

**BOARD OF EDUCATION  
OF THE  
BOROUGH OF STRATFORD  
SCHOOL DISTRICT**



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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
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## **INTRODUCTORY SECTION**

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November 20, 2017

Honorable President and Members of the Board of Education  
Borough of Stratford School District  
Stratford, Camden County, New Jersey 08084

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections:

- Introductory Section containing this Letter of Transmittal, List of Principal Officials, and Organizational Chart.
- Financial Section containing the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes.
- Statistical Section containing Economic and Demographic Information, Fiscal Trends.
- Single Audit Section in conformity with the provisions of the Single Audit Amendments of 1996 and the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on compliance for each major program and report on the internal control over compliance are included in the single audit section of this report.

### **SCHOOL DISTRICT ORGANIZATION**

The Stratford School District is one of 643 school districts in the State of New Jersey and one of 39 school districts in Camden County. The School District provides education to students in grades PreK to 8, including tuition students in grades 7 and 8 from Laurel Springs and grades PreK to 8 from Hi-Nella. In addition, Stratford became a Choice district beginning with the 2011-12 school year allowing a total of 23 students from other districts to attend both Parkview and Yellin in grades 1-8 during the 2016-17 year.

An elected nine-member Board of Education serves as the policy maker for the School District. In addition to the elected members, a member of the Laurel Springs Board of Education is appointed as representative and has full voting rights, where allowable by law. The Board adopts an annual budget and approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District money.

The Superintendent is the chief executive officer of the School District and is responsible to the Board for total education and support operations. The Business Administrator is the chief financial officer of the School District and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, and acting as custodian of all School District funds.

**REPORTING ENTITY**

Stratford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Stratford Board of Education and its two schools constitute the District's reporting entity.

**ECONOMIC CONDITION AND OUTLOOK**

The Borough of Stratford is a suburban town of 1.6 square miles. Stratford was incorporated as a borough on March 2, 1925. The Borough of Stratford has always been an active, involved community. The Borough of Stratford is home to the Stratford Division of Kennedy Memorial Hospital and University of Dentistry and Medicine of New Jersey. Population census information indicates that the Borough of Stratford has experienced a 3.2% decrease in population based on 7,271 at the 2000 census and 7,040 at the 2010 census.

The Stratford School District provides a full range of educational services appropriate to grade levels PreK through 8. The District completed the 2016-17 year with an enrollment of 868 students, which is 44 students more than the previous school year.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2007-08	835	-0.83
2008-09	838	+0.36
2009-10	827	-0.14
2010-11	831	+0.50
2011-12	782	-3.49
2012-13	805	+2.94
2013-14	847	+5.22
2014-15	859	+1.37
2015-16	834	-2.92
2016-17	867	+3.84

The forecast for student enrollment over the next five years is appears to show a small upward swing but mostly staying stable as students continue to transfer in and out. Choice enrollment has been capped by the state with a current enrollment of 23 students with an increase to 26 starting with the 2017-18 school year. The five-year phase-in of Hi-Nella students that began with the 2012-13 school year has annually averaged 100 students in grades PreK-8.



The School District continues to face difficult economic situations with its primary funding sources of property tax revenue (capped at 2%+any allowable increases by law) and state aid (small increase) as the expenditures necessary to provide the excellent education Stratford is known for continue to rise. The 2016-17 general fund budget saw a tax increase of 4.3% due to the district's use of banked cap as allowed by law. In addition, the district appropriated \$158,317 from fund balance to utilize in 2016-17. Tuition revenue increased due to enrollment number of students from Laurel Springs and Hi-Nella and prior year tuition adjustments. The executive county superintendent approved the budget as submitted. The election of board members took place at the general election in November and newly seated members took office in January. Full-day Kindergarten and hazardous transportation continue to be part of the annual budget as well as expenditures for technology. The School District continues to closely monitor the cost of operations and to look for new funding sources in order to maintain the quality educational services that the School District has been providing and that the students deserve.

### **EDUCATIONAL PROGRAM**

District classrooms are primarily self-contained and the pupils are grouped heterogeneously. Basic Skills instruction in the areas of computation and communications are provided to eligible students. In addition, students are offered programs in art, music, computers, gifted and talented, physical education, reading, language arts, science, health, social studies, library science, and guidance. The District provides individual education plans for pupils who are learning disabled either in self-contained classrooms, in-class support, or resource rooms through various programs – preschool disabilities and preschool disabilities inclusion, autism, learning and/or language disabled and multiple disabilities.

In addition to the variety of instructional programs, other services are provided. Each school has a full time school nurse who provides a full spectrum of services as required by law. Two guidance counselors service the needs of students in both Parkview and Yellin Schools. The District also provides Child Study Team Services, a food service program and with hazardous bus transportation for eligible students.

### **MAJOR INITIATIVES**

The Stratford School District will continue to provide a challenging academic environment during the 2017-18 school year to help deepen and enhance the learning process.

**A. Honors Social Studies:** This course is available to all 7<sup>th</sup> and 8<sup>th</sup> students who meet the criteria that has been designated by the Social Studies Teachers and Building Principal. This class incorporates more challenging reading and writing. The class pace is increased and more in-depth topics are covered and discussed. Public speaking is emphasized and students frequently present Projects using 21<sup>st</sup> Century Technology. Individualized Instruction is also a major component of this newly constructed class.

**B. Google Classroom:** Our math, language arts, science, and special education classrooms are all equipped with a full set of Chromebooks for every student allowing teachers to create and share documents via google classroom and these teachers are required to you this wonderful resource on a daily basis in Grades 3-8.

**C. Vertical Articulation-** During the In-Service Days on January 2nd, February 5<sup>th</sup>, February 16<sup>th</sup>, March 16<sup>th</sup>, and May 25th we will be designating 45 minutes for Vertical Articulation to discuss what needs to be emphasized on the previous grade level to ensure success as each student moves forward in Grades K-8.

**D. ReadyGen Language Arts Series-** This new series has been fully implemented as of September 1, 2017 in Grades 4-5. We will be having a representative from the Pearson ReadyGen Language Arts Series come to our school to answer questions we have about the new implementation and discuss more instructional Strategies/Best Practices to enhance the learning process.

**E. Next Generation Science Standards-** This new way of teaching Science has been fully implemented as of September 1, 2017 in Grades K-8. We have a consultant coming in to discuss how we are doing with the new implementation of the NGSS and to discuss various instructional strategies/best practices to enhance the learning process.

**F. Cross Curricular Collaboration-** The Digital Shop Teacher and Media Specialist are using technology and incorporating all content areas not only into their own lessons but giving the content area teachers creative ideas on how to effectively incorporate 21<sup>st</sup> Century Technology into their lessons in Grades 4-8.

**G. Twitter:** We have set up two Twitter Accounts to showcase students and staff activities in Grades 4-8 on a daily basis as well as staff professional development on a daily basis.

**H. Citizens of the Month:** We are honoring 2 students per month in Grades K-8 who meet the following criteria; Positive Attitude, Positive Role Model, Responsible, and Honest. Our goal is to reward more students for having a positive and profound impact on our school on a daily basis.

## **FINANCIAL INFORMATION**

### ***Internal Accounting***

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

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

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

### ***Budgetary Controls***

In addition to internal accounting controls, the 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 project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

## **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute and detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which

requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

### **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. A schedule of insurance coverage is found in Exhibit J-20.

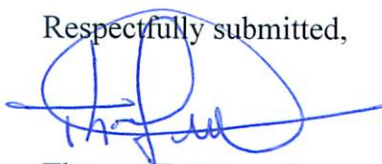
### **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,



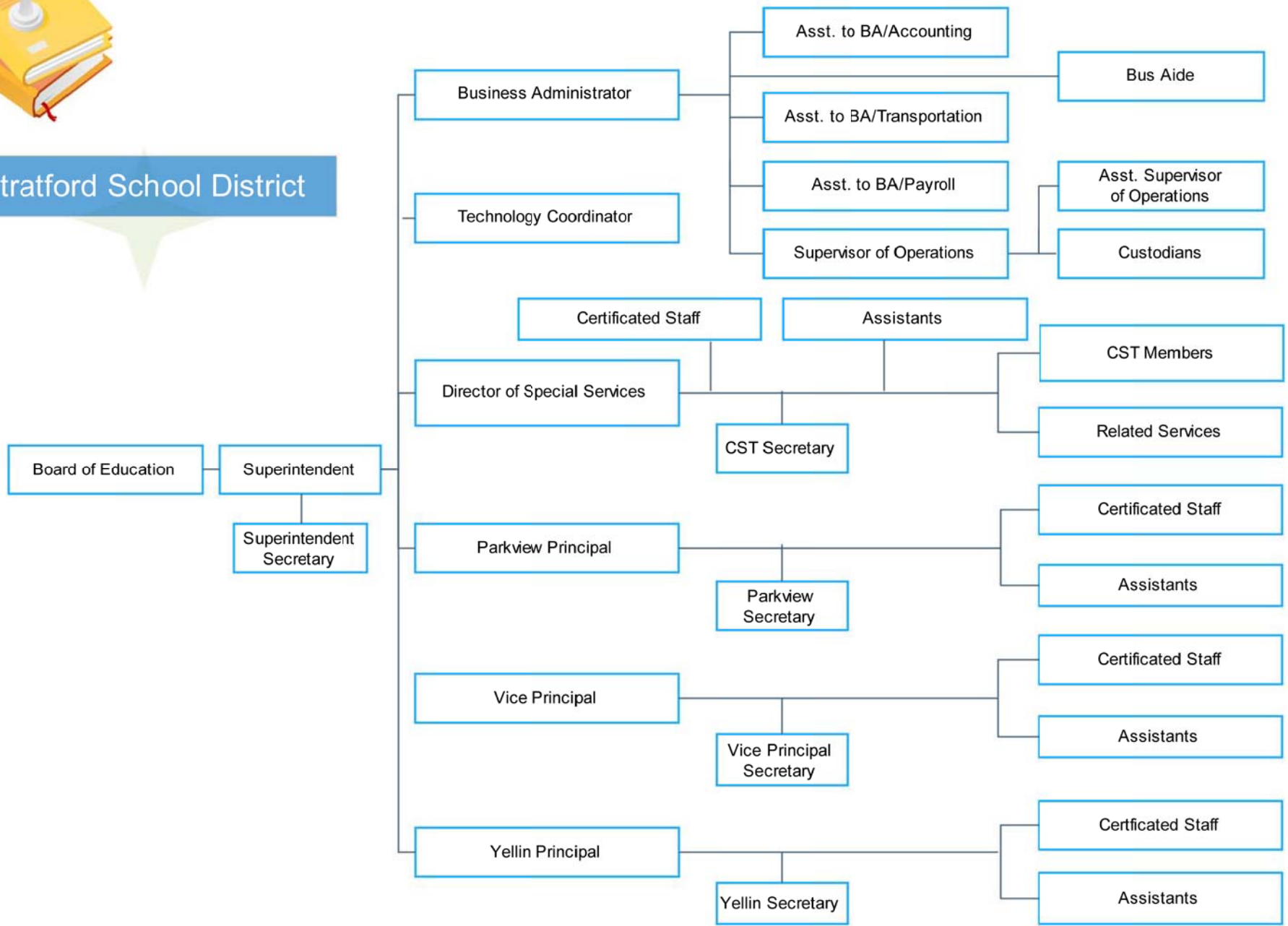
Thomas F. Attanasi  
Superintendent



Denise DiGiandomenico  
Business Administrator/Board Secretary



Stratford School District



**BOARD OF EDUCATION  
BOROUGH OF STRATFORD SCHOOL DISTRICT  
STRATFORD, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Jeffrey Ziegler	President	2017
Sue Bove	Vice President	2019
Dawn Martin		2019
A. Harry Moffett		2018
Michael Redfearn		2017
Nancy Scully		2019
Brian Sime		2018
Richard St. Maur III		2017
Bruce Thompson		2018
Steve Troilo, Laurel Springs Representative		
 <b><u>Other Officials</u></b>		
Thomas F. Attanasi	Superintendent	
Denise DiGiandomenico	Business Administrator Board Secretary	

**BOARD OF EDUCATION  
BOROUGH OF STRATFORD SCHOOL DISTRICT  
STRATFORD, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2017**

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**Architect**

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**Audit Firm**

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Voorhees, New Jersey 08043

**Attorney**

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**Insurance Broker**

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**Official Depositories**

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Stratford School District  
County of Camden  
Stratford, New Jersey 08084

### **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 Borough of Stratford School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## Opinions

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

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stratford School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

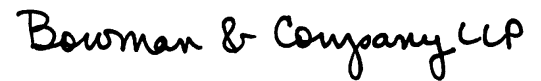
The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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**Other Reporting Required by Government Auditing Standards**

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 20, 2017

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Stratford School District  
County of Camden  
Stratford, New Jersey 08084

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Borough of Stratford School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 20, 2017.

**Internal Control Over Financial Reporting**

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

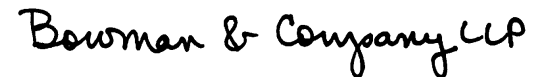
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Stratford 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 Division of Administration and 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* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 20, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

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

**Financial Highlights**

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,957,519.98 (*net position*).
- Governmental activities have unrestricted net position of (\$4,376,531.28). The accounting treatments for pensions, compensated absences payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District at fiscal year-end decreased by \$45,225.85.
- Fund balance of the School District's governmental funds increased by \$474,047.85 resulting in an ending fund balance of \$1,647,817.09.
- Business-type activities have unrestricted net position of \$170,788.79, which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Service, Summer Drama Camp, Summer Technology Camp and Summer Music Lessons).
- The School District's long-term obligations increased by \$564,420.76 which is the net result of current year payments on existing debt obligations, the restructuring of compensated absences payable in accordance with approved contracts and an increase in the net pension liability.
- Fiscal year ended June 30, 2017 was the third year the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, see below discussion. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements. The School District does not have any current capital projects reported in the Capital Projects Fund.

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

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Fund Financial Statements (Continued)**

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

The School District's four enterprise funds, the Food Service Fund, the Summer Drama Camp Fund, the Summer Technology Camp and the Summer Music Lessons are listed individually and are considered to be major funds.

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

**Notes to the Basic Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

**Government-wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2018.

The assets and deferred outflows of resources of the primary government activities exceeded liabilities and deferred inflows of resources by \$2,957,519.98 with an unrestricted deficit balance of \$4,205,742.49. The net position of the primary government does not include internal balances.



**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Government-wide Financial Analysis (Continued)**

As mentioned earlier, deficit unrestricted net position are primarily due to the accounting treatment for compensated absences payable, accrued interest expense and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

A net investment of \$5,502,586.26 in land, improvements, buildings and equipment, which provide the services to the School District's 868 public school students at year-end, represents 186.05% of the School District's net position. Net position of \$1,660,676.21 has been restricted for future budget appropriation.

