.06			
Tuition						
Contracted Services - Transportation	1,804.89					579.00
Other Purchased Services	124,581.42	15,051.00	56,196.06	148,564.16	4,616.08	1,329.00
Supplies and Materials						
Total Expenditures	\$671,588.00	\$ 15,051.00	\$56,196.06	\$1,536,575.77	\$53,280.85	\$15,210.00

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

E-1
Sheet #3

	<u>Home Instruction</u>	<u>NJ Achieve Grant</u>	<u>S.A.F.E. Grant</u>	<u>Totals 2017</u>
REVENUES:				
State Sources	\$ 734.00	\$54,033.80	\$	\$ 229,888.32
Federal Sources			<u>12,600.00</u>	<u>2,353,807.28</u>
Private Sources				<u>12,600.00</u>
Total Revenues	<u>\$ 734.00</u>	<u>\$54,033.80</u>	<u>\$12,600.00</u>	<u>\$ 2,596,295.60</u>
EXPENDITURES:				
Instruction:				
Salaries		\$ 664.15	\$	\$ 107,688.67
Salaries of Teachers				416,769.61
Salaries of Other Professional Staff				115,343.08
Purchased Professional-Technical Services				28,640.11
Purchased Professional and Educational Services	734.00			734.00
Other Purchased Services				1,290,206.34
Tuition				79,460.00
General Supplies				69,566.90
Textbooks	<u>734.00</u>	<u>664.15</u>		<u>19,581.52</u>
				<u>2,127,990.23</u>
Support Services:				
Salaries of Other Professional Staff				18,051.00
Other Salaries		50,000.00	12,600.00	79,375.00
Personal Services - Employee Benefits				120,144.61
Purchased Professional and Educational Services				151,539.16
Purchased Professional and Technical Services				18,000.00
Other Purchased Professional Services				54,407.06
Tuition				15,848.00
Contracted Services - Transportation				5,187.00
Other Purchased Services		<u>3,369.65</u>		579.00
Supplies and Materials		<u>53,369.65</u>	<u>12,600.00</u>	<u>5,174.54</u>
Total Expenditures	<u>\$ 734.00</u>	<u>\$54,033.80</u>	<u>\$12,600.00</u>	<u>\$ 2,596,295.60</u>

F. CAPITAL PROJECTS FUND

SAYREVILLE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

F-1

<u>Project Title/Issue</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Appropriations June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Arleth Elementary School Mechanical Upgrades	\$ 486,508.00	\$ 354,716.00	\$	\$ 131,792.00	\$
Telecommunications Upgrades for the District	355,644.65		355,644.65		
		<u>\$ 354,716.00</u>	<u>\$ 355,644.65</u>	<u>\$ 131,792.00</u>	<u>\$ -</u>

SAYREVILLE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

F-2

Revenues and Other Financing Sources:

Contributions from Private Sources	\$ 355,644.65
State Sources - SDA Grant - Cancelled	<u>(25,698.47)</u>
Total Revenues	<u>329,946.18</u>

Expenditures and Other Financing Uses:

Non-Instructional Equipment Purchases	<u>355,644.65</u>
Total Expenditures	<u>355,644.65</u>

Other Financing Sources (Uses):

Transfer Out - General Fund	<u>(106,093.53)</u>
Total Other Financing Sources	<u>(106,093.53)</u>

Excess of Revenues Over/(Under) Expenditures	(131,792.00)
Fund Balance - Beginning	<u>131,792.00</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

SAYREVILLE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGETARY BASIS
 ARLETH ELEMENTARY SCHOOL - MECHANICAL UPGRADES
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

F-2A

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 194,603.00	\$ (25,698.47)	\$ 168,904.53	\$ 168,904.53
Local Share - Transfer from Capital Outlay	<u>291,905.00</u>	<u> </u>	<u>291,905.00</u>	<u>291,905.00</u>
Total Revenues	<u>486,508.00</u>	<u>(25,698.47)</u>	<u>460,809.53</u>	<u>460,809.53</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	11,500.00		11,500.00	11,500.00
Construction Services	<u>343,216.00</u>	<u> </u>	<u>343,216.00</u>	<u>343,216.00</u>
Total Expenditures	<u>354,716.00</u>	<u> </u>	<u>354,716.00</u>	<u>354,716.00</u>
Other Financing Sources (Uses):				
Transfer Out - General Fund		<u>(106,093.53)</u>	<u>(106,093.53)</u>	<u>(106,093.53)</u>
Total Other Financing Sources	<u> </u>	<u>(106,093.53)</u>	<u>(106,093.53)</u>	<u>(106,093.53)</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 131,792.00</u>	<u>\$ (131,792.00)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4660-060-14-G1XD			
Date	June 20, 2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 486,508.00			
Under Authorized Cost	\$ (131,792.00)			
Revised Authorized Cost	\$ 354,716.00			
Percentage Increase/(Decrease) Over Original Authorized Cost	-37.15%			
Original Target Completion Date	June 30, 2016			
Revised Target Completion Date	N/A			

SAYREVILLE SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGETARY BASIS
 TELECOMMUNICATIONS UPGRADES FOR THE DISTRICT
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

F-2B

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Contributions from Private Sources	\$	<u>\$355,644.65</u>	<u>\$355,644.65</u>	<u>\$355,644.65</u>
Total Revenues		<u>355,644.65</u>	<u>355,644.65</u>	<u>355,644.65</u>
Expenditures and Other Financing Uses:				
Non-Instructional Equipment Purchases		<u>355,644.65</u>	<u>355,644.65</u>	<u>355,644.65</u>
Total Expenditures		<u>355,644.65</u>	<u>355,644.65</u>	<u>355,644.65</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	100-10133320
Date	October 28, 2016
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 355,644.65
Decrease in Authorized Cost	
Revised Authorized Cost	\$ 355,644.65
Percentage Increase/(Decrease) Over Original Authorized Cost	0.00%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	N/A

G. PROPRIETARY FUNDS

ENTERPRISE FUND

SAYREVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

G-1

	Business-Type Activities Enterprise Funds		Totals
	Food Service	Community School	
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 279,793.12	\$ 400,094.34	\$ 679,887.46
Accounts Receivable:			
State Sources	5,260.49		5,260.49
Federal Sources	265,392.66		265,392.66
Other	3,693.55		3,693.55
Inventories:			
Regular	40,060.17		40,060.17
Total Current Assets	594,199.99	400,094.34	994,294.33
Noncurrent Assets:			
Furniture, Machinery and Equipment	552,902.00		552,902.00
Less: Accumulated Depreciation	(552,902.00)		(552,902.00)
Total Noncurrent Assets	-		-
Total Assets	\$ 594,199.99	\$ 400,094.34	\$ 994,294.33
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 56,772.53	\$	\$ 56,772.53
Deferred Inflows		71,834.30	71,834.30
Interfunds Payable	236,979.68		236,979.68
Total Current Liabilities	293,752.21	71,834.30	365,586.51
Noncurrent Liabilities:			
Compensated Absences	29,394.44		29,394.44
Total Noncurrent Liabilities	29,394.44		29,394.44
Total Liabilities	\$ 323,146.65	\$ 71,834.30	\$ 394,980.95
<u>NET POSITION</u>			
Unrestricted	\$ 271,053.34	\$ 328,260.04	\$ 599,313.38
Total Net Position	\$ 271,053.34	\$ 328,260.04	\$ 599,313.38

SAYERVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

G-2

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 724,722.72	\$	\$ 724,722.72
Daily Sales - Nonreimbursable Programs	369,680.00		369,680.00
Special Event Sales	24,320.12		24,320.12
Program Fees		432,061.25	432,061.25
Total Operating Revenues	1,118,722.84	432,061.25	1,550,784.09
Operating Expenses:			
Cost of Sales - Reimbursable Programs	841,540.00		841,540.00
Cost of Sales - Nonreimbursable Programs	81,158.00		81,158.00
USDA Food Commodities	161,604.01		161,604.01
Salaries	1,015,310.05	161,066.26	1,176,376.31
Employee Benefits	202,567.98		202,567.98
Repairs and Maintenance	27,904.09		27,904.09
Supplies and Materials	79,356.10	4,086.00	83,442.10
Miscellaneous	10,549.07		10,549.07
Total Operating Expenses	2,419,989.30	165,152.26	2,585,141.56
Operating (Loss)/Gain	(1,301,266.46)	266,908.99	(1,034,357.47)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	24,891.91		24,891.91
Federal Sources:			
National School Lunch Program	1,004,875.74		1,004,875.74
National School Breakfast Program	217,301.56		217,301.56
USDA Food Commodities	161,604.01		161,604.01
Total Nonoperating Revenues	1,408,673.22		1,408,673.22
Other Financing Source (Uses):			
Transfer Out - General Fund		(50,000.00)	(50,000.00)
Change in Net Position	107,406.76	216,908.99	324,315.75
Total Net Position - Beginning	163,646.58	111,351.05	274,997.63
Total Net Position - Ending	\$ 271,053.34	\$ 328,260.04	\$ 599,313.38

SAYERVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

G-3

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Total Enterprise
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 1,115,029.29	\$ 444,980.95	\$ 1,560,010.24
Payments to Employees for Salaries and Benefits	(1,188,483.59)	(161,066.26)	(1,349,549.85)
Payments to Suppliers	(969,485.77)	(4,668.00)	(974,153.77)
 Net Cash Provided by (Used for) Operating Activities	(1,042,940.07)	279,246.69	(763,693.38)
 <u>Cash Flows from Noncapital Financing Activities</u>			
State Sources	21,560.87		21,560.87
Federal Sources	1,049,175.06		1,049,175.06
Other Sources (Uses)	26,075.02	(50,000.00)	(23,924.98)
 Net Cash Provided by (Used for) Noncapital Financing Activities	1,096,810.95	(50,000.00)	1,046,810.95
 Net Increase (Decrease) in Cash and Cash Equivalents	53,870.88	229,246.69	283,117.57
 Balances - Beginning of Year	225,922.24	170,847.65	396,769.89
 Balances - End of Year	\$ 279,793.12	\$ 400,094.34	\$ 679,887.46
 Reconciliation of Operating Loss to Net Cash Provided by (Used for) by Operating Activities:			
Operating (Loss)/Gain	\$ (1,301,266.46)	\$ 266,908.99	\$ (1,034,357.47)
 Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:			
Federal Commodities	161,604.01		161,604.01
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(29,768.57)	470.00	(29,298.57)
(Increase)/Decrease in Inventory	10,460.40		10,460.40
Increase/(Decrease) in Accounts Payable	86,636.11	(582.00)	86,054.11
Increase/(Decrease) in Compensated Absences	29,394.44		29,394.44
Increase/(Decrease) in Deferred Inflows		12,449.70	12,449.70
 Total Adjustments	258,326.39	12,337.70	270,664.09
 Net Cash Provided by (Used for) by Operating Activities	\$ (1,042,940.07)	\$ 279,246.69	\$ (763,693.38)

INTERNAL SERVICE FUND

H. FIDUCIARY FUNDS

SAYREVILLE SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

H-1

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 87,463.37	\$ 64,859.28	\$ 296,006.84
Total Assets	<u>\$ 87,463.37</u>	<u>\$ 64,859.28</u>	<u>\$ 296,006.84</u>
 <u>LIABILITIES</u>			
Payroll Deductions Payable			\$ 292.01
Payable to Student Groups			<u>295,714.83</u>
Total Liabilities			<u>\$ 296,006.84</u>
 <u>NET POSITION</u>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 87,463.37</u>	<u>\$ 64,859.28</u>	

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

H-2

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Trust Fund</u>
<u>Additions</u>		
Investment Earnings:		
Employees' Contributions	\$ 152,118.46	\$
Board Contributions	9,589.84	
Donations		1,400.00
Investment Earnings:		
Interest	49.04	57.13
Total Additions	161,757.34	1,457.13
<u>Deductions</u>		
Quarterly Contribution Reports	63,108.80	
Unemployment Claims	80,530.01	
Scholarship Awards		5,325.00
Total Deductions	143,638.81	5,325.00
Change in Net Position	18,118.53	(3,867.87)
Total Net Position - Beginning	69,344.84	68,727.15
Total Net Position - Ending	\$ 87,463.37	\$ 64,859.28

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

H-3

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools:				
Emma L. Arleth	\$ 1,776.28	\$	\$ 1,720.81	\$ 55.47
Eisenhower	3,236.41			3,236.41
Harry S. Truman	7,407.86			7,407.86
Wilson	921.20		20.00	901.20
Upper Elementary School	<u>5,006.32</u>	<u>3,171.00</u>	<u>3,318.64</u>	<u>4,858.68</u>
Total Elementary Schools	<u>18,348.07</u>	<u>3,171.00</u>	<u>5,059.45</u>	<u>16,459.62</u>
Middle School:				
Middle	<u>26,172.80</u>	<u>84,464.24</u>	<u>82,931.97</u>	<u>27,705.07</u>
Total Middle School	<u>26,172.80</u>	<u>84,464.24</u>	<u>82,931.97</u>	<u>27,705.07</u>
High School:				
War Memorial	253,257.24	582,477.55	586,624.67	249,110.12
Athletic Account	<u>100.00</u>	<u>64,440.00</u>	<u>62,099.98</u>	<u>2,440.02</u>
Total High School	<u>253,357.24</u>	<u>646,917.55</u>	<u>648,724.65</u>	<u>251,550.14</u>
Total All Schools	<u>\$ 297,878.11</u>	<u>\$ 734,552.79</u>	<u>\$ 736,716.07</u>	<u>\$ 295,714.83</u>

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

H-4

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
 <u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$ 256.86</u>	<u>\$ 57,615,977.18</u>	<u>\$ 57,615,942.03</u>	<u>\$ 292.01</u>
Total Assets	<u><u>\$ 256.86</u></u>	<u><u>\$ 57,615,977.18</u></u>	<u><u>\$ 57,615,942.03</u></u>	<u><u>\$ 292.01</u></u>
 <u>LIABILITIES</u>				
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ 256.86</u>	<u>\$ 57,615,977.18</u>	<u>\$ 57,615,942.03</u>	<u>\$ 292.01</u>
Total Liabilities	<u><u>\$ 256.86</u></u>	<u><u>\$ 57,615,977.18</u></u>	<u><u>\$ 57,615,942.03</u></u>	<u><u>\$ 292.01</u></u>

I. LONG-TERM DEBT

SAYREVILLE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017

I-1

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Refunding Bonds	9/01/2006	\$ 10,000,000.00	7/15/2017	\$ 1,015,000.00	2.375%	\$ 7,225,000.00	\$	\$ 7,225,000.00	\$	\$
Refunding Bonds	1/01/2007	10,000,000.00	7/15/2018	1,065,000.00	4.00%	8,310,000.00			615,000.00	
Refunding Bonds	7/15/2012	28,725,000.00	7/15/2019	1,145,000.00	4.00%			7,695,000.00		
			7/15/2020	1,205,000.00	5.00%					
			7/15/2021	1,260,000.00	4.00%					
			7/15/2022	1,320,000.00	4.00%					
			7/15/2023	1,380,000.00	4.00%					
			7/15/2024	1,435,000.00	3.00%					
			7/15/2025	1,480,000.00	3.00%					
			7/15/2026	1,535,000.00	4.00%					
			7/15/2027	3,430,000.00	4.00%					
			7/15/2028	3,565,000.00	3.00%					
			7/15/2029	3,685,000.00	3.00%					
			7/15/2030	3,800,000.00	3.00%	28,320,000.00			1,000,000.00	27,320,000.00
Refunding Bonds	3/07/2016	6,640,000.00	3/01/2018	535,000.00	2.000%					
			3/01/2019	540,000.00	3.000%					
			3/01/2020	545,000.00	4.000%					
			3/01/2021	565,000.00	4.000%					
			3/01/2022	590,000.00	4.000%					
			3/01/2023	615,000.00	5.000%					
			3/01/2024	640,000.00	5.000%					
			3/01/2025	675,000.00	3.000%					
			3/01/2026	695,000.00	3.000%		6,640,000.00			
			3/01/2027	720,000.00	2.931%				520,000.00	6,120,000.00
Refunding Bonds	1/26/2017	7,880,000.00	3/01/2018	740,000.00	1.863%					
			3/01/2019	745,000.00	1.863%					
			3/01/2020	750,000.00	1.863%					
			3/01/2021	765,000.00	1.863%					
			3/01/2022	775,000.00	1.863%					
			3/01/2023	790,000.00	1.863%					
			3/01/2024	810,000.00	1.863%					
			3/01/2025	820,000.00	1.863%					
			3/01/2026	835,000.00	1.863%					
			3/01/2027	850,000.00	1.863%		7,880,000.00			7,880,000.00
						\$ 43,855,000.00	\$ 14,520,000.00	\$ 14,920,000.00	\$ 2,135,000.00	\$ 41,320,000.00

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

I-3

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 3,577,205.00	\$	\$ 3,577,205.00	\$ 3,577,205.00	\$ 627.01
Miscellaneous				627.01	
State Sources:					
State Aid Type II	<u>89,600.00</u>		<u>89,600.00</u>	<u>89,600.00</u>	
Total Revenues	<u>3,666,805.00</u>		<u>3,666,805.00</u>	<u>3,667,432.01</u>	<u>627.01</u>
<u>Expenditures</u>					
Regular Debt Service:					
Interest	1,531,805.00		1,531,805.00	1,392,171.68	139,633.32
Principal - Bonds	<u>2,135,000.00</u>		<u>2,135,000.00</u>	<u>2,135,000.00</u>	
	<u>3,666,805.00</u>		<u>3,666,805.00</u>	<u>3,527,171.68</u>	<u>139,633.32</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures			<u>10,005.75</u>	<u>140,260.33</u>	<u>140,260.33</u>
Fund Balance, July 1			<u>10,005.75</u>	<u>10,005.75</u>	
Fund Balance, June 30	<u>\$ 10,005.75</u>	<u>\$ -</u>	<u>\$ 10,005.75</u>	<u>\$ 150,266.08</u>	<u>\$ 140,260.33</u>

SAYREVILLE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT
JUNE 30, 2017

1-4

<u>Purpose</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2017</u>
Lease Purchase Agreement - Technology Upgrades	1.399%	\$ 328,558.34	\$	\$ 328,558.34	\$
Lease Purchase Agreement - Technology and Buses	1.281%	358,301.33		178,010.51	180,290.82
Lease Purchase Agreement - Digital Copiers	NA	80,280.09		73,975.97	6,304.12
Lease Purchase Agreement - Digital Copiers	NA	7,989.55		5,242.95	2,746.60
Lease Purchase Agreement - Digital Copiers	NA	20,417.07		4,553.95	15,863.12
Lease Purchase Agreement - Telecommunications Upgrades	NA		355,644.65	88,911.17	266,733.48
		<u>\$ 795,546.38</u>	<u>\$ 355,644.65</u>	<u>\$ 679,252.89</u>	<u>\$ 471,938.14</u>

STATISTICAL SECTION (UNAUDITED)

INTRODUCTION TO THE STATISTICAL SECTION

FINANCIAL TRENDS

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

J-1

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 30,825,895	\$ 35,817,226	\$ 37,361,790	\$ 37,248,998	\$ 35,071,864	\$ 34,579,051	\$ 34,845,118	\$ 36,067,326	\$ 37,233,881	\$ 39,012,616
Unrestricted	281,245	280,160	2,615,850	5,932,341	7,386,269	5,119,480	6,392,450	5,001,248	4,696,222	5,608,094
	(781,533)	(1,124,008)	43,139	(2,384,806)	(2,892,706)	(2,249,548)	(1,197,431)	(23,545,422)	(23,371,315)	(26,172,215)
Total Governmental Activities Net Position	\$ 30,325,607	\$ 34,973,378	\$ 40,020,779	\$ 40,796,533	\$ 39,565,427	\$ 37,448,983	\$ 40,040,137	\$ 17,523,152	\$ 18,558,788	\$ 18,448,494
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 227,065	\$ 156,791	\$ 74,416	\$ 4,623	\$ 2,189	\$ 241,498	\$ 294,736	\$ 292,132	\$ 274,998	\$ 599,313
	69,219	62,057	65,748	176,022	317,012					
Total Business-Type Activities Net Position	\$ 296,284	\$ 218,848	\$ 140,164	\$ 180,645	\$ 319,201	\$ 241,498	\$ 294,736	\$ 292,132	\$ 274,998	\$ 599,313
District Wide:										
Invested in Capital Assets, Net of Related Debt Restricted	\$ 31,052,960	\$ 35,974,017	\$ 37,436,206	\$ 37,253,621	\$ 35,074,053	\$ 34,579,051	\$ 34,845,118	\$ 36,067,326	\$ 37,233,881	\$ 39,012,616
Unrestricted	281,245	280,160	2,615,850	5,932,341	7,386,269	5,119,480	6,392,450	5,001,248	4,696,222	5,608,094
	(712,314)	(1,061,951)	108,887	(2,208,784)	(2,575,694)	(2,008,050)	(902,695)	(23,253,291)	(23,096,317)	(25,572,902)
Total District Net Position	\$ 30,621,891	\$ 35,192,226	\$ 40,160,943	\$ 40,977,178	\$ 39,884,628	\$ 37,690,481	\$ 40,334,873	\$ 17,815,283	\$ 18,833,785	\$ 19,047,808

Source: CAFR Schedule A-1

SAYREVILLE SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 29,663,093	\$ 29,190,181	\$ 29,593,116	\$ 28,338,766	\$ 31,342,632	\$ 34,017,114	\$ 36,632,902	\$ 48,728,322	\$ 36,006,586	\$ 39,396,467
Special Education	15,408,864	14,592,943	14,856,993	10,905,255	8,934,224	10,531,590	10,683,219	15,904,719	11,780,097	12,808,935
Other Special Instruction	2,594,479	2,736,316	3,057,678	1,254,081	2,359,052	2,195,099	2,208,174	3,569,102	2,341,497	2,593,126
School-Sponsored Activities and Athletics	1,124,726	1,114,573	1,132,284		1,360,329	1,360,331	1,373,451	1,768,659	1,497,762	1,587,123
Support Services:										
Student and Instruction Related Services	9,414,481	9,793,686	9,662,198	15,118,381	14,692,629	14,699,576	15,250,423	18,920,488	16,899,922	17,680,147
General Administration	1,712,369	1,730,301	1,794,351	2,232,181	2,081,686	2,088,814	2,168,189	2,831,933	2,493,123	2,185,208
School Administrative Services	3,791,245	3,793,162	3,896,746	3,424,921	3,291,708	3,572,941	3,547,891	5,049,623	3,746,368	3,566,225
Central Services/Business Services	664,057	744,815	753,203	749,539	770,916	812,586	820,257	811,675	854,507	786,684
Administrative Information Technology	536,648	506,527	506,291	599,334	614,717	735,470	873,317	1,134,214	930,404	1,367,906
Plant Operations and Maintenance	7,456,984	7,145,168	8,567,470	6,660,644	6,169,109	7,334,708	6,622,968	7,055,419	7,082,143	7,398,339
Pupil Transportation	5,226,471	5,321,605	5,124,690	5,831,437	6,369,004	6,618,660	6,571,629	7,106,528	7,363,654	7,771,959
Special Schools						27,109	106,976	67,219	116,240	174,967
Charter Schools									2,323,332	255,597
Interest on Long-Term Debt	2,493,302	2,465,726	2,430,624	2,288,819	2,143,514	1,697,213	1,060,474	2,414,075	2,323,332	2,231,423
Total Governmental Activities Expenses	80,086,719	79,135,003	81,375,584	77,403,360	82,079,131	90,696,609	87,946,978	115,361,976	93,570,411	98,803,105
Business-Type Activities:										
Food Service	1,773,143	1,845,421	2,085,959	2,064,508	2,142,530	2,239,837	2,182,427	2,281,939	2,383,621	2,419,989
Adult School	131,746	139,320	135,189	131,124	136,951	145,341	145,343	143,436	188,433	165,152
Total Business-Type Activities Expenses	1,904,889	1,984,741	2,221,148	2,195,633	2,279,480	2,385,178	2,327,770	2,425,376	2,572,054	2,585,142
Total District Expenses	\$ 81,991,608	\$ 81,119,744	\$ 83,596,732	\$ 79,598,993	\$ 84,358,611	\$ 93,083,787	\$ 90,274,748	\$ 117,787,351	\$ 96,142,465	\$ 101,388,247
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 17,313,132	\$ 12,945,974	\$ 520,031	\$ 4,862,661	\$ 6,078,493	\$ 7,466,926	\$ 6,677,161	\$ 30,600,615	\$ 8,665,687	\$ 10,234,298
Operating Grants and Contributions	4,204,599	4,282,343	1,861,157							
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	21,517,731	17,228,317	19,122,494	4,862,661	6,078,493	7,466,926	6,677,161	30,600,615	8,665,687	10,234,298
Business-Type Activities:										
Charges for Services:										
Food Service	1,129,271	1,108,405	1,107,345	1,127,119	1,082,740	985,956	987,209	1,048,457	1,081,226	1,118,723
Adult School	126,707,000	170,557,000	131,018,000	1,417,466	179,598	157,568	213,695	104,727	296,921	432,061
Operating Grants and Contributions	554,453	628,343	904,101	965,646	1,132,992	1,163,950	1,180,115	1,269,588	1,326,773	1,408,673
Total Business-Type Activities Program Revenues	1,810,431	1,907,305	2,142,464	3,510,231	2,395,329	2,307,474	2,381,008	2,422,771	2,704,920	2,959,457
Total District Program Revenues	\$ 23,328,162	\$ 19,135,622	\$ 21,264,958	\$ 8,372,892	\$ 8,473,822	\$ 9,774,400	\$ 9,058,169	\$ 33,023,387	\$ 11,370,607	\$ 13,193,755

SAYREVILLE SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	\$ (58,568,988)	\$ (61,906,686)	\$ (62,253,090)	\$ (77,403,360)	\$ (82,079,131)	\$ (83,231,683)	\$ (81,269,818)	\$ (84,761,361)	\$ (84,904,725)	\$ (86,568,808)
Business-Type Activities	(94,458)	(77,436)	(78,684)	38,878	115,848	(77,704)	53,238	(2,604)	132,866	374,316
Total District-Wide Net Expense	\$ (58,663,446)	\$ (61,984,122)	\$ (62,331,774)	\$ (77,364,482)	\$ (81,963,282)	\$ (83,309,387)	\$ (81,216,579)	\$ (84,763,965)	\$ (84,771,859)	\$ (88,194,492)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 49,247,481	\$ 49,349,540	\$ 50,912,157	\$ 51,417,909	\$ 52,146,255	\$ 53,189,180	\$ 54,252,964	\$ 55,338,023	\$ 56,876,379	\$ 58,677,741
Property Taxes Levied for Debt Service	2,300,237	2,838,639	3,571,789	3,666,637	3,779,763	3,734,882	3,627,168	3,622,396	3,648,826	3,577,205
State Aid - Unrestricted	9,648,053	13,489,396	12,392,195	22,412,894	24,232,606	23,444,950	24,629,625	24,590,124	24,566,473	25,072,087
State Aid - Restricted for Debt Service Principal	51,468	70,825	55,847			94,832	93,510	96,965	89,967	89,600
Investment and Interest Earnings	874,225	190,809	92,194							
Tuition										306,729
Private Sources										16,680
Miscellaneous Income	167,671	315,248	220,162	681,674	689,400	651,395	1,257,706	764,340	326,339	316,909
Transfers									150,000	50,000
Total Governmental Activities	62,379,135	66,054,457	67,244,344	78,179,114	80,848,024	81,115,239	83,860,973	84,411,868	85,940,360	88,458,515
Business-Type Activities:										
Transfers									(150,000)	(50,000)
Total Business-Type Activities	\$ 62,379,135	\$ 66,054,457	\$ 67,244,344	\$ 78,179,114	\$ 80,848,024	\$ 81,115,239	\$ 83,860,973	\$ 84,411,868	\$ 85,790,360	\$ 88,408,515
Changes in Net Position:										
Governmental Activities	\$ 3,810,147	\$ 4,647,771	\$ 4,991,254	\$ 775,755	\$ (1,231,107)	\$ 2,116,444	\$ 2,591,155	\$ (349,492)	\$ 1,035,636	\$ (110,293)
Business-Type Activities	(94,458)	(77,436)	(78,684)	40,481	138,557	(77,704)	53,238	(2,604)	(17,134)	324,316
Total District	\$ 3,715,689	\$ 4,570,335	\$ 4,912,570	\$ 816,236	\$ (1,092,550)	\$ 2,194,148	\$ 2,644,393	\$ (352,097)	\$ 1,018,502	\$ 214,023