**Stratford School District  
Comparative Summary of Net Position  
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Government-Wide	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$1,933,610.03	\$1,470,024.43	\$195,033.40	\$205,782.28	\$2,128,643.43	\$1,675,806.71
Capital assets	9,995,698.13	10,402,177.71	127,888.13	113,706.67	10,123,586.26	10,515,884.38
Total assets	<u>11,929,308.16</u>	<u>11,872,202.14</u>	<u>322,921.53</u>	<u>319,488.95</u>	<u>12,252,229.69</u>	<u>12,191,691.09</u>
Deferred outflows of resources	<u>1,828,702.00</u>	<u>1,120,089.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,828,702.00</u>	<u>1,120,089.00</u>
Liabilities:						
Current liabilities	783,159.47	787,070.81	24,244.61	33,786.58	807,404.08	820,857.39
Noncurrent liabilities	<u>9,884,304.63</u>	<u>9,319,883.87</u>	<u>0.00</u>	<u>0.00</u>	<u>9,884,304.63</u>	<u>9,319,883.87</u>
Total liabilities	<u>10,667,464.10</u>	<u>10,106,954.68</u>	<u>24,244.61</u>	<u>33,786.58</u>	<u>10,691,708.71</u>	<u>10,140,741.26</u>
Deferred inflows of resources	<u>431,703.00</u>	<u>168,293.00</u>	<u>0.00</u>	<u>0.00</u>	<u>431,703.00</u>	<u>169,293.00</u>
Net position	<u>\$2,658,843.06</u>	<u>\$2,717,043.46</u>	<u>\$298,676.92</u>	<u>\$285,702.37</u>	<u>\$2,957,519.98</u>	<u>\$3,002,745.83</u>
Net position consist of:						
Net investment in capital asset	\$5,374,698.13	\$5,556,177.71	\$127,888.13	\$113,706.67	\$5,502,586.26	\$5,669,884.38
Restricted net position	1,660,676.21	1,358,352.24	0.00	0.00	1,660,676.21	1,358,352.24
Unrestricted net position (deficit)	<u>(4,376,531.28)</u>	<u>(4,197,486.49)</u>	<u>170,788.79</u>	<u>171,995.70</u>	<u>(4,205,742.49)</u>	<u>(4,025,490.79)</u>
Net position	<u>\$2,658,843.06</u>	<u>\$2,717,043.46</u>	<u>\$298,676.92</u>	<u>\$285,702.37</u>	<u>\$2,957,519.98</u>	<u>\$3,002,745.83</u>

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Stratford School District  
Comparative Schedule of Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Government-Wide	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program Revenues						
Charges for services						
Food Service						
Operations			\$222,296.53	\$214,314.58	\$222,296.53	\$214,314.58
Summer Drama Camp			16,117.00	14,856.30	16,117.00	14,856.30
Summer Technology Camp			2,723.75	5,625.00	2,723.75	5,625.00
Summer Music Lessons			330.00		330.00	5,625.00
Operating grants and						
Contributions	\$4,084,942.42	\$3,617,445.99	177,075.23	169,718.06	4,262,017.65	3,787,164.05
General Revenues:						
Property Taxes	6,827,784.00	6,532,732.00			6,827,784.00	6,532,732.00
State/Federal Aid	5,794,883.44	5,023,433.38			5,794,883.44	5,023,433.38
Tuition	2,171,359.28	1,705,913.08			2,171,359.28	1,705,913.08
Other Revenues	301,826.19	197,459.77			301,826.19	197,459.77
Total Revenues	<u>19,180,795.33</u>	<u>17,076,984.22</u>	<u>418,542.51</u>	<u>404,513.94</u>	<u>19,599,337.84</u>	<u>17,481,498.16</u>
<b>Expenses:</b>						
Governmental Activities:						
Instruction	6,700,468.97	6,275,890.58			6,700,468.97	6,275,890.58
Tuition	787,394.94	850,707.82			787,394.94	850,707.82
Related Services	1,513,927.64	1,467,952.55			1,513,927.64	1,467,952.55
Administrative						
Services	1,223,889.87	1,104,226.38			1,223,889.87	1,104,226.38
Operations and						
Maintenance	1,005,645.45	1,001,941.62			1,005,645.45	1,001,941.62
Transportation	480,501.61	520,865.10			480,501.61	520,865.10
Unallocated benefits	6,875,538.05	5,656,300.76			6,875,538.05	5,656,300.76
Interest on long-term						
Debt	205,162.62	212,199.08			205,162.62	212,199.08
Other	446,466.58	453,865.90			446,466.58	453,865.90
Business-Type Activities:						
Food Service						
Operations			389,602.91	439,445.94	389,602.91	439,445.94
Summer Drama Camp			13,058.50	11,988.38	13,058.50	11,988.38
Summer Technology Camp			2,583.60	4,832.78	2,583.60	
Summer Music Lessons			322.95		322.95	4,832.78
Total Expenses	<u>\$19,238,995.73</u>	<u>\$17,543,949.79</u>	<u>\$405,567.96</u>	<u>\$456,267.10</u>	<u>\$19,644,563.69</u>	<u>\$18,000,216.89</u>
Increase (Decrease) in						
Net Position	(58,200.40)	(466,965.57)	12,974.55	(51,753.16)	(45,225.85)	(518,718.73)
Net Position, July 1	<u>2,717,043.46</u>	<u>3,184,009.03</u>	<u>285,702.37</u>	<u>337,455.53</u>	<u>3,002,745.83</u>	<u>3,521,464.56</u>
Net Position, June 30	<u><u>\$2,658,843.06</u></u>	<u><u>\$2,717,043.46</u></u>	<u><u>\$298,676.92</u></u>	<u><u>\$285,702.37</u></u>	<u><u>\$2,957,519.98</u></u>	<u><u>\$3,002,745.83</u></u>

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,647,817.09, a decrease of \$474,047.85 in comparison with the prior year.

The unassigned (deficit) fund balance of (\$91,684.63) for the School District's governmental fund at the end of the fiscal year includes the General Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) restricted cash reserved for future capital and maintenance expenditures (\$907,815.00); 2) appropriated as a revenue source in the subsequent years budget (\$332,534.00); 3) appropriated in the subsequent years budget for encumbrances (\$44,493.94) and 4) excess surplus (\$454,658.38).

The general fund is the chief operating fund of the School District. The unassigned (deficit) fund balance of the general fund is due, primarily, to the accounting treatment of the last state aid payments as discussed in Note 20 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects a \$0 fund balance as special revenue is now paid out on an expenditure basis only. Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

**General Fund Budgetary Highlights**

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$330,840.37 while total fund balance (budgetary basis) was \$2,070,341.69. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$14,696,555.55. Unassigned fund balance (budgetary basis) represents 2.25% of expenditures while total fund balance (budgetary basis) represents 11.21 % of that same amount.

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Capital Asset and Debt Administration**

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$5,502,586.26 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$167,298.12.

Major capital asset events for Government Activities during the current fiscal year included the following:

- Depreciation expense of \$427,575.58.
- Fixed Assets purchases of \$21,096.00.

**Stratford School District  
Capital Asset (net of accumulated depreciation)  
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Government-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$2.00	\$2.00			\$2.00	\$2.00
Land Improvements	26,895.78	29,707.02			26,895.78	29,707.02
Buildings and Building Improvements	9,692,584.41	10,038,366.79			9,692,584.41	10,038,366.79
Equipment	274,588.53	329,219.61	\$127,888.13	\$113,706.67	402,476.66	442,926.28
Vehicles	1,627.41	4,882.29			1,627.41	4,882.29
Net position	<u>\$9,995,698.13</u>	<u>\$10,402,177.71</u>	<u>\$127,888.13</u>	<u>\$113,706.67</u>	<u>\$10,123,586.26</u>	<u>\$10,515,884.38</u>

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

**Long-term debt** – As of fiscal year ended June 30, 2017, the School District had total bonded debt outstanding of \$4,621,000.00 backed by the full faith and credit of the School District.

General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

The School District continues to maintain its stable credit rating from Standard & Poor's Corporation for its general obligation bond issues, reflecting the board's creditworthiness even in light of the downgrading of the New Jersey Fund for the Support of Free Public Schools.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$12,863,056.75 and the legal debt margin was \$8,242,056.75.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 8) of this report.

**Stratford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)**

**Economic Factors and Next Year's Budget**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-2018 school year.

- Stratford is not immune to the financial issues that continue to be one of the top national issues. This issue is seen in Stratford by in the consistent increase in the number of students eligible for free or reduced meals. The number of homes for sale and in foreclosure in Stratford have seen a small decline. The district has also noticed an increase in the number of families moving back with family members for financial reasons. The number of families who are homeless under the McKinney-Vento Act continues to be a very small number for the school district compared to other districts in Camden County.
- The district presented the 2017-2018 school year general fund budget with a \$289,317.00 (4.5%) tax increase that includes the allowable use of Banked CAP in the amount of \$133,519.00.
- With election now taking place in November, there is no vote on the budget as long as the tax levy increase is at or under 2%, in addition to any used of Banked CAP, as allowed by law. As such, it was submitted to the ECS for approval.
- P.L. 2012, Chapter 78, which mandates that employees who receive benefits are required to pay a portion of the cost, will remain at Year 4 levels for the duration of the negotiated agreement with the Stratford Education Association that ended June 30, 2017. The payroll deduction is utilized the offset the district cost of the benefits. The district maintains health and prescription coverage with AmeriHealth and Benecard respectively, with premiums at a cost less than prior participation in the SEHBP offered by the state.
- The food service program fund balance remains stable due to the well run program through Nutri Serve Food Management. The number of students who qualify for free and reduced meals continues to increase. Breakfast programs offered at both Parkview and Yellin have seen an increase in participation.
- Stratford started the 2017-2018 school year with 866 students, which is a decrease of 21 students since the close of the 2016-2017 school year.

**Requests for Financial Information**

This financial report is designed to provide a general overview of the School District's finances and the District's accountability for the resources it receives for all those with an interest in the School District. Questions about this report or requests for additional financial information can be addressed to Mrs. Denise DiGiandomenico, Business Administrator at Samuel S. Yellin School, 111 Warwick Road, Stratford, New Jersey 08084 or by phone at 856-784-2917.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,038,616.04	\$ 153,826.91	\$ 1,192,442.95
Receivables, net	805,801.65	31,690.23	837,491.88
Prepaid Expenses		912.25	912.25
Inventory		8,604.01	8,604.01
Restricted Cash and Cash Equivalents	89,192.34		89,192.34
Capital Assets, net	9,995,698.13	127,888.13	10,123,586.26
<b>Total Assets</b>	<b>11,929,308.16</b>	<b>322,921.53</b>	<b>12,252,229.69</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 10)	1,828,702.00	-	1,828,702.00
<b>LIABILITIES:</b>			
Accounts Payable			
Other	176,871.10	2,787.98	179,659.08
Related to Pensions	156,671.00		156,671.00
Due Students, Net		2,986.63	2,986.63
Payable to State Government	86,881.00		86,881.00
Accrued Interest	73,558.33		73,558.33
Unearned Revenue	22,040.84	18,470.00	40,510.84
Noncurrent Liabilities:			
Due within One Year	267,137.20		267,137.20
Due beyond One Year	9,884,304.63		9,884,304.63
<b>Total Liabilities</b>	<b>10,667,464.10</b>	<b>24,244.61</b>	<b>10,691,708.71</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 10)	431,703.00	-	431,703.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	5,374,698.13	127,888.13	5,502,586.26
Restricted for:			
Debt Service	0.40		0.40
Other Purposes	1,660,675.81		1,660,675.81
Unrestricted (Deficit)	(4,376,531.28)	170,788.79	(4,205,742.49)
<b>Total Net Position</b>	<b>\$ 2,658,843.06</b>	<b>\$ 298,676.92</b>	<b>\$ 2,957,519.98</b>

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



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Instruction:							
Regular Instruction	\$ 4,549,952.12	\$ 2,171,359.28	\$ 814,948.21		\$ (1,563,644.63)		\$ (1,563,644.63)
Special Education Instruction	1,526,357.58				(1,526,357.58)		(1,526,357.58)
Other Special Instruction	624,159.27				(624,159.27)		(624,159.27)
Support Services:							
Instruction/Tuition	787,394.94		157,360.12		(630,034.82)		(630,034.82)
Attendance and Social Work	16,913.08				(16,913.08)		(16,913.08)
Health Services	164,858.28				(164,858.28)		(164,858.28)
Support Services - Students	1,099,282.74				(1,099,282.74)		(1,099,282.74)
Support Services - Instructional Staff	122,234.68				(122,234.68)		(122,234.68)
Educational Media / Library	98,787.95				(98,787.95)		(98,787.95)
Instructional Staff Training Services	11,850.91				(11,850.91)		(11,850.91)
General Administration	318,995.11				(318,995.11)		(318,995.11)
School Administration	419,925.09				(419,925.09)		(419,925.09)
Operations and Maintenance	1,005,645.45				(1,005,645.45)		(1,005,645.45)
Central Services	259,413.57				(259,413.57)		(259,413.57)
Administration Information Technology	154,220.03				(154,220.03)		(154,220.03)
Security	71,336.07				(71,336.07)		(71,336.07)
Student Transportation	480,501.61	27,886.90			(452,614.71)		(452,614.71)
Unallocated Benefits	6,875,538.05		3,112,634.09		(3,762,903.96)		(3,762,903.96)
Interest and Other Charges	205,162.62				(205,162.62)		(205,162.62)
Transfer of Funds to Charter School	18,891.00				(18,891.00)		(18,891.00)
Unallocated Depreciation and Amortization	427,575.58				(427,575.58)		(427,575.58)
<b>Total Governmental Activities</b>	<b>19,238,995.73</b>	<b>2,199,246.18</b>	<b>4,084,942.42</b>	<b>\$ -</b>	<b>(12,954,807.13)</b>	<b>\$ -</b>	<b>(12,954,807.13)</b>
<b>Business-Type Activities:</b>							
Food Service	389,602.91	222,296.53	177,075.23			9,768.85	9,768.85
Summer Drama Camp	13,058.50	16,117.00				3,058.50	3,058.50
Summer Technology Camp	2,583.60	2,723.75				140.15	140.15
Summer Music Lessons	322.95	330.00				7.05	7.05
<b>Total Business-Type Activities</b>	<b>405,567.96</b>	<b>241,467.28</b>	<b>177,075.23</b>	<b>-</b>	<b>-</b>	<b>12,974.55</b>	<b>12,974.55</b>
<b>Total Primary Government</b>	<b>\$ 19,644,563.69</b>	<b>\$ 2,440,713.46</b>	<b>\$ 4,262,017.65</b>	<b>\$ -</b>	<b>(12,954,807.13)</b>	<b>12,974.55</b>	<b>(12,941,832.58)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, net					6,423,150.00		6,423,150.00
Taxes Levied for Debt Service					404,634.00		404,634.00
Federal and State Aid not Restricted					5,794,883.44		5,794,883.44
Miscellaneous Income					273,939.29		273,939.29
<b>Total General Revenues</b>					<b>12,896,606.73</b>	<b>-</b>	<b>12,896,606.73</b>
<b>Change in Net Position</b>					<b>(58,200.40)</b>	<b>12,974.55</b>	<b>(45,225.85)</b>
<b>Net Position -- July 1</b>					<b>2,717,043.46</b>	<b>285,702.37</b>	<b>3,002,745.83</b>
<b>Net Position -- June 30</b>					<b>\$ 2,658,843.06</b>	<b>\$ 298,676.92</b>	<b>\$ 2,957,519.98</b>