SAYREVILLE SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 Unaudited

J-3

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 573,876	\$ 1,294,300	\$ 2,715,600	\$ 5,777,304	\$ 6,668,981	\$ 5,109,150	\$ 4,940,320	\$ 3,875,984	\$ 4,554,424	\$ 5,457,828
Unreserved	1,282,404	705,949	1,319,132	(526,692)	(1,217,686)	(682,263)	(481,643)	(717,352)	(49,323)	(170,904)
Total General Fund	\$ 1,856,280	\$ 2,000,249	\$ 4,034,732	\$ 5,250,612	\$ 5,451,295	\$ 4,426,887	\$ 4,458,677	\$ 3,158,632	\$ 4,505,101	\$ 5,286,923
All Other Governmental Funds:										
Reserved	\$ 19,233,632	\$ 4,543,309	\$ 2,312,417	\$ 5,778,961	\$ 6,678,981	\$ 5,109,150	\$ 1,451,800	\$ 1,124,932	\$ 131,792	\$ 150,266
Unreserved	(2,896,371)	263,591	(178,616)	(373,312)	(510,398)	(671,934)	330	331	10,006	
Total All Other Governmental Funds	\$ 16,337,261	\$ 4,806,900	\$ 2,133,801	\$ 5,405,649	\$ 6,168,583	\$ 4,437,216	\$ 1,452,130	\$ 1,125,263	\$ 141,798	\$ 150,266

Source: CAFR Schedule B-1

SAYREVILLE SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

J-4
Sheet #1

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 51,637,718	\$ 52,488,179	\$ 54,483,946	\$ 55,084,546	\$ 55,926,018	\$ 56,924,062	\$ 57,880,132	\$ 58,960,419	\$ 60,525,205	\$ 62,254,946
Tuition/Program Fees	874,225	190,809	520,031	271,367					265,697	306,729
Investment and Interest Earnings	175,198	334,113	258,543	333,915	689,400	651,395	1,257,706	764,340	326,339	1,628,79
Miscellaneous									16,680	315,280
Private Sources	29,091,163	28,659,725	25,691,006	24,507,618	26,900,163	28,611,277	28,966,299	29,772,717	30,968,223	32,830,169
State Sources	2,118,562	2,109,948	5,321,118	2,767,937	3,410,936	2,395,431	2,433,997	2,437,704	2,353,903	2,565,816
Federal Sources										
Total Revenues	83,896,866	83,782,774	86,366,838	83,041,775	86,926,517	88,582,165	90,538,133	91,935,181	94,456,047	98,642,813
Expenditures:										
Instruction:										
Regular Instruction	29,563,719	29,173,094	29,501,254	24,054,115	25,107,154	25,349,040	27,557,916	26,576,290	26,054,582	27,035,807
Special Education Instruction	15,401,293	14,603,963	14,798,153	7,229,493	7,451,432	7,847,982	8,036,689	8,671,422	8,524,061	8,790,349
Other Special Instruction	2,592,462	2,739,407	3,053,591	2,473,529	1,812,015	1,635,755	1,661,148	1,784,346	1,699,453	1,779,576
Other Instruction					997,748	1,013,698	1,033,209	1,067,602	1,080,515	1,086,144
School-Sponsored Activities and Athletics	1,124,027	1,115,544	1,131,060							3,046
Community Service Programs										
Support Services:										
Student and Instruction Related Services	9,407,873	9,787,041	9,651,032	11,309,739	11,331,450	10,781,620	11,472,470	11,614,381	12,184,849	12,133,301
General Administration	1,681,141	1,700,897	1,770,957	1,673,084	1,587,884	1,519,293	1,631,068	1,743,511	1,797,537	1,499,636
School Administrative Services	3,695,306	3,659,784	3,762,675	2,809,131	2,703,455	2,662,501	2,668,980	2,729,391	2,711,344	2,669,464
Central Services/Business Services	663,523	745,610	752,226	561,801	576,318	605,527	617,057	595,318	613,628	539,875
Administrative Information Technology	536,321	506,940	505,806	449,218	475,748	548,061	656,972	703,109	670,912	938,749
Plant Operations and Maintenance	6,084,847	5,984,119	6,178,568	4,992,344	4,773,358	5,465,714	4,982,275	5,174,748	5,085,739	5,077,235
Pupil Transportation	5,084,675	5,225,299	5,017,869	4,370,829	4,785,008	4,932,125	4,943,654	5,212,233	5,287,894	5,333,638
Employee Benefits				17,373,809	18,509,031	19,883,882	18,669,538	20,694,121	23,136,949	25,760,760
Special Schools				14,802	19,806	26,474	20,393	20,784	96,784	120,074
Charter School				7,119	21,356	78,760	80,475	49,301	83,473	175,408
Capital Outlay	16,191,825	16,390,481	6,529,897	2,690,300	2,175,088	3,655,947	1,312,021	3,216,940	1,476,530	1,432,287
Debt Service:										
Principal	1,474,876	1,849,193	4,194,491	1,530,000	1,655,000	1,740,000	2,005,000	1,985,000	2,070,000	2,135,000
Interest and Other Charges	2,470,243	2,444,794	2,414,022	2,265,349	2,181,735	2,099,714	1,715,677	1,744,380	1,668,793	1,392,172
Total Expenditures	95,972,131	95,926,166	89,261,601	83,804,660	86,163,583	90,046,091	89,064,542	93,562,093	94,243,044	97,902,522
Excess (Deficiency) of Revenues Over(Under) Expenditures	(12,075,265)	(12,143,392)	(2,894,763)	(762,884)	762,934	(1,463,926)	1,473,591	(1,626,912)	213,003	740,290

SAYREVILLE SCHOOL DISTRICT
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 Unaudited

J-4
 Sheet #2

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses):										
Proceeds from Bonds/Notes	\$ 545,985	\$ 757,000	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Proceeds (Non-Budgeted)										
Proceeds from Refunding Bonds						(267,440)				
Cancellation of Local Share										
Payments to Escrow Agent										
Premium on Refunding Bonds	1,340,310	594,457	3,967,070	200,542	433,886	433,886	1,432,920	2,260,028	184,800	156,094
Transfers In	(1,340,310)	(594,457)	(3,967,070)	(200,542)	(433,886)	(433,886)	(1,432,920)	(2,260,028)	(34,800)	(106,094)
Transfers Out										
Total Other Financing Sources (Uses)	\$ 545,985	\$ 757,000	\$ 2,200,000	\$ -	\$ -	\$ (267,440)	\$ -	\$ -	\$ 150,000	\$ 50,000
Net Change in Fund Balances	\$ (11,529,280)	\$ (11,386,392)	\$ (694,763)	\$ (762,884)	\$ 762,934	\$ (1,731,366)	\$ 1,473,591	\$ (1,626,912)	\$ 363,003	\$ 790,290
Debt Service as a Percentage of Noncapital Expenditures*	7.92%	4.94%	5.40%	7.99%	4.66%	4.57%	4.45%	4.24%	3.97%	3.97%

Source: School District Financial Reports.

*Noncapital expenditures are total expenditures less capital outlay.