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

**FUND FINANCIAL STATEMENTS**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,038,616.04	\$ 89,191.94	\$ 0.40	\$ 1,127,808.38
Due from Other Funds	11,653.52			11,653.52
Receivables from Other Governments	112,153.58	97,278.00		209,431.58
Other - Tuition	585,436.22			585,436.22
<b>Total Assets</b>	<u>\$ 1,747,859.36</u>	<u>\$ 186,469.94</u>	<u>\$ 0.40</u>	<u>\$ 1,934,329.70</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 100,042.67	\$ 76,828.43		\$ 176,871.10
Interfunds Payable		719.67		719.67
Payable to State Government		86,881.00		86,881.00
Unearned Revenue		22,040.84		22,040.84
<b>Total Liabilities</b>	<u>100,042.67</u>	<u>186,469.94</u>	<u>-</u>	<u>286,512.61</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	470,000.00			470,000.00
Maintenance Reserve	437,815.00			437,815.00
Debt Service			\$ 0.40	0.40
Excess Surplus -- Designated for Subsequent Year's Expenditures	298,202.43			298,202.43
Excess Surplus	454,658.38			454,658.38
<b>Assigned:</b>				
Subsequent Year's Expenditures	34,331.57			34,331.57
Other Purposes	44,493.94			44,493.94
Unassigned (Deficit)	(91,684.63)			(91,684.63)
<b>Total Fund Balances</b>	<u>1,647,816.69</u>	<u>-</u>	<u>0.40</u>	<u>1,647,817.09</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,747,859.36</u>	<u>\$ 186,469.94</u>	<u>\$ 0.40</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,758,750.35 and the accumulated depreciation is \$6,763,054.22.	9,995,698.13
Long-term liabilities, including bonds payable, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,960,625.83)
Interest on long term debt in the statement of activities is accrued, regardless when due.	(73,558.33)
Net Pension Liability	(5,190,816.00)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources.	(156,671.00)
Deferred Outflows of Resources - Related to Pensions	1,828,702.00
Deferred Inflows of Resources - Related to Pensions	<u>(431,703.00)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 2,658,843.06</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local Tax Levy	\$ 6,423,150.00		\$ 404,634.00	\$ 6,827,784.00
Tuition Charges	2,171,359.28			2,171,359.28
Transportation Fees from Other LEAs	27,886.90			27,886.90
Miscellaneous	264,198.32	\$ 9,740.97		273,939.29
State Sources	6,255,871.38	516,527.16		6,772,398.54
Federal Sources	28,137.12	446,040.20		474,177.32
	<u>15,170,603.00</u>	<u>972,308.33</u>	<u>404,634.00</u>	<u>16,547,545.33</u>
Total Revenues				
EXPENDITURES:				
Current:				
Regular Instruction	3,735,003.91	814,948.21		4,549,952.12
Special Education Instruction	1,526,357.58			1,526,357.58
Other Special Instruction	624,159.27			624,159.27
Support Services and Undistributed Costs:				
Instruction/Tuition	630,034.82	157,360.12		787,394.94
Attendance and Social Work	16,913.08			16,913.08
Health Services	164,858.28			164,858.28
Support Services - Students	1,099,282.74			1,099,282.74
Support Services - Instructional Staff	122,234.68			122,234.68
Educational Media / Library	98,787.95			98,787.95
Instructional Staff Training Services	11,850.91			11,850.91
General Administration	318,995.11			318,995.11
School Administration	419,925.09			419,925.09
Operations and Maintenance	1,005,645.45			1,005,645.45

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (CONT'D):				
Support Services and Undistributed Costs (Cont'd):				
Central Services	\$ 259,413.57			\$ 259,413.57
Administration Information Technology	154,220.03			154,220.03
Security	71,336.07			71,336.07
Student Transportation	480,501.61			480,501.61
Unallocated Benefits	3,888,941.40			3,888,941.40
Debt Service:				
Principal			\$ 225,000.00	225,000.00
Interest and Other Charges			179,633.75	179,633.75
Capital Outlay	49,203.00			49,203.00
Transfer of Funds to Charter Schools	18,891.00			18,891.00
Total Expenditures	<u>14,696,555.55</u>	<u>\$ 972,308.33</u>	<u>404,633.75</u>	<u>16,073,497.63</u>
Net Change in Fund Balances	474,047.45	-	0.25	474,047.70
Fund Balance -- July 1	<u>1,173,769.24</u>	<u>-</u>	<u>0.15</u>	<u>1,173,769.39</u>
Fund Balance -- June 30	<u>\$ 1,647,816.69</u>	<u>\$ -</u>	<u>\$ 0.40</u>	<u>\$ 1,647,817.09</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	474,047.70
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(427,575.58)
Debt Service Assessment Charged to Capital Outlay		(28,107.00)
Capital Outlays		<u>49,203.00</u>
		(406,479.58)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.		
		225,000.00
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		
		2,578.13
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(32,070.65)
Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		<u>(321,276.00)</u>
Change in Net Position of Governmental Activities	\$	<u>(58,200.40)</u>

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

## BOROUGH OF STRATFORD SCHOOL DISTRICT

Proprietary Funds  
Statement of Net Position  
June 30, 2017

	Business-Type Activities - Enterprise Funds				Total Enterprise
	Food Service	Summer Drama Camp	Summer Technology Camp	Summer Music Lessons	
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 120,935.31	\$ 28,562.18	\$ 3,992.37	\$ 337.05	\$ 153,826.91
Accounts Receivable:					
State	170.46				170.46
Federal	9,425.37				9,425.37
Other	21,564.40	25.00	450.00	30.00	22,069.40
Interfund Accounts Receivable:					
Summer Technology Camp		25.00			25.00
Prepaid Expenses		912.25			912.25
Inventories	8,604.01				8,604.01
<b>Total Current Assets</b>	<b>160,699.55</b>	<b>29,524.43</b>	<b>4,442.37</b>	<b>367.05</b>	<b>195,033.40</b>
<b>Noncurrent Assets:</b>					
Equipment	260,930.40				260,930.40
Less Accumulated Depreciation	(133,042.27)				(133,042.27)
<b>Total Noncurrent Assets</b>	<b>127,888.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,888.13</b>
<b>Total Assets</b>	<b>288,587.68</b>	<b>29,524.43</b>	<b>4,442.37</b>	<b>367.05</b>	<b>322,921.53</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund		1,331.10			1,331.10
Due Summer Drama Camp			25.00		25.00
Accounts Payable	1,431.88				1,431.88
Due Students, Net	2,986.63				2,986.63
Unearned Revenue		14,625.00	3,485.00	360.00	18,470.00
<b>Total Liabilities</b>	<b>4,418.51</b>	<b>15,956.10</b>	<b>3,510.00</b>	<b>360.00</b>	<b>24,244.61</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	127,888.13				127,888.13
Unrestricted	156,281.04	13,568.33	932.37	7.05	170,788.79
<b>Total Net Position</b>	<b>\$ 284,169.17</b>	<b>\$ 13,568.33</b>	<b>\$ 932.37</b>	<b>\$ 7.05</b>	<b>\$ 298,676.92</b>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Total Enterprise
	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Summer Technology Camp</u>	<u>Summer Music Lessons</u>	
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch	\$ 49,475.84				\$ 49,475.84
School Breakfast	5,445.08				5,445.08
Other Governmental Units	122,019.28				122,019.28
Adult and Alacarte Sales	45,356.33				45,356.33
Program Fees		\$ 13,175.00	\$ 2,723.75	\$ 330.00	16,228.75
Ticket Sales		2,942.00			2,942.00
<b>Total Operating Revenues</b>	<b><u>222,296.53</u></b>	<b><u>16,117.00</u></b>	<b><u>\$ 2,723.75</u></b>	<b><u>\$ 330.00</u></b>	<b><u>241,467.28</u></b>
<b>OPERATING EXPENSES:</b>					
Salaries and Fringe Benefits	150,394.28	10,765.00	2,583.60	322.95	164,065.83
Purchased Professional/Technical Services	20,705.16				20,705.16
Other Purchased Services	11,301.59				11,301.59
Supplies and Materials	11,539.26	1,868.50			13,407.76
Other Costs	6,987.79	425.00			7,412.79
Depreciation	14,111.54				14,111.54
Cost of Sales - Reimbursable	153,429.92				153,429.92
Cost of Sales - Non Reimbursable	21,133.37				21,133.37
<b>Total Operating Expenses</b>	<b><u>389,602.91</u></b>	<b><u>13,058.50</u></b>	<b><u>2,583.60</u></b>	<b><u>322.95</u></b>	<b><u>405,567.96</u></b>
<b>Operating Income / (Loss)</b>	<b><u>(167,306.38)</u></b>	<b><u>3,058.50</u></b>	<b><u>140.15</u></b>	<b><u>7.05</u></b>	<b><u>(164,100.68)</u></b>
<b>NONOPERATING REVENUES:</b>					
State Sources:					
State School Lunch Program	2,754.65				2,754.65
Federal Sources:					
National School Lunch Program	118,695.42				118,695.42
Health Hunger Free Kids Act	3,307.26				3,307.26
National School Breakfast Program	25,377.54				25,377.54
Food Distribution Program	26,940.36				26,940.36
<b>Total Nonoperating Revenues</b>	<b><u>177,075.23</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>177,075.23</u></b>
<b>Change in Net Position</b>	<b>9,768.85</b>	<b>3,058.50</b>	<b>140.15</b>	<b>7.05</b>	<b>12,974.55</b>
<b>Net Position -- July 1</b>	<b><u>274,400.32</u></b>	<b><u>10,509.83</u></b>	<b><u>792.22</u></b>		<b><u>285,702.37</u></b>
<b>Net Position -- June 30</b>	<b><u>\$ 284,169.17</u></b>	<b><u>\$ 13,568.33</u></b>	<b><u>\$ 932.37</u></b>	<b><u>\$ 7.05</u></b>	<b><u>\$ 298,676.92</u></b>

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



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				
	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Summer Technology Camp</u>	<u>Summer Music Lessons</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 201,051.31	\$ 18,292.00	\$ 3,610.00	\$ 410.00	\$ 223,363.31
Payments to Employees	(150,394.28)	(10,765.00)	(2,583.60)	(322.95)	(164,065.83)
Payments to Suppliers	(237,095.12)	(2,532.25)			(239,627.37)
Net Cash Provided by (Used in) Operating Activities	<u>(186,438.09)</u>	<u>4,994.75</u>	<u>1,026.40</u>	<u>87.05</u>	<u>(180,329.89)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	2,737.82				2,737.82
Federal Sources	173,078.56				173,078.56
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>175,816.38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,816.38</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	(28,293.00)				(28,293.00)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(28,293.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,293.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,914.71)	4,994.75	1,026.40	87.05	(32,806.51)
Cash and Cash Equivalents -- July 1	159,850.02	23,567.43	2,965.97	250.00	186,633.42
Cash and Equivalents -- June 30	<u>\$ 120,935.31</u>	<u>\$ 28,562.18</u>	<u>\$ 3,992.37</u>	<u>\$ 337.05</u>	<u>\$ 153,826.91</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating Income (Loss)	\$ (167,306.38)	\$ 3,058.50	\$ 140.15	\$ 7.05	\$ (164,100.68)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Depreciation and Net Amortization	14,111.54				14,111.54
(Increase) Decrease in Accounts Receivable, net	(21,564.40)	725.00	225.00	50.00	(20,564.40)
(Increase) Decrease in Inventories	4.37				4.37
(Increase) Decrease in Prepaid Expenses		(238.75)			(238.75)
Increase (Decrease) in Other Current Liabilities	(11,683.22)	1,450.00	661.25	30.00	(9,541.97)
Total Adjustments	<u>(19,131.71)</u>	<u>1,936.25</u>	<u>886.25</u>	<u>80.00</u>	<u>(16,229.21)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (186,438.09)</u>	<u>\$ 4,994.75</u>	<u>\$ 1,026.40</u>	<u>\$ 87.05</u>	<u>\$ (180,329.89)</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2017

	Private-Purpose Trust Funds		Agency Funds	
	Unemployment Compensation Trust	Flexible Benefits Trust Fund	Student Activity	Payroll
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 27,690.51	\$ 8,340.83	\$ 51,833.81	\$ 107,947.32
Total Assets	<u>27,690.51</u>	<u>8,340.83</u>	<u>\$ 51,833.81</u>	<u>\$ 107,947.32</u>
<b>LIABILITIES:</b>				
Payable to Student Groups			\$ 51,833.81	
Payroll Deductions and Withholdings				\$ 101,362.72
Interfund Accounts Payable:				
Due General Fund		3,018.15		6,584.60
Total Liabilities	<u>-</u>	<u>3,018.15</u>	<u>\$ 51,833.81</u>	<u>\$ 107,947.32</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims and Other Purposes	27,690.51			
Held in Trust for Flexible Benefit Claims		5,322.68		
	<u>\$ 27,690.51</u>	<u>\$ 5,322.68</u>		

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2017

	Private-Purpose Trust Funds		<u>Total</u>
	Unemployment Compensation <u>Trust</u>	Flexible Benefits Trust <u>Fund</u>	
ADDITIONS:			
Contributions:			
Employee	\$ 13,152.98	\$ 29,300.00	\$ 42,452.98
Total Additions	<u>13,152.98</u>	<u>29,300.00</u>	<u>42,452.98</u>
DEDUCTIONS:			
Quarterly Contribution Reports	16,666.21		16,666.21
Claims Paid		28,635.00	28,635.00
Total Deductions	<u>16,666.21</u>	<u>28,635.00</u>	<u>45,301.21</u>
Change in Net Position	(3,513.23)	665.00	(2,848.23)
Net Position -- July 1	<u>31,203.74</u>	<u>4,657.68</u>	<u>35,861.42</u>
Net Position -- June 30	<u>\$ 27,690.51</u>	<u>\$ 5,322.68</u>	<u>\$ 33,013.19</u>

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Stratford School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("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 following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its two schools. Students in grades 9 through 12 attend the Sterling High School District. In addition, the School District provides educational services for students received on a tuition basis in grades 7 and 8 from the Laurel Springs School District and in grades Pre-K through 8 from the Hi-Nella School District. Currently, the Laurel Springs School District has a representative who serves on the Stratford Board of Education. Board of Education representatives from the sending district are determined by the executive county superintendent based on enrollment totals. The School District has an approximate enrollment at June 30, 2017 of 868.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

**Component Units**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the School District has no component units.

**Government-wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School 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 non-instructional equipment classified in the capital outlay sub-fund.

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

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

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Summer Drama Camp Fund** - This fund accounts for the financial activity related to the summer drama camp operations of the School District.

**Summer Technology Camp Fund** - This fund accounts for the financial activity related to the summer technology camp operations of the School District.

**Summer Music Lessons Fund** - This fund accounts for the financial activity related to the summer music lesson operations of the School District.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

**Agency Funds** - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

**Flexible Spending Trust Fund** - Revenues consist of contributions from employee payroll withholdings. Expenditures represent claims incurred by employees.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school 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. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Tuition Receivable**

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The School District does not possess any infrastructure assets.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**Compensated Absences**

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

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

**Pensions**

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

**Net Position**

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

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

***Unassigned*** - The unassigned fund balance classification is the residual classification for 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 positive unassigned fund balance amount. In 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 expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Interfund Activity**

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

**Accounting Estimates**

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

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

Statement No. 77, *Tax Abatement Disclosures*. This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. 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. The adoption of this Statement did not have a significant impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2017, the School District's bank balances of \$1,862,496.69 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	<u>\$ 1,862,496.69</u>
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**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

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

Beginning Balance July 1, 2016	\$ 351,543.24
Increased by:	
Deposits:	
Approved at June 27, 2017 Board Meeting	<u>118,456.76</u>
Ending Balance June 30, 2017	<u>\$ 470,000.00</u>

The balance in the capital reserve account does not exceed the local support costs of uncompleted capital projects in the approved LRFP.

**Note 4: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the School District on June 23, 2014 for the accumulation of funds for use as maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to required maintenance of school facilities in the School District in accordance with the comprehensive maintenance plan pursuant to N.J.A.C.6A:26A-4. A school district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

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

Beginning Balance July 1, 2016	\$ 550,289.00
Increased by:	
Deposits:	
Approved at June 27, 2017 Board Meeting	<u>81,543.00</u>
	631,832.00
Decreased by:	
Withdrawals:	
Included in Adopted Budget	<u>194,017.00</u>
Ending Balance June 30, 2017	<u><u>\$ 437,815.00</u></u>

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Description	Governmental Funds			Proprietary Funds				Total Business-Type Activities	Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Summer Drama Camp	Summer Technology Camp	Summer Music Lesson		
Federal Awards		\$ 97,278.00	\$ 97,278.00	\$ 9,425.37				\$ 9,425.37	\$ 106,703.37
State Awards	\$ 112,153.58		112,153.58	170.46				170.46	112,324.04
Tuition	396,220.62		396,220.62						396,220.62
Provided Services	189,215.60		189,215.60	21,564.40	\$ 25.00	\$ 450.00	\$ 30.00	22,069.40	211,285.00
Other Funds	10,933.85		10,933.85		25.00			25.00	10,958.85
Total	<u>\$ 708,523.65</u>	<u>\$ 97,278.00</u>	<u>\$ 805,801.65</u>	<u>\$ 31,160.23</u>	<u>\$ 50.00</u>	<u>\$ 450.00</u>	<u>\$ 30.00</u>	<u>\$ 31,690.23</u>	<u>\$ 837,491.88</u>



**Note 6: INVENTORY**

Inventory recorded at June 30, 2017 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 2,618.24
Supplies	2,747.40
Commodities	<u>3,238.37</u>
Total	<u>\$ 8,604.01</u>

**Note 7: CAPITAL ASSETS**

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2.00			\$ 2.00
Total Capital Assets not being Depreciated	<u>2.00</u>	\$ -	\$ -	<u>2.00</u>
Capital Assets, being Depreciated:				
Land Improvements	387,807.00			387,807.00
Buildings and Improvements	15,000,864.45			15,000,864.45
Vehicles	140,176.00			140,176.00
Equipment	1,208,806.90	21,096.00		1,229,902.90
Total Capital Assets, being Depreciated	<u>16,737,654.35</u>	<u>21,096.00</u>	<u>-</u>	<u>16,758,750.35</u>
Less Accumulated Depreciation:				
Land Improvements	(358,099.98)	(2,811.24)		(360,911.22)
Buildings and Improvements	(4,962,497.66)	(345,782.38)		(5,308,280.04)
Vehicles	(135,293.71)	(3,254.88)		(138,548.59)
Equipment	(879,587.29)	(75,727.08)		(955,314.37)
Total Accumulated Depreciation	<u>(6,335,478.64)</u>	<u>(427,575.58) *</u>	<u>-</u>	<u>(6,763,054.22)</u>
Total Capital Assets, being Depreciated, Net	<u>10,402,175.71</u>	<u>(406,479.58)</u>	<u>-</u>	<u>9,995,696.13</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,402,175.71</u>	<u>\$ (406,479.58)</u>	<u>\$ -</u>	<u>\$ 9,995,698.13</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 248,437.40	\$ 28,293.00	\$ (15,800.00)	\$ 260,930.40
Less Accumulated Depreciation	<u>(134,730.73)</u>	<u>(14,111.54)</u>	<u>15,800.00</u>	<u>(133,042.27)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 113,706.67</u>	<u>\$ 14,181.46</u>	<u>\$ -</u>	<u>\$ 127,888.13</u>

\*Depreciation expense was fully charged to Unallocated Depreciation and Amortization of the School District.

**Note 8: LONG-TERM LIABILITIES**

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 4,846,000.00		\$ (225,000.00)	\$ 4,621,000.00	\$ 260,000.00
Other Liabilities:					
Net Pension Liability	4,425,306.00	\$2,317,302.00	(1,551,792.00)	5,190,816.00	
Compensated Absences	307,555.18	70,169.24	(38,098.59)	339,625.83	7,137.20
Governmental Activity					
Long-term Liabilities	<u>\$ 8,620,189.58</u>	<u>\$2,387,471.24</u>	<u>\$ (1,814,890.59)</u>	<u>\$ 10,151,441.83</u>	<u>\$ 267,137.20</u>

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while the compensated absences and net pension liability are liquidated by the general fund.

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

On August 1, 2009, the School District issued \$5,206,000 General Obligation Bonds. The purpose of the Bonds is to finance the construction of an addition as well as various improvements and renovations at the Yellin School and various improvements and renovations at the Parkview School and to acquire the necessary equipment and undertake any associated site work. The Bonds maturing prior to August 1, 2020 are not subject to optional redemption. The Bonds maturing on or after August 1, 2020 are redeemable at the option of the Board, in whole or in part, on any date on or after August 1, 2019. The Bonds bear interest rates from 2.00% to 4.00% with final maturity on August 1, 2029.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 260,000.00	\$ 172,965.00	\$ 432,965.00
2019	280,000.00	165,190.00	445,190.00
2020	300,000.00	156,115.00	456,115.00
2021	315,000.00	144,940.00	459,940.00
2022	325,000.00	132,140.00	459,940.00
2023-2027	1,850,000.00	449,200.00	2,296,700.00
2028-2030	<u>1,291,000.00</u>	<u>78,700.00</u>	<u>1,829,340.00</u>
	<u>\$ 4,621,000.00</u>	<u>\$ 1,299,250.00</u>	<u>\$ 6,380,190.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 15 for a description of the School District's policy.

**Note 8: LONG-TERM LIABILITIES (CONT'D)**

**Net Pension Liability** – For details on the net pension liability, refer to note 10. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

**Note 9: OPERATING LEASES**

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 29,265.40
2019	25,548.01
2020	<u>23,662.58</u>
	<u>\$ 78,475.99</u>

Rental payments under operating leases for the fiscal year ended June 30, 2017 were \$31,456.55.

**Note 10: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>

**General Information about the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Note 10: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

**Note 10: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

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

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

**Note 10: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 6.97% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$442,103.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$459,880.40.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 14.03% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$155,702.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$81,073.90.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2017, employee contributions totaled \$14,467.23, and the School District recognized pension expense, which equaled the required contributions, of \$7,811.21. Any forfeitures during the year were applied to the School District's share of the pension expense.

**Note 10: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Teachers' Pension and Annuity Fund** - At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>43,669,843.00</u>
	<u>\$ 43,669,843.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. For the June 30, 2016 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0555127237%, which was a decrease of .0008539743% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$3,281,181.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

**Public Employees' Retirement System** - At June 30, 2017, the School District reported a liability of \$5,190,816.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the School District's proportion was .0175263961%, which was a decrease of .0021871936% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$476,969.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

**Note 10: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 96,533.00	\$ -
Changes of Assumptions	1,075,260.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	197,931.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	302,307.00	431,703.00
School District Contributions Subsequent to the Measurement Date	<u>156,671.00</u>	<u>-</u>
	<b><u>\$ 1,828,702.00</u></b>	<b><u>\$ 431,703.00</u></b>

\$156,671.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	
2018	\$ 289,772
2019	289,772
2020	338,661
2021	271,049
2022	<u>51,074</u>
	<b><u>\$ 1,240,328.00</u></b>



**Note 10: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Note 10: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, 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.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. 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).

For TPAF and PERS, 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 TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following tables:

**Note 10: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were 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 rates for TPAF and PERS 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. 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 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 10: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (2.22%)</b>	<b>Current Discount Rate (3.22%)</b>	<b>1% Increase (4.22%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>52,151,552.00</u>	<u>43,669,843.00</u>	<u>36,743,433.00</u>
	<u>\$ 52,151,552.00</u>	<u>\$ 43,669,843.00</u>	<u>\$ 36,743,433.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 6,360,739.00</u>	<u>\$ 5,190,816.00</u>	<u>\$ 4,224,943.00</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

**Note 11: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving postemployment 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire 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 the SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**Note 12: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$604,151.00, \$21,890.00, \$521,635.00, and \$1,067.00, respectively.

**Note 13: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for the student accident policy. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

**Note 13: RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance (Cont'd)** - The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	None	\$ 13,152.98	\$ 16,666.21	\$ 27,690.51
2016	None	13,588.15	35,488.99	31,203.74
2015	None	13,096.29	28,462.54	53,104.58

**Joint Insurance Fund** - The School District is a member of the New Jersey School Boards Association Insurance Fund. The Fund provides its members with the following coverage:

Property (Including Crime and Auto Physical Damage)  
 General Liability  
 Automobile Liability  
 Workers' Compensation  
 School Board Legal Liability  
 Boiler and Machinery  
 Pollution/Environmental Legal Liability  
 Cyber Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The School District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the fiscal year ended June 30, 2017, which can be obtained from:

New Jersey Schools Insurance Group  
 450 Veterans Drive  
 Burlington, New Jersey 08016

**Note 14: DEFERRED COMPENSATION**

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

**American Fund/Capital Guardian**  
**Ameriprise Financial Services, Inc.**  
**AXA Equitable Life Insurance Companies**  
**ING – Reliastar Life Insurance Co.**  
**Lincoln Investment Planning**

**MetLife**  
**Siracusa Benefits Programs**  
**Vanguard Fiduciary Trust Co.**

**Note 15: COMPENSATED ABSENCES**

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$339,625.83.

**Note 16: RELATED PARTY TRANSACTIONS**

Effective July 1, 2016, the School District entered into a memorandum of agreement with the Borough of Hi-Nella School District ("Hi-Nella BOE") to provide Business Office Services as well as all duties and responsibilities required of a Business Administrator in accordance with the NJ Statutes and all applicable laws and regulations for the fiscal year ended June 30, 2017 at a cost not to exceed \$18,500.00. As part of these services, the School District prepared the Application for State School Aid Summary, which accumulates student counts as of October 14, 2016. The School District also prepared tuition, transportation and related services billings to Hi-Nella BOE for students received from that district based on actual student counts and certified tuition rates. These total billings to Hi-Nella BOE have been reflected in the financial statements of the School District for the fiscal year ended June 30, 2017 as revenue in the total amount of \$1,512,395.09.

As of June 30, 2017, the amount due from the Borough of Hi-Nella School District for tuition and transportation was \$373,347.71 and \$7,984.63, respectively.

**Note 17: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 11,653.52	
Special Revenue		\$ 719.67
Proprietary		1,331.10
Fiduciary		9,602.75
	<u>\$ 11,653.52</u>	<u>\$ 11,653.52</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 18: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 19: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 20: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$91,684.63 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 a state school aid payment is not made until the following school budget year, school 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 statute 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 payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$91,684.63 is less than the June state aid payments.

**Note 21: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:



**Note 21: FUND BALANCES (CONT'D)****RESTRICTED (CONT'D)****General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$454,658.38. Additionally, \$298,202.43 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2017-2018 budget.

**For Capital Reserve Account** - As of June 30, 2017, the balance in the capital reserve account is \$470,000.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2017, the balance in the maintenance reserve account is \$437,815.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Debt Service Fund** - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$0.40 of debt service fund balance at June 30, 2017.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$34,331.57 of general fund balance at June 30, 2017.