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
Unaudited

J-5

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Interest on Investments	\$ 166,376	\$ 91,352	\$ 92,048	\$ 76,392.94	\$ 41,917.83	\$ 15,577.84	\$ 37,120.21	\$ 16,397.75	\$ 13,499.63	\$ 15,322.56
Springboard Education										36,466.71
Tuition	92,243	90,148	15,669	13,488.91	389,380.36	238,409.52	138,646.02	176,087.35		
E-Rate			155,367	148,527.24	189,698.65	202,358.22	119,808.07	18,816.28	205,316.98	114,942.78
Sale of Property/Equipment										
Jointures	7,113	2,825	7,615				4,152.34			
Lost/Damaged/New Books							1,473.30	3,718.20		
Miscellaneous	31,129	15,344	37,653	38,324.31	40,704.82	24,439.30	11,173.48	22,661.92	13,574.07	26,086.51
Workers' Compensation							3,928.34			
Prior Year Refunds	10,790	43,540					50,476.66	11,644.41		25,821.14
Building Use	13,500	7,558	19,527				10,093.60	8,580.00	44,128.50	76,900.82
Lease							3,850.00	17,684.97		
Old Grants Cancelled								132,240.00		
Cablevision Refund				89,121.00						
Homeless Reimbursement										
Old Outstanding Checks									2,240.70	
Voided		7,499		9,942.72		3,055.99	4,975.37	2,615.99		
Soda Commissions		354								
FEMA Reimbursement						53,248.85			15,488.00	8,181.00
Summer Camp										10,931.25
Transportation Ventures										
Telephone Commissions							16,193.43	16,397.75	9,480.00	
Insurance Reimbursements					4,523.55	27,220.77	23,268.09			
Energy Audit	3,907									
Summer School									12,937.60	
Anti-Bullying/Youth Consults					8,813.00			8,131.00		
Student Activities Reimbursement		112,882					4,415.88			
PSAT/AP Fees							4,557.00	15,465.00		
Hurricane Sandy							10,651.57			
Prior Year's Tuition Refund	8,989	34,925	504,362	271,366.94			4,501.00			
Total Miscellaneous	\$ 334,047	\$ 406,600	\$ 832,241	\$ 647,164	\$ 675,038.21	\$ 564,310.49	\$ 449,284.36	\$ 450,440.62	\$ 316,665.48	\$ 314,652.77

Source: District Records

REVENUE CAPACITY

SAYREVILLE SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
Unaudited

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate(a)
2008	\$ 60,388,200	\$ 1,712,742,000	\$ 143,900	\$ 8,700	\$ 181,383,700	\$ 162,969,600	\$ 157,837,200	\$ 2,275,473,300	\$ 3,152,506	\$ 2,278,625,806	\$ 5,483,324,065	\$ 2.330
2009	53,891,400	1,718,223,000	143,900	9,400	180,687,300	166,300,400	156,552,800	2,275,808,200	3,285,854	2,279,094,054	5,556,140,747	2.390
2010	52,993,700	1,723,657,500	143,900	9,400	178,476,300	174,779,900	153,500,300	2,283,561,000	3,440,286	2,287,001,286	5,396,243,762	2.409
2011	44,744,400	1,724,175,300	143,900	9,400	177,245,200	171,198,700	157,551,800	2,275,068,700	3,135,948	2,278,204,648	5,250,732,026	2.455
2012	42,652,100	1,727,389,100	143,900	9,400	176,464,300	173,111,700	158,425,000	2,278,195,500	3,516,112	2,281,711,612	5,074,295,921	2.495
2013	40,576,200	1,720,761,400	143,900	9,400	172,343,800	177,851,700	161,950,800	2,273,637,200	3,026,874	2,276,664,074	4,361,475,542	2.543
2014	40,360,200	1,721,223,500	143,900	9,400	171,610,900	178,677,000	165,660,200	2,277,685,100	2,765,018	2,280,450,118	4,479,649,835	2.586
2015	38,133,300	1,718,999,000	143,900	9,400	171,816,000	178,427,000	170,141,000	2,277,669,600	52	2,277,669,652	4,495,104,796	2.657
2016	40,247,400	1,722,569,200	143,900	9,400	167,208,600	182,670,600	173,159,100	2,286,008,200	51	2,286,008,251	4,569,924,865	2.724
2017	38,679,300	1,729,535,800	143,900	12,000	168,918,300	180,998,900	175,178,500	2,293,466,700	50	2,293,466,750	4,635,190,931	2.787

Source: Table of Aggregates from the Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

(a) Tax rates are per \$100.

**SAYREVILLE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
*Unaudited***

J-7

(Rate per \$100 of Assessed Value)

<u>Calendar Year</u>	<u>Total Direct School Tax Rate Sayreville Local School District</u>	<u>Overlapping Rates</u>			<u>Total</u>
		<u>Municipality of Sayreville</u>	<u>Library</u>	<u>County of Middlesex</u>	
2008	\$ 2.304	\$ 0.990	\$	\$ 0.690	\$ 3.984
2009	2.390	1.085		0.721	4.196
2010	2.409	1.140		0.700	4.249
2011	2.455	1.169		0.776	4.400
2012	2.495	1.136	0.072	0.793	4.496
2013	2.543	1.179	0.068	0.801	4.591
2014	2.586	1.228	0.063	0.770	4.647
2015	2.657	1.277	0.064	0.777	4.775
2016	2.724	1.314	0.065	0.783	4.886
2017	2.787	1.350	0.067	0.816	5.020

Source: Municipal Tax Collector

N.J.S.A. 10A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

**SAYREVILLE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
*Unaudited***

J-8

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Hillside Estates, Inc.	\$ 71,130,500	3.10%	\$ *	*
Kaplan (and Related Ownerships)	43,627,600	1.90%	*	*
E.I. DuPont DeNemours & Co.	36,227,700	1.58%	*	*
Skytop Gardens, Inc.	30,424,300	1.33%	*	*
Hercules, Inc.	21,873,500	0.95%	*	*
(Sayreville Seaports Assoc.) SERA	17,891,600	0.78%	*	*
Gerdau USA, Inc. (NJ Steel)	16,777,500	0.73%	*	*
Brooklawn Gardens, Inc.	14,384,100	0.63%	*	*
ProLogis (Related Ownerships)	13,183,900	0.57%	*	*
GJM Bordentown LLC (et als)	12,000,000	0.52%	*	*
	<u>\$ 277,520,700</u>	<u>12.10%</u>	<u>\$ *</u>	<u>*</u>
 Total Assessed Value		 <u>\$ 2,293,466,700</u>		 <u>*</u>

Source: Municipal Tax Assessor

Note: GASB requires that principal property taxpayers for the current year and nine years ago data be presented.

*Information Not Supplied by School District

**SAYREVILLE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS
*Unaudited***

J-9

Fiscal Year Ended <u>January 31,</u>	Taxes Levied <u>Fiscal Year</u>	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 51,637,718	\$ 51,637,718	100.00%	\$
2009	52,488,179	52,488,179	100.00%	
2010	54,483,946	54,483,946	100.00%	
2011	55,084,546	55,084,546	100.00%	
2012	55,926,018	55,926,018	100.00%	
2013	56,924,062	56,924,062	100.00%	
2014	57,880,132	57,880,132	100.00%	
2015	58,960,419	58,960,419	100.00%	
2016	60,525,205	60,525,205	100.00%	
2017	62,254,946	62,254,946	100.00%	

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

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

DEBT CAPACITY

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

J-10

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements	Project Notes				
2008	\$ 56,107,000	\$ 1,047,050	\$	\$	\$ 57,154,050	2.84%	\$ 1,361	
2009	54,847,000	826,212	388,645	2,200,000	58,261,857	3.00%	1,379	
2010	54,437,000	432,940	197,426		55,067,366	2.73%	1,288	
2011	51,907,000	325,277			52,232,277	2.40%	1,211 R	
2012	50,307,000	155,085	1,786,784		52,248,869	2.27%	1,202 R	
2013	49,915,000	27,078	1,314,715		51,256,793	2.30%	1,167 R	
2014	47,910,000	15,779	986,200		48,911,979	2.12%	1,101 R	
2015	45,925,000	5,441	1,352,753		47,283,194	1.98%	1,059	
2016	43,855,000		795,546		44,650,546	N/A	994	
2017	41,320,000		471,938		41,791,938	N/A	N/A	

Source: School District Financial Records

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

R - Data Revised

N/A - Not Available

(a) See Exhibit "J-14" for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**SAYREVILLE SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited**

J-11

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property (a)</u>	<u>Per Capita (b)</u>
2008	\$ 56,107,000	\$	\$ 56,107,000	2.46%	\$ 1,336
2009	54,847,000		54,847,000	2.41%	1,299
2010	53,437,000		53,437,000	2.34%	1,250
2011	51,907,000		51,907,000	2.28%	1,204 R
2012	50,307,000		50,307,000	2.20%	1,157 R
2013	49,915,000		49,915,000	2.19%	1,136 R
2014	47,910,000		47,910,000	2.10%	1,078 R
2015	45,925,000		45,925,000	2.02%	1,028
2016	43,855,000		43,855,000	1.92%	977
2017	41,320,000		41,320,000	1.80%	N/A

Source: School District Financial Reports

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

R - Data Revised

N/A - Not Available

(a) See Exhibit "J-6" for property data.

(b) Population data can be found in Exhibit "J-14".

**SAYREVILLE SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
Unaudited**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Sayreville	\$ 37,773,559	100.00%	\$ 37,773,559
Middlesex County General Obligation Debt	512,964,315	4.510%	<u>23,134,691</u>
Sub-Total Overlapping Debt			60,908,250
Sayreville School District Direct Debt (As of June 30, 2017)			<u>41,320,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 102,228,250</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of Taxation; debt outstanding data provided by each governmental unit.