**Other Purposes** - As of June 30, 2017, the School District had \$44,493.94 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2017, the fund balance of the general fund was a deficit of \$91,684.63, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 20, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$91,684.63 is less than the last state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 6,423,150.00		\$ 6,423,150.00	\$ 6,423,150.00	
Tuition	2,079,397.00		2,079,397.00	2,171,359.28	\$ 91,962.28
Transportation Fees from Other LEAs	23,020.00		23,020.00	27,886.90	4,866.90
Refund to Prior Year				16,493.10	16,493.10
Unrestricted Miscellaneous Revenues	162,503.00		162,503.00	247,705.22	85,202.22
<b>Total - Local Sources</b>	<b>8,688,070.00</b>	<b>-</b>	<b>8,688,070.00</b>	<b>8,886,594.50</b>	<b>198,524.50</b>
<b>State Sources:</b>					
School Choice Aid	156,366.00		156,366.00	156,366.00	
Transportation Aid	44,058.00		44,058.00	44,058.00	
Extraordinary Aid	20,000.00		20,000.00	87,642.00	67,642.00
Categorical Special Education Aid	427,954.00		427,954.00	427,954.00	
Equalization Aid	3,742,620.00		3,742,620.00	3,742,620.00	
Categorical Security Aid	24,380.00		24,380.00	24,380.00	
PARCC Readiness Aid	7,130.00		7,130.00	7,130.00	
Per Pupil Growth Aid	7,130.00		7,130.00	7,130.00	
Professional Learning Community Aid	7,090.00		7,090.00	7,090.00	
State Reimbursement Non-Public Transportation				1,392.00	1,392.00
State Reimbursement DCF				34,810.29	34,810.29
Additional Adjustment Aid	41,639.00		41,639.00	41,639.00	
On-behalf TPAF Pension Contributions (non-budgeted)				604,151.00	604,151.00
On-behalf TPAF Non-Contributory Group Insurance (non-budgeted)				21,890.00	21,890.00
On-behalf TPAF Post-Retirement Medical Contributions (non-budgeted)				521,635.00	521,635.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,067.00	1,067.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				457,494.09	457,494.09
<b>Total - State Sources</b>	<b>4,478,367.00</b>	<b>-</b>	<b>4,478,367.00</b>	<b>6,188,448.38</b>	<b>1,710,081.38</b>
<b>Federal Sources:</b>					
Medicaid	32,938.00		32,938.00	24,364.34	(8,573.66)
FEMA Reimbursement				3,772.78	3,772.78
<b>Total - Federal Sources</b>	<b>32,938.00</b>	<b>-</b>	<b>32,938.00</b>	<b>28,137.12</b>	<b>(4,800.88)</b>
<b>Total Revenues</b>	<b>13,199,375.00</b>	<b>-</b>	<b>13,199,375.00</b>	<b>15,103,180.00</b>	<b>1,903,805.00</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 294,915.00	\$ (5,996.00)	\$ 288,919.00	\$ 287,837.71	\$ 1,081.29
Grades 1-5	1,836,205.00	(48,820.00)	1,787,385.00	1,773,638.93	13,746.07
Grades 6-8	1,275,615.00	(33,891.00)	1,241,724.00	1,217,369.13	24,354.87
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00	6,079.00	11,079.00	11,078.64	0.36
Purchased Professional - Educational Services	5,000.00	23,324.00	28,324.00	20,202.30	8,121.70
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	12,700.00	91,969.00	104,669.00	97,253.84	7,415.16
Other Purchased Services (400-500 Series)	94,224.00		94,224.00	82,885.39	11,338.61
General Supplies	177,559.00	(8,585.00)	168,974.00	160,504.83	8,469.17
Textbooks	400.00	86,104.00	86,504.00	82,935.14	3,568.86
Other Objects	800.00	835.00	1,635.00	1,298.00	337.00
<b>Total Regular Programs</b>	<b>3,702,418.00</b>	<b>111,019.00</b>	<b>3,813,437.00</b>	<b>3,735,003.91</b>	<b>78,433.09</b>
Learning and / or Language Disabilities:					
Salaries of Teachers	578,960.00	(10,000.00)	568,960.00	535,499.41	33,460.59
Other Salaries for Instruction	128,488.00	(4,280.00)	124,208.00	111,100.44	13,107.56
Contracted Subs	13,000.00	51,130.00	64,130.00	63,942.01	187.99
General Supplies	40,552.00	(7,270.00)	33,282.00	28,631.78	4,650.22
Textbooks		5,124.00	5,124.00	4,088.55	1,035.45
<b>Total Learning and / or Language Disabilities</b>	<b>761,000.00</b>	<b>34,704.00</b>	<b>795,704.00</b>	<b>743,262.19</b>	<b>52,441.81</b>
Multiple Disabilities:					
Salaries of Teachers	85,131.00		85,131.00	84,886.48	244.52
Other Salaries for Instruction	23,580.00	5,859.00	29,439.00	21,824.82	7,614.18
Contracted Subs	4,000.00	609.00	4,609.00	2,637.25	1,971.75
General Supplies	1,440.00	200.00	1,640.00	1,283.87	356.13
Textbook		2,050.00	2,050.00	2,049.02	0.98
Other Objects	1,000.00		1,000.00	253.79	746.21
<b>Total Multiple Disabilities</b>	<b>115,151.00</b>	<b>8,718.00</b>	<b>123,869.00</b>	<b>112,935.23</b>	<b>10,933.77</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 442,671.00	\$ (10,000.00)	\$ 432,671.00	\$ 390,796.33	\$ 41,874.67
Contracted Assistant Substitutes	4,500.00	13,500.00	18,000.00	16,282.45	1,717.55
General Supplies	19,975.00	450.00	20,425.00	20,243.02	181.98
<b>Total Resource Room / Resource Center</b>	<b>467,146.00</b>	<b>3,950.00</b>	<b>471,096.00</b>	<b>427,321.80</b>	<b>43,774.20</b>
Special Education Instruction - Autism:					
Salaries of Teachers	65,587.00	301.00	65,888.00	65,887.67	0.33
Other Salaries for Instruction	40,740.00	(301.00)	40,439.00	20,385.52	20,053.48
Purchased Professional-Education Services	7,000.00	23,800.00	30,800.00	25,388.21	5,411.79
General Supplies	6,165.00		6,165.00	2,432.02	3,732.98
Other Objects	500.00		500.00	247.50	252.50
<b>Total Autism</b>	<b>119,992.00</b>	<b>23,800.00</b>	<b>143,792.00</b>	<b>114,340.92</b>	<b>29,451.08</b>
Preschool Disabilities - Part Time:					
Salaries of Teachers	79,767.00	15,346.00	95,113.00	95,112.31	0.69
Other Salaries for Instruction	24,050.00	17.00	24,067.00	24,066.65	0.35
Purchased Professional Services - PSD	5,500.00	1,840.00	7,340.00	5,469.65	1,870.35
General Supplies	3,962.00	(239.00)	3,723.00	2,852.16	870.84
Other Objects	1,000.00	25.00	1,025.00	996.67	28.33
<b>Total Preschool Disabilities - Part Time</b>	<b>114,279.00</b>	<b>16,989.00</b>	<b>131,268.00</b>	<b>128,497.44</b>	<b>2,770.56</b>
<b>Total Special Education - Instruction</b>	<b>1,577,568.00</b>	<b>88,161.00</b>	<b>1,665,729.00</b>	<b>1,526,357.58</b>	<b>139,371.42</b>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	353,446.00	22,853.00	376,299.00	376,298.19	0.81
Contracted Substitutes - BSI	2,500.00	11,500.00	14,000.00	11,494.30	2,505.70
General Supplies	8,455.00		8,455.00	5,597.58	2,857.42
Textbooks		3,199.00	3,199.00	1,222.66	1,976.34
<b>Total Basic Skills / Remedial - Instruction</b>	<b>364,401.00</b>	<b>37,552.00</b>	<b>401,953.00</b>	<b>394,612.73</b>	<b>7,340.27</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 113,325.00	\$ 280.00	\$ 113,605.00	\$ 113,604.63	\$ 0.37
Contracted Substitutes	1,500.00	400.00	1,900.00	1,719.35	180.65
General Supplies	650.00	(280.00)	370.00	112.15	257.85
Textbooks		4404.00	4,404.00	4,403.42	0.58
Total Bilingual Education - Instruction	<u>115,475.00</u>	<u>4,804.00</u>	<u>120,279.00</u>	<u>119,839.55</u>	<u>439.45</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	61,662.00	(1,656.00)	60,006.00	52,090.73	7,915.27
Purchased Services (300-500 series)	500.00	110.00	610.00	610.00	
Supplies and Materials	975.00	5,920.00	6,895.00	5,609.81	1,285.19
Other Objects		471.00	471.00	409.00	62.00
Total School Sponsored Cocurricular Activities - Instruction	<u>63,137.00</u>	<u>4,845.00</u>	<u>67,982.00</u>	<u>58,719.54</u>	<u>9,262.46</u>
School Sponsored Athletics - Instruction:					
Salaries	29,689.00	1,656.00	31,345.00	31,345.00	
Purchased Services (300-500 series)	12,700.00	(2,874.00)	9,826.00	9,541.70	284.30
Supplies and Materials	10,000.00	101.00	10,101.00	10,100.75	0.25
Total School Sponsored Athletics - Instruction	<u>52,389.00</u>	<u>(1,117.00)</u>	<u>51,272.00</u>	<u>50,987.45</u>	<u>284.55</u>
Total Instruction	<u>5,875,388.00</u>	<u>245,264.00</u>	<u>6,120,652.00</u>	<u>5,885,520.76</u>	<u>235,131.24</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within State - Regular	22,400.00	14,076.00	36,476.00	36,475.52	0.48
Tuition to Other LEAs Within State - Special	63,900.00	(34,476.00)	29,424.00	29,423.27	0.73
Tuition to CSSD and Regional Day Schools	189,580.00	(48.00)	189,532.00	189,531.58	0.42
Tuition to Private Schools for the Disabled - Within State	404,207.00	(29,602.00)	374,605.00	374,604.45	0.55
Total Undistributed Expenditures - Instruction	<u>680,087.00</u>	<u>(50,050.00)</u>	<u>630,037.00</u>	<u>630,034.82</u>	<u>2.18</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	38,845.00	(19,576.00)	19,269.00	16,913.08	2,355.92
Total Undistributed Expenditures - Attendance and Social Work	<u>38,845.00</u>	<u>(19,576.00)</u>	<u>19,269.00</u>	<u>16,913.08</u>	<u>2,355.92</u>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 142,379.00	\$ 3,220.00	\$ 145,599.00	\$ 145,599.00	
Purchased Professional and Technical Services	12,000.00	3,999.00	15,999.00	15,999.00	
Supplies and Materials	2,861.00	150.00	3,011.00	2,941.58	\$ 69.42
Other Objects	360.00	(41.00)	319.00	318.70	0.30
Total Undistributed Expenditures - Health Services	<u>157,600.00</u>	<u>7,328.00</u>	<u>164,928.00</u>	<u>164,858.28</u>	<u>69.72</u>
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	204,828.00	4,108.00	208,936.00	208,935.73	0.27
Purchased Professional - Educational Services	22,000.00	5,500.00	27,500.00	26,163.50	1,336.50
Supplies and Materials	2,215.00		2,215.00	2,010.32	204.68
Other Objects	500.00		500.00	500.00	500.00
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services	<u>229,543.00</u>	<u>9,608.00</u>	<u>239,151.00</u>	<u>237,109.55</u>	<u>2,041.45</u>
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries of Other Professional Staff	102,505.00	(32,484.00)	70,021.00	69,517.47	503.53
Purchased Professional - Educational Services	185,000.00	50,355.00	235,355.00	222,098.02	13,256.98
Supplies and Materials	250.00	600.00	850.00	825.35	24.65
Total Undistributed Expenditures - Other Support Services -					
Students - Extra Services	<u>287,755.00</u>	<u>18,471.00</u>	<u>306,226.00</u>	<u>292,440.84</u>	<u>13,785.16</u>
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries of Other Professional Staff	212,490.00	138.00	212,628.00	212,627.64	0.36
Supplies and Materials	845.00		845.00	712.60	132.40
Total Undistributed Expenditures - Other Support Services -					
Students - Regular	<u>213,335.00</u>	<u>138.00</u>	<u>213,473.00</u>	<u>213,340.24</u>	<u>132.76</u>

(Continued)