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

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

SAYREVILLE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
Unaudited

J-13

Year	Equalized Valuation Basis
2016	\$ 4,611,676,821
2015	4,495,104,796
2014	4,380,163,654
	<u>\$ 13,486,945,271</u>

\$ 4,495,648,424

Average Equalized Valuation of Taxable Property

Debt Limit 4% of Average Equalization Value	\$ 179,825,937 ^a
Total Net Debt Applicable to Limit	41,320,000
Legal Debt Margin	<u>\$ 138,505,937</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 193,794,195	\$ 209,813,923	\$ 215,063,960	\$ 212,630,769	\$ 206,259,381	\$ 198,307,407	\$ 187,291,703	\$ 179,165,993	\$ 176,489,920	\$ 179,825,937
Total Net Debt Applicable to Limit	56,107,000	57,047,000	53,437,000	51,907,000	50,370,000	49,915,000	47,910,000	45,925,000	43,855,000	41,320,000
Legal Debt Margin	<u>\$ 137,687,195</u>	<u>\$ 152,766,923</u>	<u>\$ 161,626,960</u>	<u>\$ 160,723,769</u>	<u>\$ 155,889,381</u>	<u>\$ 148,392,407</u>	<u>\$ 139,381,703</u>	<u>\$ 133,260,993</u>	<u>\$ 132,634,920</u>	<u>\$ 138,505,937</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.95%	27.19%	24.85%	24.41%	24.42%	25.17%	25.58%	25.63%	24.85%	22.98%

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

a: Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

J-14

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Middlesex County Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2008	42,009	\$ 2,009,248,461	\$ 47,829 R	4.9%
2009	42,236 R	1,943,616,248	46,018 R	8.9%
2010	42,742 R	2,019,474,016	47,248 R	9.0%
2011	43,126 R	2,179,156,780	50,530 R	8.8%
2012	43,473 R	2,299,156,551	52,887 R	8.9%
2013	43,932 R	2,224,321,092	50,631 R	7.7%
2014	44,426 R	2,308,996,924	51,974 R	6.1%
2015	44,665 R	2,388,103,555	53,467	5.0%
2016	44,905	N/A	N/A	4.6%
2017	N/A	N/A	N/A	N/A

N/A - Not Available

R - Data Revised

Source:

a = Population information provided by the N.J. Department of Labor and Workforce Development.

b = Personal Income has been estimated based upon the municipal population and per capita personal income presented.

c = Per capita personal income by municipality estimated based upon the 2000 Census published by the U.S. Bureau of Economic Analysis.

d = Unemployment Data provided by the N.J. Department of Labor and Workforce Development.

**SAYREVILLE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
*Unaudited***

J-15

<u>Employer</u>	2017		2008	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Employer #1	*	*	*	*
Employer #2	*	*	*	*
Employer #3	*	*	*	*
Employer #4	*	*	*	*
Employer #5	*	*	*	*
Employer #6	*	*	*	*
Employer #7	*	*	*	*
Employer #8	*	*	*	*
Employer #9	*	*	*	*
Employer #10	*	*	*	*
	*	*	*	*

Source: Borough of Sayreville

* Data Not Provided by School District

OPERATING INFORMATION

SAYREVILLE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
Unaudited

J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction	512.0	512.0	512.0	516.0	510.0	539.0	475.0	544.0	479.0	487.0
Support Services:										
Student and Instructional Related Services	92.0	82.0	84.0	90.0	67.0	63.0	65.0	59.0	140.0	150.0
General Administration	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	8.0
School Administrative Service	28.0	28.0	28.0	28.0	28.0	28.0	28.0	46.0	39.0	34.0
Central Services	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Administrative Information Technology	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
Plant Operations and Maintenance	73.0	73.0	73.0	74.0	64.0	61.0	83.0	68.0	64.0	64.0
Pupil Transportation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	37.0	36.0	34.0
Food Service	52.0	52.0	52.0	52.0	49.0	47.0	47.0	44.0	44.0	45.0
Total	<u>785.0</u>	<u>775.0</u>	<u>777.0</u>	<u>788.0</u>	<u>746.0</u>	<u>766.0</u>	<u>726.0</u>	<u>822.0</u>	<u>827.0</u>	<u>837.0</u>

Source: District Payroll

SAYREVILLE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
Unaudited

J-17

Fiscal Year Ended June 30.	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio			Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary (b)	Middle School (b)	Senior High School (b)				
2008	5,738.0	\$ 75,835,187	\$13,216	3.48%	454:0	1:13	1:13	1:14	5,768.0	5,485	1.12%	95.09%
2009	5,803.0	75,241,698	12,966	-1.89%	475:0	1:12	1:11	1:13	5,819.9	5,536	0.90%	95.13%
2010	6,014.0	76,123,191	12,658	-2.38%	475:0	1:13	1:11	1:13	5,916.3	5,623	1.66%	95.04%
2011	5,949.0	77,319,011	12,997	1.57%	458:0	1:14	1:12	1:14	5,910.3	5,575	-0.01%	94.30%
2012	5,989.0	80,151,761	13,383	1.55%	489:0	1:12	1:11	1:13	5,981.7	5,649	1.21%	94.40%
2013	5,944.0	83,750,232	14,090	4.50%	467:0	1:13	1:11	1:13	5,943.0	5,625	-0.04%	94.70%
2014	6,049.0	84,031,844	13,892	-0.34%	474:0	1:13	1:11	1:13	6,035.9	5,744	1.56%	95.54%
2015	6,009.0	84,196,822	14,012	0.86%	471:0	1:11	1:11	1:13	6,010.7	5,686	-0.42%	94.61%
2016	6,069.0	86,687,434	14,284	0.86%	479:0	1:12	1:13	1:13	6,064.9	5,719	-0.90%	94.30%
2017	6,088.0	92,943,064	15,267	6.88%	487:0	1:13	1:12	1:13	6,070.6	5,767	0.09%	95.00%

Source: School District Financial 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).

**SAYREVILLE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

J-18

<u>DISTRICT BUILDING</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Elementary</u>										
Selover:										
Square Feet	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153
Capacity (Students)	65	65	65	65	65	65	65	65	65	65
Enrollment	14	15	0	0	0	0	0	0	0	0
Arleth:										
Square Feet	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426
Capacity (Students)	593	593	593	593	593	593	593	593	593	593
Enrollment	499	490	540	468	468	469	469	469	469	507
Eisenhower:										
Square Feet	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738
Capacity (Students)	481	481	481	481	481	481	481	481	481	481
Enrollment	465	488	510	530	530	551	551	551	551	535
Truman:										
Square Feet	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275
Capacity (Students)	474	474	474	474	474	474	474	474	474	474
Enrollment	456	490	529	547	547	508	508	508	508	524
Wilson:										
Square Feet	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150
Capacity (Students)	373	373	373	373	373	373	373	373	373	373
Enrollment	353	357	404	361	361	368	368	368	368	403
Upper Elementary School:										
Square Feet	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800
Capacity (Students)	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
Enrollment	951	950	968	1,003	1,003	1,004	1,004	1,004	1,004	1,067
Sayville Middle School:										
Square Feet	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847
Capacity (Students)	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608
Enrollment	1,372	1,357	1,376	1,333	1,333	1,330	1,330	1,330	1,330	1,392
War Memorial High School:										
Square Feet	184,531	184,531	221,538	292,289	292,289	292,289	292,289	292,289	292,289	292,289
Capacity (Students)	1,859	1,859	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Enrollment	1,628	1,656	1,687	1,707	1,707	1,714	1,714	1,714	1,714	1,665
Number of Schools at June 30, 2017:										
Elementary = 6										
Middle School = 1										
Senior High School = 1										

Source: District Records

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
Unaudited

J-19

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

School Facilities*	Project #	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Selover		\$ 37,978	\$ 46,126	\$ 42,339	\$ 37,430	\$ 61,983	\$ 40,526	\$ 21,638	\$ 72,548	\$ 64,875	\$ 85,351
Arleth		78,281	94,044	103,512	79,164	141,319	82,386	107,109	130,586	145,970	136,561
Eisenhower		63,728	76,742	79,886	62,666	110,312	66,997	135,671	101,567	118,530	102,421
Truman		55,996	68,002	74,079	55,794	88,535	59,815	92,828	116,077	115,423	93,886
Wilson		57,441	69,169	86,541	56,339	109,118	60,738	99,968	130,586	121,643	97,300
Upper Elementary School		184,835	225,122	215,060	186,702	322,001	196,066	151,467	304,701	306,816	309,264
Middle School		181,951	221,047	257,550	204,768	327,544	191,654	278,482	333,720	355,599	428,758
High School		321,055	400,584	430,379	335,021	512,677	327,805	194,743	261,174	393,035	459,482
		<u>\$ 981,265</u>	<u>\$ 1,200,836</u>	<u>\$ 1,289,346</u>	<u>\$ 1,017,884</u>	<u>\$ 1,673,489</u>	<u>\$ 1,025,987</u>	<u>\$ 1,081,906</u>	<u>\$ 1,450,959</u>	<u>\$ 1,621,891</u>	<u>\$ 1,713,023</u>