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	\$ 252,627.00	\$ 649.00	\$ 253,276.00	\$ 253,275.12	\$ 0.88
Salaries of Secretarial and Clerical Assistants	47,545.00		47,545.00	47,544.96	0.04
Other Salaries	2,500.00		2,500.00	1,615.10	884.90
Purchased Professional - Educational Services	17,000.00	12,745.00	29,745.00	26,863.49	2,881.51
Other Purchased Professional and Technical Services	19,150.00	(2,287.00)	16,863.00	16,863.00	
Miscellaneous Purchased Services (400-500 Series other than Residential Costs)	4,500.00		4,500.00	4,408.44	91.56
Supplies and Materials	7,023.00		7,023.00	5,822.00	1,201.00
Other Objects	250.00		250.00	250.00	250.00
Total Undistributed Expenditures - Other Support Services - Students - Special	<u>350,595.00</u>	<u>11,107.00</u>	<u>361,702.00</u>	<u>356,392.11</u>	<u>5,309.89</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	10,000.00	4,500.00	14,500.00	12,662.15	1,837.85
Other Salaries	87,348.00		87,348.00	87,347.76	0.24
Purchase Professional- Educational Service	25,050.00	(3,349.00)	21,701.00	21,701.00	
Supplies and Materials	1,200.00		1,200.00	523.77	676.23
Other Objects	200.00		200.00	200.00	200.00
Total Undistributed Expenditures - Improvement of Instruction Services	<u>123,798.00</u>	<u>1,151.00</u>	<u>124,949.00</u>	<u>122,234.68</u>	<u>2,714.32</u>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	87,640.00	2,346.00	89,986.00	89,985.55	0.45
Purchased Professional and Technical Services	2,500.00		2,500.00	54.80	2,445.20
Other Purchased Services	1,000.00		1,000.00	971.04	28.96
Supplies and Materials	6,810.00	967.00	7,777.00	7,776.56	0.44
Other Objects	150.00		150.00	150.00	150.00
Total Undistributed Expenditures - Educational Media Services / School Library	<u>98,100.00</u>	<u>3,313.00</u>	<u>101,413.00</u>	<u>98,787.95</u>	<u>2,625.05</u>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 10,000.00	\$ 2,500.00	\$ 12,500.00	\$ 11,850.91	\$ 649.09
Other Objects	100.00		100.00		100.00
Total Undistributed Expenditures - Instructional Staff Training Services	<u>10,100.00</u>	<u>2,500.00</u>	<u>12,600.00</u>	<u>11,850.91</u>	<u>749.09</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	193,118.00	(118.00)	193,000.00	192,999.84	0.16
Legal Services	10,000.00	4,189.00	14,189.00	14,118.94	70.06
Audit Fees	29,000.00	(4,305.00)	24,695.00	24,500.00	195.00
Other Purchased Professional Services	5,850.00	2,836.00	8,686.00	8,685.80	0.20
Communications / Telephone	35,450.00	1,294.00	36,744.00	36,743.59	0.41
Other Purchased Services (400-500 series)	30,075.00	750.00	30,825.00	30,392.93	432.07
General Supplies	4,100.00	(1,050.00)	3,050.00	3,049.31	0.69
BOE In-House Training/Meeting Supplies	250.00		250.00		250.00
Miscellaneous Expenditures	2,150.00	300.00	2,450.00	2,432.30	17.70
BOE Membership Dues and Fees	6,250.00		6,250.00	6,072.40	177.60
Total Undistributed Expenditures - Support Services - General Administration	<u>316,243.00</u>	<u>3,896.00</u>	<u>320,139.00</u>	<u>318,995.11</u>	<u>1,143.89</u>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	224,635.00	1.00	224,636.00	224,609.04	26.96
Salaries of Secretarial and Clerical Assistants	180,452.00	(1,291.00)	179,161.00	178,391.69	769.31
Unused Vacation Payment to Terminated/Retired Staff - Normal Retirements		4,833.00	4,833.00	4,832.75	0.25
Other Purchased Services (400-500 series)	3,950.00		3,950.00	2,957.59	992.41
Supplies and Materials	4,200.00	1,109.00	5,309.00	4,991.48	317.52
Other Objects	2,900.00	1,395.00	4,295.00	4,142.54	152.46
Total Undistributed Expenditures - Support Services - School Administration	<u>416,137.00</u>	<u>6,047.00</u>	<u>422,184.00</u>	<u>419,925.09</u>	<u>2,258.91</u>
Undistributed Expenditures - Central Services:					
Salaries	222,131.00	13,488.00	235,619.00	235,251.84	367.16
Miscellaneous Purchased Services	16,036.00	1,514.00	17,550.00	16,546.96	1,003.04
Supplies and Materials	6,200.00	(14.00)	6,186.00	6,132.38	53.62
Miscellaneous Expenditures	1,665.00		1,665.00	1,482.39	182.61
Total Undistributed Expenditures - Central Services	<u>246,032.00</u>	<u>14,988.00</u>	<u>261,020.00</u>	<u>259,413.57</u>	<u>1,606.43</u>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable / (Unfavorable)</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration Information Technology:					
Salaries	\$ 78,154.00	\$ 1.00	\$ 78,155.00	\$ 78,154.08	\$ 0.92
Purchased Technical Services	21,400.00	46,203.00	67,603.00	63,320.00	4,283.00
Supplies and Materials	25,250.00	(11,695.00)	13,555.00	12,745.95	809.05
Total Undistributed Expenditures - Administration Information Technology	<u>124,804.00</u>	<u>34,509.00</u>	<u>159,313.00</u>	<u>154,220.03</u>	<u>5,092.97</u>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	90,517.00	1.00	90,518.00	90,517.68	0.32
Cleaning, Repair and Maintenance Services	90,000.00	2,344.00	92,344.00	92,342.53	1.47
General Supplies	13,500.00	(2,345.00)	11,155.00	8,704.22	2,450.78
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>194,017.00</u>	<u>-</u>	<u>194,017.00</u>	<u>191,564.43</u>	<u>2,452.57</u>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	408,009.00	(635.00)	407,374.00	392,701.20	14,672.80
Unused Vacation Payment to Terminated/Retired Staff - Normal Retirements		635.00	635.00	634.16	0.84
Purchased Professional and Technical Services	4,500.00	3,680.00	8,180.00	8,180.00	
Cleaning, Repair and Maintenance Services	56,500.00	(5,332.00)	51,168.00	42,307.20	8,860.80
Other Purchased Property Services	31,500.00	3,079.00	34,579.00	34,578.35	0.65
Insurance	70,000.00	(3,198.00)	66,802.00	66,608.05	193.95
Miscellaneous Purchased Services		1,198.00	1,198.00	1,197.60	0.40
General Supplies	55,000.00	8000.00	63,000.00	61,894.18	1,105.82
Energy (Truck Fuel)	2,000.00		2,000.00	1,351.50	648.50
Energy (Electricity)	185,000.00	1,290.00	186,290.00	186,289.79	0.21
Energy (Natural Gas)	55,000.00	(8,717.00)	46,283.00	17,968.99	28,314.01
Other Objects	500.00		500.00	370.00	130.00
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	<u>868,009.00</u>	<u>-</u>	<u>868,009.00</u>	<u>814,081.02</u>	<u>53,927.98</u>
Undistributed Expenditures - Security Salaries	<u>91,214.00</u>	<u>-</u>	<u>91,214.00</u>	<u>71,336.07</u>	<u>19,877.93</u>
Total Undistributed Expenditures - Security Salaries	<u>91,214.00</u>	<u>-</u>	<u>91,214.00</u>	<u>71,336.07</u>	<u>19,877.93</u>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Special Education	\$ 57,350.00	\$ 5,970.00	\$ 63,320.00	\$ 63,319.99	\$ 0.01
Salaries for Pupil Transportation (Other than Bet. Home & School)	750.00		750.00		750.00
Cleaning, Repair, & Maintenance Services	10,000.00		10,000.00	6,606.28	3,393.72
Rental Payments - School Buses	2,500.00		2,500.00		2,500.00
Contracted Services (Between Home and School) - Vendors	200,000.00	(18,758.00)	181,242.00	178,239.60	3,002.40
Contracted Services Other (Between Home and School) - Vendors	10,000.00	4016.00	14,016.00	14,016.00	
Contracted Services (Special Education Students) - Joint Agreement	4,500.00	4,488.00	8,988.00	8,987.02	0.98
Aid-in-Lieu-of Payments					
Non-public	7,500.00	390.00	7,890.00	7,889.90	0.10
Charter		928.00	928.00	928.00	
Choice		884.00	884.00	884.00	
Contracted Services (Special Education) - ESCs & CTAs	300,000.00	(101,520.00)	198,480.00	196,127.03	2,352.97
Miscellaneous Purchased Services - Transportation	250.00		250.00	25.00	225.00
General Supplies	4,500.00		4,500.00	3,478.79	1,021.21
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>597,350.00</b>	<b>(103,602.00)</b>	<b>493,748.00</b>	<b>480,501.61</b>	<b>13,246.39</b>
Unallocated Benefits:					
Social Security Contributions	155,000.00		155,000.00	142,621.38	12,378.62
Other Retirement Contributions - PERS	172,000.00	(13,425.00)	158,575.00	158,574.84	0.16
Other Retirement Contributions - Regular	22,000.00		22,000.00	3,967.18	18,032.82
Workmen's Compensation	135,000.00	(15,778.00)	119,222.00	117,863.18	1,358.82
Health Benefits	1,907,400.00	(221,323.00)	1,686,077.00	1,670,246.15	15,830.85
Tuition Reimbursement	25,000.00	(6,000.00)	19,000.00	11,993.00	7,007.00
Other Employee Benefits	145,750.00	8,216.00	153,966.00	150,708.58	3,257.42
Unused Vacation Payment to Terminated/Retired Staff- mass severance	3,500.00	(3,500.00)			
Unused Sick Payment to Terminated/Retired Staff		26,730.00	26,730.00	26,730.00	
<b>Total Unallocated Benefits</b>	<b>2,565,650.00</b>	<b>(225,080.00)</b>	<b>2,340,570.00</b>	<b>2,282,704.31</b>	<b>57,865.69</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
On-behalf Contributions (non-budgeted):					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 604,151.00	\$ (604,151.00)
On-behalf TPAF Non-Contributory Group Insurance (non-budgeted)				21,890.00	(21,890.00)
On-behalf TPAF Post-Retirement Medical Contributions (non-budgeted)				521,635.00	(521,635.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				1,067.00	(1,067.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				457,494.09	(457,494.09)
Total On-behalf Contributions	\$ -	\$ -	\$ -	1,606,237.09	(1,606,237.09)
Total Undistributed Expenditures	7,609,214.00	(285,252.00)	7,323,962.00	8,742,940.79	(1,418,978.79)
Total Current Expense	13,484,602.00	(39,988.00)	13,444,614.00	14,628,461.55	(1,183,847.55)
Equipment:					
Capital Outlay - Parkview		1,480.00	1,480.00	1,479.60	0.40
Capital Outlay - Yellin		2,220.00	2,220.00	2,219.40	0.60
Total Equipment	-	3,700.00	3,700.00	3,699.00	1.00
Technology Equipment:					
O/M Equipment/Vehicle		17,397.00	17,397.00	17,397.00	-
Total Technology Equipment	-	17,397.00	17,397.00	17,397.00	-
Facilities Acquisition and Constructing Services:					
Construction Services	39,000.00		39,000.00		39,000.00
Assessment for Debt Service on SDA Funding	28,107.00		28,107.00	28,107.00	
Total Facilities Acquisition and Constructing Services	67,107.00	-	67,107.00	28,107.00	39,000.00
Total Capital Outlay	67,107.00	21,097.00	88,204.00	49,203.00	39,001.00
Transfer of Funds to Charter Schools	-	18,891.00	18,891.00	18,891.00	-
Total Expenditures	13,551,709.00	-	13,551,709.00	14,696,555.55	(1,144,846.55)
Excess (Deficiency) of Revenues Over (Under) Expenditures (Carried Forward)	(352,334.00)	-	(352,334.00)	406,624.45	758,958.45

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures (Brought Forward)	\$ (352,334.00)		\$ (352,334.00)	\$ 406,624.45	\$ 758,958.45
Fund Balances, July 1	<u>1,663,717.24</u>		<u>1,663,717.24</u>	<u>1,663,717.24</u>	-
Fund Balances, June 30	<u>\$ 1,311,383.24</u>	<u>\$ -</u>	<u>\$ 1,311,383.24</u>	<u>\$ 2,070,341.69</u>	<u>\$ 758,958.45</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 470,000.00	
Maintenance Reserve				437,815.00	
Excess Surplus - Designated for Subsequent Year's Expenditures				298,202.43	
Excess Surplus				454,658.38	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				34,331.57	
Year-End Encumbrances				44,493.94	
Unassigned Fund Balance				<u>330,840.37</u>	
				2,070,341.69	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>422,525.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,647,816.69</u>	

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$ 4,415.00	\$ 7,826.00	\$ 12,241.00	\$ 9,740.97	\$ (2,500.03)
Total - Local Sources	<u>4,415.00</u>	<u>7,826.00</u>	<u>12,241.00</u>	<u>9,740.97</u>	<u>(2,500.03)</u>
State Sources:					
Nonpublic Aid	457,275.00	138,133.00	595,408.00	508,527.16	(86,880.84)
Municipal Alliance	<u>8,000.00</u>	<u>8,000.00</u>	<u>8,000.00</u>	<u>8,000.00</u>	<u>8,000.00</u>
Total - State Sources	<u>457,275.00</u>	<u>146,133.00</u>	<u>603,408.00</u>	<u>516,527.16</u>	<u>(86,880.84)</u>
Federal Sources:					
Title I, Part A	90,575.00	17,493.00	108,068.00	103,310.58	(4,757.42)
Title II, Part A	19,400.00	9,952.00	29,352.00	21,690.62	(7,661.38)
Title III	14,350.00	(6,734.00)	7,616.00	7,578.17	(37.83)
I.D.E.A., Part B, Basic	253,994.00	66,550.00	320,544.00	297,422.64	(23,121.36)
I.D.E.A., Part B, Preschool Incentive	<u>16,038.19</u>	<u>16,038.19</u>	<u>16,038.19</u>	<u>16,038.19</u>	<u>16,038.19</u>
Total - Federal Sources	<u>378,319.00</u>	<u>87,261.00</u>	<u>465,580.00</u>	<u>446,040.20</u>	<u>(19,539.80)</u>
Total Revenues	<u>840,009.00</u>	<u>241,220.00</u>	<u>1,081,229.00</u>	<u>972,308.33</u>	<u>(108,920.67)</u>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable / (Unfavorable)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 82,850.00	\$ (2,500.00)	\$ 80,350.00	\$ 84,750.00	\$ (4,400.00)
Other Salaries for Instruction	61,660.00	29,626.00	91,286.00	91,284.54	1.46
Purchased Professional - Educational Services	421,386.00	131,084.00	552,470.00	474,435.56	78,034.44
Other Purchased Services (400-500 series)	109,420.00	26,345.00	135,765.00	133,593.55	2,171.45
General Supplies	25,632.00	(1,321.00)	24,311.00	11,299.17	13,011.83
Textbooks	18,957.00	641.00	19,598.00	19,188.74	409.26
Other Objects	4,664.00	(4,098.00)	566.00	396.65	169.35
<b>Total Instruction</b>	<b>724,569.00</b>	<b>179,777.00</b>	<b>904,346.00</b>	<b>814,948.21</b>	<b>89,397.79</b>
Support Services:					
Personal Services - Salaries		9,910.00	9,910.00	3,539.90	6,370.10
Personal Services - Employee Benefits	12,550.00	7,213.00	19,763.00	18,780.31	982.69
Purchased Professional and Technical Services	70,675.00	7,297.00	77,972.00	75,123.59	2,848.41
Purchased Professional - Educational Services	5,000.00	24,513.00	29,513.00	25,448.50	4,064.50
Cleaning, Repair & Maintenance Services	8,300.00	12,087.00	20,387.00	20,317.43	69.57
Other Purchased Services (400-500 series)	18,915.00	(3,313.50)	15,601.50	10,413.89	5,187.61
General Supplies		3,736.50	3,736.50	3,736.50	
<b>Total Support Services</b>	<b>115,440.00</b>	<b>61,443.00</b>	<b>176,883.00</b>	<b>157,360.12</b>	<b>19,522.88</b>
<b>Total Expenditures</b>	<b>840,009.00</b>	<b>241,220.00</b>	<b>1,081,229.00</b>	<b>972,308.33</b>	<b>108,920.67</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -



**BOROUGH OF STRATFORD SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2017

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 15,103,180.00	\$ 972,308.33
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2016.	489,948.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2017.	<u>(422,525.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,170,603.00</u>	<u>\$ 972,308.33</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 14,696,555.55	\$ 972,308.33
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 14,696,555.55</u>	<u>\$ 972,308.33</u>

REQUIRED SUPPLEMENTARY INFORMATION  
PART III

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
School District's Proportion of the Net Pension Liability	0.0175263961%	0.0197135897%	0.0172988228%	0.0180360563%
School District's Proportionate Share of the Net Pension Liability	\$ 5,190,816.00	\$ 4,425,306.00	\$ 3,238,813.00	\$ 3,447,049.00
School District's Covered Payroll	\$ 1,243,112.00	\$ 1,462,068.00	\$ 1,319,528.00	\$ 1,335,776.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	417.57%	302.67%	245.45%	258.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Four Fiscal Years

	<b>Fiscal Year Ended June 30,</b>			
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 156,671.00	\$ 155,702.00	\$ 169,484.00	\$ 142,609.00
Contributions in Relation to the Contractually Required Contribution	<u>(156,671.00)</u>	<u>(155,702.00)</u>	<u>(169,484.00)</u>	<u>(142,609.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,116,842.00	\$ 1,156,408.00	\$ 1,180,952.00	\$ 1,270,768.00
Contributions as a Percentage of School District's Covered Payroll	14.03%	13.46%	14.35%	11.22%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>43,669,843.00</u>	<u>35,626,160.00</u>	<u>28,245,623.00</u>	<u>25,418,706.00</u>
	<u>\$ 43,669,843.00</u>	<u>\$ 35,626,160.00</u>	<u>\$ 28,245,623.00</u>	<u>\$ 25,418,706.00</u>
School District's Covered Payroll	\$ 6,697,016.00	\$ 6,629,512.00	\$ 6,559,992.00	\$ 6,102,796.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	652.08%	537.39%	430.57%	416.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last Ten Fiscal Years

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This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2017