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

Source: School District Records

**SAYREVILLE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
Unaudited**

J-20

<u>Policy Type</u>	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
School Package Property:		
Property - Blanket Building and Contents	\$ 195,510,546	\$ 2,500
Boiler and Machinery	1,000,000,000	2,500
Comprehensive General Liabilities and Automobile Liability Including Employees' Benefit Liability	5,000,000	
Environmental Impairment Liability	1,000,000	10,000
Foreign Travel Liability Coverage	1,000,000	
Student Accident Insurance	1,000,000	
School Leaders Professional Liability	5,000,000	10,000
Security Guard Liability	1,000,000	5,000
Blanket Dishonesty Bond Including Faithful Performance of Elected Officials	500,000 per loss	1,000
Workers' Compensation:		
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
<u>Selective Insurance Company of America</u>		
Public Officials' Bond:		
Treasurer	375,000	
Business Administrator	375,000	

Source: School District Records

SINGLE AUDIT SECTION

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9989
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

**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**

The Honorable President and Members
of the Board of Education
Sayreville Board of Education
County of Middlesex
Sayreville, New Jersey 08872

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 Sayreville Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sayreville Board of Education's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

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

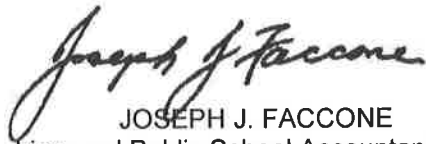
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Board of Education of the Sayreville 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JOSEPH J. FACCONI
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 1, 2017

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

The Honorable President and Members
of the Board of Education
Sayreville Board of Education
County of Middlesex
Sayreville, New Jersey 08872

Report on Compliance for Each Major Program

We have audited the Sayreville Board of Education'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 District's major federal and state programs for the year ended June 30, 2017. The Sayreville 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 Sayreville 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; and the *New Jersey State Aid/Grant Compliance Supplement*, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08)*. Those standards and the Uniform Guidance 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Sayreville 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 Sayreville School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Sayreville 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 Sayreville 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 Sayreville School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB's 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 Sayreville 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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and 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 and 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 NJOMB's 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of the Board of Education of the Sayreville School District as of and for the year ended June 30, 2017, and have issued our report thereon dated December 1, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.


JOSEPH J. FACCONE
Licensed Public School Accountant #194


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
December 1, 2017

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance June 30, 2017	
												(Accounts Receivable)	Deferred Inflows
				\$		\$	\$	\$	\$	\$	\$	\$	\$
U.S. Department of Health and Human Services:													
General Fund:													
Medical Assistance Program	93.778	1705NJ5MAP	N/A	\$ 190,388.45	7/1/16 - 6/30/17	\$ -	\$ -	\$ 190,388.45	\$ (190,388.45)	\$ -	\$ -	\$ -	\$ -
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	12,385.88	4/1/09 - 12/31/09	\$ -	\$ -	12,385.88	(12,385.88)	\$ -	\$ -	\$ -	\$ -
Total General Fund				202,774.33		(202,774.33)	202,774.33	(202,774.33)	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education:													
Passed-Through State Department of Education:													
Special Revenue Fund:													
Title I	84.010	S010A160030	NCLB - 4660-17	676,902.66	7/1/16 - 6/30/17	(162,879.47)	\$ -	377,442.00	(671,588.00)	\$ -	\$ -	(294,145.00)	\$ -
Title I	84.010	S010A160030	NCLB - 4660-16	676,662.00	7/1/15 - 6/30/16	(162,879.47)	\$ -	162,879.47	\$ -	\$ -	\$ -	\$ -	\$ -
Title II A	84.367A	S367A150029	NCLB - 4660-16	170,697.00	7/1/15 - 6/30/16	(25,298.46)	\$ -	25,298.46	\$ -	\$ -	\$ -	\$ -	\$ -
Title II A	84.367A	S367A160029	NCLB - 4660-17	56,196.06	7/1/16 - 6/30/17	\$ -	\$ -	21,814.06	(56,196.06)	\$ -	\$ -	(34,382.00)	\$ -
Title III Immigration	84.381X	S365A160030	NCLB - 4660-17	15,051.00	7/1/16 - 6/30/17	\$ -	\$ -	6,409.00	(15,051.00)	\$ -	\$ -	(8,642.00)	\$ -
Title III Immigration	84.381X	S365A150030	NCLB - 4660-16	41,048.00	7/1/15 - 6/30/16	(3,016.47)	\$ -	3,016.47	\$ -	\$ -	\$ -	\$ -	\$ -
Title III	84.365	S365A160030	NCLB - 4660-17	25,035.11	7/1/16 - 6/30/17	(5,190.44)	\$ -	9,868.60	(21,115.60)	\$ -	\$ -	(11,247.00)	\$ -
IDEA Basic	84.027	H027A160100	IDEA - 4660-16	34,975.00	7/1/15 - 6/30/16	\$ -	\$ -	5,190.44	(34,975.00)	\$ -	\$ -	\$ -	\$ -
IDEA Basic	84.027	H027A150100	IDEA - 4660-17	1,536,575.77	7/1/16 - 6/30/17	(94,538.71)	\$ -	989,209.77	(1,536,575.77)	\$ -	\$ -	(547,366.00)	\$ -
IDEA Part B Preschool	84.173	H173A160114	IDEA - 4660-17	1,510,048.00	7/1/15 - 6/30/16	\$ -	\$ -	94,538.71	\$ -	\$ -	\$ -	(38,864.00)	\$ -
Total Special Revenue Fund				1,710,083.63		(290,923.55)	1,710,083.63	(2,353,807.28)	\$ -	\$ -	\$ -	(934,647.00)	\$ -
U.S. Department of Agriculture:													
Passed-Through State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Program:													
Cash Assistance	10.555	16161NJ304N1099	N/A	663,616.95	7/1/15 - 6/30/16	(75,863.71)	\$ -	75,863.71	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Assistance	10.555	171NJ304N1099	N/A	1,004,975.74	7/1/16 - 6/30/17	\$ -	\$ -	793,984.42	(1,004,875.74)	\$ -	\$ -	(210,891.32)	\$ -
Non-Cash Assistance (Food Distribution)	10.550	171NJ304N1099	N/A	161,604.01	7/1/16 - 6/30/17	(16,526.71)	\$ -	161,604.01	(161,504.01)	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	10.553	16161NJ304N1099	N/A	183,066.82	7/1/15 - 6/30/16	\$ -	\$ -	16,526.71	\$ -	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	10.553	171NJ304N1099	N/A	217,301.56	7/1/16 - 6/30/17	(92,390.42)	\$ -	162,900.22	(217,301.56)	\$ -	\$ -	(54,501.34)	\$ -
Total Enterprise Fund				1,210,779.07		(1,383,781.31)	1,210,779.07	(1,383,781.31)	\$ -	\$ -	\$ -	(265,392.66)	\$ -
Total Federal Awards				\$ 3,123,637.23		\$ (383,313.97)	\$ 3,123,637.23	\$ (3,940,362.92)	\$ -	\$ -	\$ -	\$ (1,200,039.66)	\$ -