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

*Changes in Benefit Terms* - None

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

**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

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

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2017

	Total	NCLB			I.D.E.A. Part B, Basic	I.D.E.A. Part B, Preschool	NJ Nonpublic Textbook Aid, Ch. 194, L. 1979	Total Borough Forward
		Title I - Part A	Title II - Part A	Title III				
<b>REVENUES:</b>								
Federal Sources	\$ 446,040.20	\$ 103,310.58	\$ 21,690.62	\$ 7,578.17	\$ 297,422.64	\$ 16,038.19		
State Sources	516,527.16						\$ 19,188.74	\$ 497,338.42
Local Sources	9,740.97							9,740.97
<b>Total Revenues</b>	<b>972,308.33</b>	<b>103,310.58</b>	<b>21,690.62</b>	<b>7,578.17</b>	<b>297,422.64</b>	<b>16,038.19</b>	<b>19,188.74</b>	<b>507,079.39</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	84,750.00	80,350.00						4,400.00
Other Salaries for Instruction	91,284.54			3,150.00	75,786.35	12,348.19		
Purchased Professional - Educational Services	474,435.56		2,027.60					472,407.96
Other Purchased Services (400-500 series)	133,593.55	1,282.83		1,578.72	129,589.00	1,143.00		
General Supplies	11,299.17	2,897.44	3,546.73	2,364.00	1,444.00	1,047.00		
Textbooks	19,188.74						19,188.74	
Other Objects	396.65			65.45	331.20			
<b>Total Instruction</b>	<b>814,948.21</b>	<b>84,530.27</b>	<b>5,574.33</b>	<b>7,158.17</b>	<b>207,150.55</b>	<b>14,538.19</b>	<b>19,188.74</b>	<b>476,807.96</b>
<b>Support Services:</b>								
Personal Services - Salaries	3,539.90		3,119.90	420.00				
Personal Services - Employee Benefits	18,780.31	18,780.31						
Purchased Professional and Technical Services	75,123.59				75,123.59			
Purchased Professional - Educational Services	25,448.50		5,200.00		15,148.50	1,500.00		3,600.00
Cleaning, Repair & Maintenance Services	20,317.43							20,317.43
Other Purchased Services (400-500 series)	10,413.89		7,796.39					2,617.50
General Supplies	3,736.50							3,736.50
<b>Total Support Services</b>	<b>157,360.12</b>	<b>18,780.31</b>	<b>16,116.29</b>	<b>420.00</b>	<b>90,272.09</b>	<b>1,500.00</b>	<b>-</b>	<b>30,271.43</b>
<b>Total Expenditures</b>	<b>972,308.33</b>	<b>103,310.58</b>	<b>21,690.62</b>	<b>7,578.17</b>	<b>297,422.64</b>	<b>16,038.19</b>	<b>19,188.74</b>	<b>507,079.39</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2017

	Total Brought Forward	NJ Nonpublic Nursing Services Aid, (Chapter 226)	NJ Nonpublic Auxiliary Services Ch. 192	NJ Nonpublic Handicapped Services Ch. 193	NJ Nonpublic Technology Initiative Aid	NJ Nonpublic Security Aid	NJSBAIG Saftey	Municipal Alliance
<b>REVENUES:</b>								
Federal Sources	\$ -							
State Sources	497,338.42	\$ 30,294.00	\$ 276,003.10	\$ 157,417.87	\$ 8,692.99	\$ 16,930.46		\$ 8,000.00
Local Sources	9,740.97						\$ 9,740.97	
<b>Total Revenues</b>	<b>507,079.39</b>	<b>30,294.00</b>	<b>276,003.10</b>	<b>157,417.87</b>	<b>8,692.99</b>	<b>16,930.46</b>	<b>9,740.97</b>	<b>8,000.00</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	4,400.00							4,400.00
Purchased Professional - Educational Services	472,407.96	30,294.00	276,003.10	157,417.87	8,692.99			
<b>Total Instruction</b>	<b>476,807.96</b>	<b>30,294.00</b>	<b>276,003.10</b>	<b>157,417.87</b>	<b>8,692.99</b>	<b>-</b>	<b>-</b>	<b>4,400.00</b>
Support Services:								
Purchased Professional - Educational Services	3,600.00							3,600.00
Cleaning, Repair & Maintenance Services	20,317.43					16,930.46	3,386.97	
Other Purchased Services (400-500 series)	2,617.50						2,617.50	
General Supplies	3,736.50						3,736.50	
<b>Total Support Services</b>	<b>30,271.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,930.46</b>	<b>9,740.97</b>	<b>3,600.00</b>
<b>Total Expenditures</b>	<b>507,079.39</b>	<b>30,294.00</b>	<b>276,003.10</b>	<b>157,417.87</b>	<b>8,692.99</b>	<b>16,930.46</b>	<b>9,740.97</b>	<b>8,000.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-

## **PROPRIETARY FUNDS**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2017

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Summer Technology Camp</u>	<u>Summer Music Lessons</u>	<u>Total</u>
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 120,935.31	\$ 28,562.18	\$ 3,992.37	\$ 337.05	\$ 153,826.91
Accounts Receivable:					
State	170.46				170.46
Federal	9,425.37				9,425.37
Other	21,564.40	25.00	450.00	30.00	22,069.40
Interfund Accounts Receivable:					
Summer Technology Camp		25.00			25.00
Prepaid Expenses		912.25			912.25
Inventories	8,604.01				8,604.01
<b>Total Current Assets</b>	<u>160,699.55</u>	<u>29,524.43</u>	<u>4,442.37</u>	<u>367.05</u>	<u>195,033.40</u>
Noncurrent Assets:					
Equipment	260,930.40				260,930.40
Less Accumulated Depreciation	(133,042.27)				(133,042.27)
<b>Total Noncurrent Assets</b>	<u>127,888.13</u>	<u>-</u>			<u>127,888.13</u>
<b>Total Assets</b>	<u>288,587.68</u>	<u>29,524.43</u>	<u>4,442.37</u>	<u>367.05</u>	<u>322,921.53</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Interfund Accounts Payable:					
Due General Fund		1,331.10			1,331.10
Due Summer Drama Camp			25.00		25.00
Accounts Payable	1,431.88				1,431.88
Due Students, Net	2,986.63				2,986.63
Unearned Revenue		14,625.00	3,485.00	360.00	18,470.00
<b>Total Liabilities</b>	<u>4,418.51</u>	<u>15,956.10</u>	<u>3,510.00</u>	<u>360.00</u>	<u>24,244.61</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	127,888.13				127,888.13
Unrestricted	156,281.04	13,568.33	932.37	7.05	170,788.79
<b>Total Net Position</b>	<u>\$ 284,169.17</u>	<u>\$ 13,568.33</u>	<u>\$ 932.37</u>	<u>\$ 7.05</u>	<u>\$ 298,676.92</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Summer Technology Camp</u>	<u>Summer Music Lessons</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs					
School Lunch	\$ 49,475.84				\$ 49,475.84
School Breakfast	5,445.08				5,445.08
Other Governmental Units	122,019.28				122,019.28
Adult and Alacarte Sales	45,356.33				45,356.33
Program Fees		\$ 13,175.00	\$ 2,723.75	\$ 330.00	16,228.75
Ticket Sales		2,942.00			2,942.00
<b>Total Operating Revenues</b>	<b>222,296.53</b>	<b>16,117.00</b>	<b>2,723.75</b>	<b>\$ 330.00</b>	<b>241,467.28</b>
<b>OPERATING EXPENSES:</b>					
Salaries and Fringe Benefits	150,394.28	10,765.00	2,583.60	322.95	164,065.83
Purchased Professional/Technical Services	20,705.16				20,705.16
Other Purchased Services	11,301.59				11,301.59
Supplies and Materials	11,539.26	1,868.50			13,407.76
Other Costs	6,987.79	425.00			7,412.79
Depreciation	14,111.54				14,111.54
Cost of Sales - Reimbursable	153,429.92				153,429.92
Cost of Sales - Non Reimbursable	21,133.37				21,133.37
<b>Total Operating Expenses</b>	<b>389,602.91</b>	<b>13,058.50</b>	<b>2,583.60</b>	<b>322.95</b>	<b>405,567.96</b>
<b>Operating Income / (Loss)</b>	<b>(167,306.38)</b>	<b>3,058.50</b>	<b>140.15</b>	<b>7.05</b>	<b>(164,100.68)</b>
<b>NONOPERATING REVENUES:</b>					
State Sources:					
State School Lunch Program	2,754.65				2,754.65
Federal Sources:					
National School Lunch Program	118,695.42				118,695.42
Healthy Hunger Free Kids Act	3,307.26				3,307.26
National School Breakfast Program	25,377.54				25,377.54
Food Distribution Program	26,940.36				26,940.36
<b>Total Nonoperating Revenues</b>	<b>177,075.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177,075.23</b>
<b>Change in Net Position</b>	<b>9,768.85</b>	<b>3,058.50</b>	<b>140.15</b>	<b>7.05</b>	<b>12,974.55</b>
<b>Net Position -- July 1</b>	<b>274,400.32</b>	<b>10,509.83</b>	<b>792.22</b>		<b>285,702.37</b>
<b>Net Position -- June 30</b>	<b>\$ 284,169.17</b>	<b>\$ 13,568.33</b>	<b>\$ 932.37</b>	<b>\$ 7.05</b>	<b>\$ 298,676.92</b>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Summer Drama Camp</u>	<u>Summer Technology Camp</u>	<u>Summer Music Lessons</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 201,051.31	\$ 18,292.00	\$ 3,610.00	\$ 410.00	\$ 223,363.31
Payments to Employees	(150,394.28)	(10,765.00)	(2,583.60)	(322.95)	(164,065.83)
Payments to Suppliers	(237,095.12)	(2,532.25)			(239,627.37)
Net Cash Provided by (Used in) Operating Activities	<u>(186,438.09)</u>	<u>4,994.75</u>	<u>1,026.40</u>	<u>87.05</u>	<u>(180,329.89)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	2,737.82				2,737.82
Federal Sources	173,078.56				173,078.56
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>175,816.38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,816.38</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	(28,293.00)				(28,293.00)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(28,293.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,293.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,914.71)	4,994.75	1,026.40	87.05	(32,806.51)
Cash and Cash Equivalents -- July 1	159,850.02	23,567.43	2,965.97	250.00	186,633.42
Cash and Equivalents -- June 30	<u>\$ 120,935.31</u>	<u>\$ 28,562.18</u>	<u>\$ 3,992.37</u>	<u>\$ 337.05</u>	<u>\$ 153,826.91</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Operating Income (Loss)	\$ (167,306.38)	\$ 3,058.50	\$ 140.15	\$ 7.05	\$ (164,100.68)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>					
Depreciation and Net Amortization	14,111.54				14,111.54
(Increase) Decrease in Accounts Receivable, net	(21,564.40)	725.00	225.00	50.00	(20,564.40)
(Increase) Decrease in Inventories	4.37				4.37
(Increase) Decrease in Prepaid Expenses		(238.75)			(238.75)
Increase (Decrease) in Other Current Liabilities	(11,683.22)	1,450.00	661.25	30.00	(9,541.97)
Total Adjustments	<u>(19,131.71)</u>	<u>1,936.25</u>	<u>886.25</u>	<u>80.00</u>	<u>(16,229.21)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (186,438.09)</u>	<u>\$ 4,994.75</u>	<u>\$ 1,026.40</u>	<u>\$ 87.05</u>	<u>\$ (180,329.89)</u>

**FIDUCIARY FUNDS**



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	Private-Purpose Trust Funds		Agency Funds		Total
	Unemployment Compensation Trust	Flexible Benefits Trust	Student Activity	Payroll	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 27,690.51	\$ 8,340.83	\$ 51,833.81	\$ 107,947.32	\$ 195,812.47
Interfund Accounts Receivable: Due Unemployment Trust Fund					
<b>Total Assets</b>	<u>27,690.51</u>	<u>8,340.83</u>	<u>\$ 51,833.81</u>	<u>\$ 107,947.32</u>	195,812.47
<b>LIABILITIES:</b>					
Payable to Student Groups			\$ 51,833.81		51,833.81
Payroll Deductions and Withholdings				\$ 101,362.72	101,362.72
Interfund Accounts Payable: Due General Fund		3,018.15		6,584.60	9,602.75
<b>Total Liabilities</b>	<u>-</u>	<u>3,018.15</u>	<u>\$ 51,833.81</u>	<u>\$ 107,947.32</u>	162,799.28
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	27,690.51				27,690.51
Held in Trust for Flexible Benefit Claims		5,322.68			5,322.68
	<u>\$ 27,690.51</u>	<u>\$ 5,322.68</u>			<u>\$ 33,013.19</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2017

	Private-Purpose Trust Funds		<u>Total</u>
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	
ADDITIONS:			
Contributions:			
Employee	\$ 13,152.98	\$ 29,300.00	\$ 42,452.98
Total Additions	<u>13,152.98</u>	<u>29,300.00</u>	<u>42,452.98</u>
DEDUCTIONS:			
Quarterly Contribution Reports	16,666.21		16,666.21
Claims Paid		28,635.00	28,635.00
Total Deductions	<u>16,666.21</u>	<u>28,635.00</u>	<u>45,301.21</u>
Change in Net Position	(3,513.23)	665.00	(2,848.23)
Net Position -- July 1	<u>31,203.74</u>	<u>4,657.68</u>	<u>35,861.42</u>
Net Position -- June 30	<u>\$ 27,690.51</u>	<u>\$ 5,322.68</u>	<u>\$ 33,013.19</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

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	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Yellin School	\$ 43,237.72	\$ 92,202.77	\$ 86,177.51	\$ 49,262.98
Parkview School	<u>5,992.18</u>	<u>3,232.88</u>	<u>6,654.23</u>	<u>2,570.83</u>
Total All Schools	<u>\$ 49,229.90</u>	<u>\$ 95,435.65</u>	<u>\$ 92,831.74</u>	<u>\$ 51,833.81</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 98,740.36	\$ 9,063,265.33	\$ 9,054,058.37	\$ 107,947.32
Interfund Accounts Receivable:				
Due Unemployment Trust Fund	<u>220.22</u>		<u>220.22</u>	
Total Assets	<u>\$ 98,960.58</u>	<u>\$ 9,063,265.33</u>	<u>\$ 9,054,278.59</u>	<u>\$ 107,947.32</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 92,376.48	\$ 4,206,806.15	\$ 4,197,819.91	\$ 101,362.72
Net Payroll		4,856,458.68	4,856,458.68	
Interfund Accounts Payable:				
Due General Fund	<u>6,584.10</u>	<u>0.50</u>		<u>6,584.60</u>
Total Liabilities	<u>\$ 98,960.58</u>	<u>\$ 9,063,265.33</u>	<u>\$ 9,054,278.59</u>	<u>\$ 107,947.32</u>

**LONG-TERM DEBT**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2016	Retired	Balance June 30, 2017
			Date	Amount				
Renovations & Additions to Yellin & Parkview Schools	12/12/2009	\$ 5,206,000.00	8/1/2017	\$ 260,000.00	2.750%			
			8/1/2018	280,000.00	3.000%			
			8/1/2019	300,000.00	3.250%			
			8/1/2020	315,000.00	4.000%			
			8/1/2021	325,000.00	4.000%			
			8/1/2022	340,000.00	4.000%			
			8/1/2023	355,000.00	4.000%			
			8/1/2024	370,000.00	4.000%			
			8/1/2025	385,000.00	4.000%			
			8/1/2026	400,000.00	4.000%			
			8/1/2027	415,000.00	4.000%			
			8/1/2028	430,000.00	4.000%			
			8/1/2029	446,000.00	4.000%			
						<u>\$ 4,846,000.00</u>	<u>\$ 225,000.00</u>	<u>\$ 4,621,000.00</u>