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

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

State Grantor/ Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance June 30, 2016		Cash Received	Budgetary Expenditures Pass-Through Funds	Budgetary Expenditures Direct	Adjustment	Repayment of Prior Year's Balance	Balance June 30, 2017		Memo
				Deferred Inflows (Accounts Receivable)	Due to Grantor						Inflow/ Intentional Payable	Due to Grantor	
State Department of Education:													
General Fund:													
Equization Aid	17-495-034-5120-078	\$ 15,439,972.00	7/1/16 - 6/30/17			\$ 15,439,972.00	\$ (15,439,972.00)					\$ 15,439,972.00	
Special Education Aid	17-495-034-5120-094	3,677,408.00	7/1/16 - 6/30/17			3,677,408.00	(3,677,408.00)					3,677,408.00	
Transportation	17-495-034-5120-014	573,421.00	7/1/16 - 6/30/17			573,421.00	(573,421.00)					573,421.00	
Under Adequacy Aid	17-495-034-5120-084	955,521.00	7/1/16 - 6/30/17			955,521.00	(955,521.00)					955,521.00	
PARCC Readiness Aid	17-495-034-5120-096	500,000.00	7/1/16 - 6/30/17			500,000.00	(500,000.00)					500,000.00	
Per Pupil Growth Aid	17-495-034-5120-098	61,380.00	7/1/16 - 6/30/17			61,380.00	(61,380.00)					61,380.00	
Professional Learning Community Aid	17-495-034-5120-097	61,380.00	7/1/16 - 6/30/17			61,380.00	(61,380.00)					61,380.00	
Extracurricular Aid	17-495-034-5120-101	61,860.00	7/1/16 - 6/30/17			61,860.00	(61,860.00)					61,860.00	
Extracurricular Aid	17-495-034-5120-044	945,644.00	7/1/16 - 6/30/17			945,644.00	(945,644.00)					945,644.00	
Nonpublic Transportation Aid	16-495-034-5120-044	911,429.00	7/1/15 - 6/30/16	(811,429.00)		911,429.00	(911,429.00)					911,429.00	
Nonpublic Transportation Aid	Unknown	51,717.00	7/1/16 - 6/30/17			51,717.00	(51,717.00)					51,717.00	
On-Behalf TPAF Post-Retirement	Unknown	50,998.00	7/1/15 - 6/30/16	(50,998.00)		50,998.00	(50,998.00)					50,998.00	
Medical Benefit Contributions	17-495-034-5094-001	3,395,317.00	7/1/16 - 6/30/17			3,395,317.00	(3,395,317.00)					3,395,317.00	
On-Behalf TPAF Person Contributions	17-495-034-5094-002	4,074,898.00	7/1/16 - 6/30/17			4,074,898.00	(4,074,898.00)					4,074,898.00	
Insurance Contributions	17-495-034-5094-004	10,211.00	7/1/16 - 6/30/17			10,211.00	(10,211.00)					10,211.00	
Reimburse Security Contribution	17-495-034-5094-003	2,759,871.65	7/1/16 - 6/30/17			2,759,871.65	(2,759,871.65)					2,759,871.65	
Reimburse Social Security Contribution	16-495-034-5094-003	2,723,254.69	7/1/15 - 6/30/16	(1,100,465.29)		1,622,789.40	(1,622,789.40)					1,622,789.40	
Total General Fund				(1,100,465.29)		32,529,656.42	(32,562,600.65)					2,091,657.00	32,562,600.65
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	17-100-034-5120-064	20,001.00	7/1/16 - 6/30/17			20,001.00	(19,581.52)					419.48	19,581.52
Textbook Aid	16-100-034-5120-064	17,016.00	7/1/15 - 6/30/16		254.26	31,230.00	(30,963.00)			254.26		297.00	30,963.00
Nursing Services	17-100-034-5120-070	26,820.00	7/1/15 - 6/30/16		780.00	9,022.00	(8,871.00)			780.00		151.00	8,871.00
Technology	16-100-034-5120-373	7,748.00	7/1/15 - 6/30/16		76.00	17,350.00	(15,210.00)			76.00		2,140.00	15,210.00
Security Aid	16-100-034-5120-569	7,450.00	7/1/15 - 6/30/16		169.00	54,733.00	(54,733.00)			169.00		54,733.00	
Auxiliary Services:													
Supplementary Instruction	17-100-034-5120-067	5,187.00	7/1/16 - 6/30/17			5,187.00	(5,187.00)					5,187.00	
English as a Second Language	17-100-034-5120-068	2,102.00	7/1/16 - 6/30/17			2,102.00	(1,371.00)					731.00	1,371.00
English as a Second Language	16-100-034-5120-067	1,726.00	7/1/15 - 6/30/16		1.00	9,573.00	(9,573.00)			1.00		9,573.00	
Supplementary Instruction	17-100-034-5120-066	9,573.00	7/1/16 - 6/30/17			17,107.00	(15,848.00)			742.00		1,259.00	15,848.00
Supplementary Instruction	16-100-034-5120-066	17,107.00	7/1/15 - 6/30/16		742.00	3,241.00	(734.00)			3,241.00		734.00	734.00
Examination and Classification	16-100-034-5120-066	13,978.00	7/1/15 - 6/30/16		3,241.00	2,925.00	(2,925.00)					2,925.00	
Examination and Classification	17-100-034-5120-066	734.00	7/1/16 - 6/30/17			13,783.00	(13,783.00)					13,783.00	
Home Instruction	16-100-034-5120-066	2,925.00	7/1/15 - 6/30/16		(2,925.00)	54,033.80	(54,033.80)			2,508.00		54,033.80	
Home Instruction	17-100-034-5120-066	13,783.00	7/1/16 - 6/30/17		2,508.00	765.07	(765.07)			2,508.00		765.07	
Corrective Speech	16-100-034-5120-066	4,213.00	7/1/15 - 6/30/16			237,811.87	(229,868.32)			7,771.26		4,957.48	229,868.32
Corrective Speech	16-100-034-5120-066	60,000.00	7/1/15 - 6/30/16	(765.07)		89,600.00	(89,600.00)			7,771.26		89,600.00	
New Jersey Achieve Grant	16-100-034-5120-066	60,000.00	7/1/15 - 6/30/16	(765.07)		89,600.00	(89,600.00)			7,771.26		89,600.00	
New Jersey Achieve Grant	16-100-034-5120-066	60,000.00	7/1/15 - 6/30/16	(765.07)		89,600.00	(89,600.00)			7,771.26		89,600.00	
Total Special Revenue Fund				(765.07)		237,811.87	(229,868.32)			7,771.26		4,957.48	229,868.32
Debt Service Fund													
Debt Service Aid - State Support	17-495-034-5120-075	89,600.00	7/1/16 - 6/30/17			89,600.00	(89,600.00)					89,600.00	
Capital Projects Fund													
SDA Grant - Security Upgrades Wilson School	4660-120-14-C1XF	22,026.00	7/1/14 - Completion	(22,026.00)		22,026.00						22,026.00	
SDA Grant - Security Upgrades Samsal School	4660-085-14-C2VW	20,968.00	7/1/14 - Completion	(20,968.00)		20,968.00						20,968.00	

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

State Senator/ Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance June 30, 2016		Compuer/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass-Through Funds	Budgetary Expenditures - DODS	Adjustments	Repayment of Prior Year's Balance	Balance June 30, 2017		Memo
				Deferred Inflows (Accounts Receivable)	Due to Grantor							Intergovernmental (Accounts Receivable)	Deferred Inflows/ Interfund Payable	
Capital Projects Fund														
SDA Grant - Security Upgrades Aletch School	4660-060-14-G1XC	\$ 27,633.00	7/1/14 - Completion	\$ (27,633.00)	\$	\$	\$ 27,633.00	\$	\$	\$	\$	\$	\$	\$
SDA Grant - Security Upgrades Eisenhower School	4660-070-14-G1XE	22,571.00	7/1/14 - Completion	(22,571.00)			22,571.00							
SDA Grant - Security Upgrades Truman School	4660-075-14-G2VU	24,473.00	7/1/14 - Completion	(24,473.00)			24,473.00							
SDA Grant - Mechanical Upgrades Aletch School	4660-060-14-G1XD	194,603.00	7/1/14 - Completion	(194,603.00)			198,904.53			25,698.47				
Total Capital Projects				(612,274.00)			296,575.53			25,698.47				
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program	17-100-010-3350-023	24,891.91	7/1/16 - 6/30/17	(1,929.45)			19,631.42	(24,891.91)				(5,260.48)		24,891.91
National School Lunch Program	16-100-010-3350-023	24,124.20	7/1/15 - 6/30/16	(1,929.45)			1,929.45	(24,891.91)				(5,260.48)		24,891.91
Total Enterprise Fund							21,560.87							
Total State Financial Assistance							\$ 33,165,234.69	\$ (32,906,960.89)		\$ 25,698.47	\$ 7,771.26	\$ (1,189,314.01)	\$	\$ 2,091,857.00
Less:														
On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Post-Retirement														
Medical Benefit Contributions	17-495-034-5094-001													
On-Behalf TPAF Pension Contributions	17-495-034-5094-002													
On-Behalf TPAF Noncontributory														
Insurance Contributions	17-495-034-5094-004													
Total for State Financial Assistance - Major Program Determination							\$ (7,480,426.00)							\$ (7,480,426.00)

Total for State Financial Assistance - Major Program Determination
\$ (7,480,426.00)

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

SAYREVILLE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Sayreville School District. The School District is defined in Note 1(A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed-through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

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.

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 and capital projects fund are presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(26,512.00) for the general fund and \$9,524.24 for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 202,774.33	\$32,536,088.65	\$32,738,862.98
Special Revenue Fund	2,363,041.45	230,178.39	2,593,219.84
Debt Service Fund		89,600.00	89,600.00
Food Service Fund	<u>1,383,781.31</u>	<u>24,891.91</u>	<u>1,408,673.22</u>
Total Awards and Financial Assistance	<u>\$3,949,597.09</u>	<u>\$32,880,758.95</u>	<u>\$36,830,356.04</u>

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.

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2017.

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively.

The amount reported as TPAF Post-Retirement Medical Benefit Contributions, Teacher's Pension Contributions and Noncontributory Insurance Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30 2017.

7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-Behalf State Programs for TPAF Pension, Noncontributory Insurance and Post-Retirement Medical Benefits Contributions are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

8. DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Section I - Summary of Auditor's Results

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 √ No

2) Significant deficiencies identified?

_____ Yes √ None Reported

Noncompliance material to basic financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified?

_____ Yes √ No

2) Significant deficiencies identified?

_____ Yes √ 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 the Uniform Guidance?

_____ Yes √ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Federal FAIN Number</u>	<u>Name of Federal Program</u>
84.027	H027A160100	IDEA, Part B - Basic

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000.00

Auditee qualified as low-risk auditee?

 √ Yes _____ No

**SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

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

State Financial Assistance

Internal control over major programs:

- | | | | | |
|---|-------|-----|---|---------------|
| 1) Material weakness(es) identified | _____ | Yes | _____ <input checked="" type="checkbox"/> | No |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | _____ <input checked="" type="checkbox"/> | 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 NJOMB Circular Letter 15-08?

_____ Yes _____ No

Identification of major programs:

State Grant Number(s)
17-495-034-5120-078
17-495-034-5120-089
17-495-034-5120-084

Name of State Program
Equalization Aid
Special Education Aid
Security Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$762,796.65

Auditee qualified as low-risk auditee?

_____ Yes _____ No

Section II - Financial Statement Findings:

NONE

**SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

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

NONE

**SAYREVILLE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2017**

NONE