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	\$ 404,634.00	\$ 404,634.00	\$ 404,634.00	
Total Revenues	<u>404,634.00</u>	<u>404,634.00</u>	<u>404,634.00</u>	\$ -
<b>EXPENDITURES:</b>				
Regular Debt Service:				
Interest on Bonds	179,634.00	179,634.00	179,633.75	0.25
Redemption of Principal	<u>225,000.00</u>	<u>225,000.00</u>	<u>225,000.00</u>	
Total Expenditures	<u>404,634.00</u>	<u>404,634.00</u>	<u>404,633.75</u>	<u>0.25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	0.25	0.25
Fund Balance, July 1			<u>0.15</u>	<u>0.15</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.40</u>	<u>\$ 0.40</u>
<b>Recapitulation:</b>				
Restricted Fund Balance			<u>\$ 0.40</u>	

**STATISTICAL SECTION**



## **Financial Trends Information**

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Net Position by Component  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
 Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 5,374,698.13	\$ 5,556,177.71	\$ 5,660,971.07	\$ 5,913,028.87	\$ 6,024,715.02	\$ 6,235,005.00	\$ 6,516,573.00	\$ 7,773,053.00	\$ 4,202,022.00	\$ 3,893,376.00
Restricted for:										
Capital Projects					51,356.79	167,101.00	171,000.00	280,773.00	135,893.00	133,992.00
Debt Service	0.40	0.15	0.65	-	-	31,222.00	50,283.00	22,200.00	-	1.00
Other Purposes	1,660,675.81	1,358,352.09	1,466,747.66	1,291,583.24	664,618.53	602,572.00	422,455.00	210,394.00	643,598.00	272,920.00
Unrestricted	<u>(4,376,531.28)</u>	<u>(4,197,486.49)</u>	<u>(3,943,710.35)</u>	<u>(435,158.25)</u>	<u>(451,666.22)</u>	<u>(196,908.00)</u>	<u>(198,425.00)</u>	<u>(273,462.00)</u>	<u>(239,041.00)</u>	<u>(37,389.00)</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ 2,658,843.06</b>	<b>\$ 2,717,043.46</b>	<b>\$ 3,184,009.03</b>	<b>\$ 6,769,453.86</b>	<b>\$ 6,289,024.12</b>	<b>\$ 6,838,992.00</b>	<b>\$ 6,961,886.00</b>	<b>\$ 8,012,958.00</b>	<b>\$ 4,742,472.00</b>	<b>\$ 4,262,900.00</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 127,888.13	\$ 113,706.67	\$ 94,342.31	\$ 104,623.19	\$ 114,904.07	\$ 93,369.00	\$ 83,292.00	\$ 50,072.00	\$ 37,806.00	\$ 34,505.00
Unrestricted	<u>170,788.79</u>	<u>171,995.70</u>	<u>243,113.22</u>	<u>193,648.94</u>	<u>177,357.48</u>	<u>173,406.00</u>	<u>161,193.00</u>	<u>118,040.00</u>	<u>119,183.00</u>	<u>82,177.00</u>
<b>Total Business-type Activities Net Position</b>	<b>\$ 298,676.92</b>	<b>\$ 285,702.37</b>	<b>\$ 337,455.53</b>	<b>\$ 298,272.13</b>	<b>\$ 292,261.55</b>	<b>\$ 266,775.00</b>	<b>\$ 244,485.00</b>	<b>\$ 168,112.00</b>	<b>\$ 156,989.00</b>	<b>\$ 116,682.00</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 5,502,586.26	\$ 5,669,884.38	\$ 5,755,313.38	\$ 6,017,652.06	\$ 6,139,619.09	\$ 6,328,374.00	\$ 6,599,865.00	\$ 7,823,125.00	\$ 4,239,828.00	\$ 3,927,881.00
Restricted for:										
Capital Projects	-	-	-	-	51,356.79	167,101.00	171,000.00	280,773.00	135,893.00	133,992.00
Debt Service	0.40	0.15	0.65	-	-	31,222.00	50,283.00	22,200.00	-	1.00
Other Purposes	1,660,675.81	1,358,352.09	1,466,747.66	1,291,583.24	664,618.53	602,572.00	422,455.00	210,394.00	643,598.00	272,920.00
Unrestricted	<u>(4,205,742.49)</u>	<u>(4,025,490.79)</u>	<u>(3,700,597.13)</u>	<u>(241,509.31)</u>	<u>(274,308.74)</u>	<u>(23,502.00)</u>	<u>(37,232.00)</u>	<u>(155,422.00)</u>	<u>(119,858.00)</u>	<u>44,788.00</u>
<b>Total Government-wide Net Position</b>	<b>\$ 2,957,519.98</b>	<b>\$ 3,002,745.83</b>	<b>\$ 3,521,464.56</b>	<b>\$ 7,067,725.99</b>	<b>\$ 6,581,285.67</b>	<b>\$ 7,105,767.00</b>	<b>\$ 7,206,371.00</b>	<b>\$ 8,181,070.00</b>	<b>\$ 4,899,461.00</b>	<b>\$ 4,379,582.00</b>

In accordance with GASBS No. 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

\* For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Comprehensive Annual Financial Report, Exhibit A-1.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
 Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 4,549,952.12	\$ 4,137,390.84	\$ 4,255,502.32	\$ 3,881,412.27	\$ 3,925,411.86	\$ 3,058,873	\$ 3,532,686	\$ 3,759,499	\$ 3,838,849	\$ 3,333,409
Special Education	1,526,357.58	1,449,938.47	1,301,261.79	1,319,593.84	1,167,349.57	1,726,308	1,149,012	1,272,469	1,178,458	1,080,344
Other Instruction	624,159.27	688,561.27	602,776.78	576,274.96	478,066.12	430,590	289,404	411,503	403,592	359,946
Support Services:										
Instruction/Tuition	787,394.94	850,707.82	684,119.38	452,128.04	501,840.83	534,273	526,988	447,459	520,271	506,603
Student & Instruction Related Services	1,513,927.64	1,467,952.55	1,482,852.36	1,266,446.47	1,193,005.96	1,284,715	1,204,662	1,457,205	1,301,274	1,274,296
School Administrative Services	419,925.09	419,605.39	421,434.15	460,211.86	462,651.39	452,463	445,653	422,923	399,140	402,169
General and Business Administrative Services	732,628.71	684,620.99	805,987.94	748,498.24	761,143.53	601,799	618,616	604,454	650,010	592,609
Plant Operations and Maintenance	1,005,645.45	1,001,941.62	1,043,345.61	933,802.58	901,780.35	983,646	896,258	873,079	951,889	1,018,280
Pupil Transportation	480,501.61	520,865.10	466,033.94	335,789.42	368,120.88	375,469	380,183	424,854	358,987	373,547
Unallocated Employee Benefits	6,875,538.05	5,656,300.76	4,615,882.24	3,037,725.55	3,139,599.49	2,675,982	2,486,885	2,724,764	2,342,639	2,867,979
Interest on Long-term Debt	205,162.62	212,199.08	219,892.84	378,455.86	257,951.16	262,263	216,858	126,370	52,205	77,434
Transfer of Funds to Charter School Security	18,891.00	71,336.07	18,432.00	67,249.00						
Amortization of Debt Issuance Costs					74,749.00					
Unallocated Depreciation	427,575.58	453,865.90	485,818.67	481,811.89	434,132.24	434,045	351,097	92,487	166,993	180,922
<b>Total Governmental Activities Expenses</b>	<b>19,238,995.73</b>	<b>17,543,949.79</b>	<b>16,403,340.02</b>	<b>13,939,399.98</b>	<b>13,665,802.38</b>	<b>12,820,426</b>	<b>12,098,302</b>	<b>12,617,066</b>	<b>12,164,307</b>	<b>12,067,538</b>
Business-type Activities:										
Food Service	389,602.91	439,445.94	322,944.49	333,944.59	309,553.15	285,035	265,045	258,357	242,459	234,940
Summer Drama Camp	13,058.50	11,988.38	10,608.47	10,509.85	9,892.88	10,102	8,966	10,713	9,336	
Summer Technology Camp	2,583.60	4,832.78								
Summer Music Lessons	322.95									
<b>Total Business-type Activities Expenses</b>	<b>405,567.96</b>	<b>456,267.10</b>	<b>333,552.96</b>	<b>344,454.44</b>	<b>319,446.03</b>	<b>295,137</b>	<b>274,011</b>	<b>269,070</b>	<b>251,795</b>	<b>234,940</b>
<b>Total District Expenses</b>	<b>\$ 19,644,563.69</b>	<b>\$ 18,000,216.89</b>	<b>\$ 16,736,892.98</b>	<b>\$ 14,283,854.42</b>	<b>\$ 13,985,248.41</b>	<b>\$ 13,115,563</b>	<b>\$ 12,372,313</b>	<b>\$ 12,886,136</b>	<b>\$ 12,416,102</b>	<b>\$ 12,302,478</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 2,171,359.28	\$ 1,705,913.08	\$ 2,046,649.39	\$ 1,594,433.24	\$ 635,463.17	\$ 587,319	\$ 564,718	\$ 546,798	\$ 651,923	\$ 623,460
Support Services (Pupil transportation)	27,886.90	29,520.89	24,425.58	38,221.47						
Operating Grants and Contributions	4,084,942.42	3,617,445.99	3,216,663.26	1,736,875.39	1,834,692.64	1,592,483	1,595,715	1,900,965	1,832,470	2,006,258
<b>Total Governmental Activities Program Revenues</b>	<b>6,284,188.60</b>	<b>5,352,879.96</b>	<b>5,287,738.23</b>	<b>3,369,530.10</b>	<b>2,470,155.81</b>	<b>2,179,802</b>	<b>2,160,433</b>	<b>2,447,763</b>	<b>2,484,393</b>	<b>2,629,718</b>
Business-type activities:										
Charges for services:										
Food Service	222,296.53	214,314.58	201,999.78	200,315.69	212,191.34	205,454	202,613	176,167	189,469	167,958
Summer Drama Camp	16,117.00	14,856.30	13,244.65	9,822.56	1,616.00	10,709	12,297	9,450	20,631	
Summer Technology Camp	2,723.75	5,625.00								
Summer Music Lessons	330.00									
Operating Grants and Contributions	177,075.23	169,718.06	157,491.93	140,326.77	131,125.49	101,264	95,362	94,576	75,416	62,137
<b>Total Business-type Activities Program Revenues</b>	<b>418,542.51</b>	<b>404,513.94</b>	<b>372,736.36</b>	<b>350,465.02</b>	<b>344,932.83</b>	<b>317,427</b>	<b>310,272</b>	<b>280,193</b>	<b>285,516</b>	<b>230,095</b>
<b>Total District Program Revenues</b>	<b>6,702,731.11</b>	<b>\$ 5,757,393.90</b>	<b>\$ 5,660,474.59</b>	<b>\$ 3,719,995.12</b>	<b>\$ 2,815,088.64</b>	<b>\$ 2,497,229</b>	<b>\$ 2,470,705</b>	<b>\$ 2,727,956</b>	<b>\$ 2,769,909</b>	<b>\$ 2,859,813</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,954,807.13)	\$ (12,191,069.83)	\$ (11,115,601.79)	\$ (10,569,869.88)	\$ (11,195,646.57)	\$ (10,640,624)	\$ (9,937,869)	\$ (10,169,303)	\$ (9,679,914)	\$ (9,437,820)
Business-type Activities	12,974.55	(51,753.16)	39,183.40	6,010.58	25,486.80	22,290	36,261	11,123	33,721	(4,845)
<b>Total Government-wide Net (Expense) Revenue</b>	<b>\$ (12,941,832.58)</b>	<b>\$ (12,242,822.99)</b>	<b>\$ (11,076,418.39)</b>	<b>\$ (10,563,859.30)</b>	<b>\$ (11,170,159.77)</b>	<b>\$ (10,618,334)</b>	<b>\$ (9,901,608)</b>	<b>\$ (10,158,180)</b>	<b>\$ (9,646,193)</b>	<b>\$ (9,442,665)</b>

(Continued)

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
 Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 6,423,150.00	\$ 6,161,630.00	\$ 5,829,924.00	\$ 5,804,375.00	\$ 5,706,500.00	\$ 5,706,500	\$ 5,706,500	\$ 5,483,342	\$ 5,483,342	\$ 5,540,756
Taxes levied for debt service	404,634.00	371,102.00	358,978.00	320,226.50	316,407.00	324,603	317,415	320,952	332,294	347,106
Unrestricted grants and contributions	5,794,883.44	5,023,433.38	4,565,179.60	4,399,538.43	4,309,164.00	4,295,007	3,840,254	4,026,137	4,119,218	3,852,281
State aid restricted for capital projects						8,565	80,839	3,478,718		
Investment earnings						20,616	28,788	23,189	1,901	5,237
Miscellaneous income	273,939.29	167,938.88	223,124.36	288,672.45	330,424.01	197,592	64,900	107,451	222,731	63,300
Loss on disposal of fixed assets						(35,153)				(59,690)
Adjustment to capital assets, net of accum. deprec.				237,487.24	(17,018.47)		(1,151,899)			
Prior year receivable balance canceled					201.52					
<b>Total Governmental Activities</b>	<b>12,896,606.73</b>	<b>11,724,104.26</b>	<b>10,977,205.96</b>	<b>11,050,299.62</b>	<b>10,645,678.06</b>	<b>10,517,730</b>	<b>8,886,797</b>	<b>13,439,789</b>	<b>10,159,486</b>	<b>9,748,990</b>
Business-type Activities										
Capital assets contributed									6,586	36,673
Adjustment to capital assets, net of accum. deprec.							40,112			
<b>Total Business-type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,112</b>	<b>-</b>	<b>6,586</b>	<b>36,673</b>
<b>Total Government-wide</b>	<b>\$ 12,896,606.73</b>	<b>\$ 11,724,104.26</b>	<b>\$ 10,977,205.96</b>	<b>\$ 11,050,299.62</b>	<b>\$ 10,645,678.06</b>	<b>\$ 10,517,730</b>	<b>\$ 8,926,909</b>	<b>\$ 13,439,789</b>	<b>\$ 10,166,072</b>	<b>\$ 9,785,663</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (58,200.40)	\$ (466,965.57)	\$ (138,395.83)	\$ 480,429.74	\$ (549,969)	\$ (122,894)	\$ (1,051,072)	\$ 3,270,486	\$ 479,572	\$ 311,170
Business-type Activities	12,974.55	(51,753.16)	39,183.40	6,011	25,487	22,290	76,373	11,123	40,307	31,828
<b>Total District</b>	<b>\$ (45,225.85)</b>	<b>\$ (518,718.73)</b>	<b>\$ (99,212.43)</b>	<b>\$ 486,440.32</b>	<b>\$ (524,482)</b>	<b>\$ (100,604)</b>	<b>\$ (974,699)</b>	<b>\$ 3,281,609</b>	<b>\$ 519,879</b>	<b>\$ 342,998</b>

In accordance with GASBS No. 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

\* For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Comprehensive Annual Financial Report, Exhibit A-2.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted for:										
Capital Reserve	\$ 470,000.00	\$ 351,543.24	\$ 351,543.24	\$ 251,543.24	\$ 174,234.00	\$ 138,366.00	\$ 137,588.00	\$ 136,882.00	\$ 135,893.00	\$ 133,992.00
Maintenance Reserve	437,815.00	550,289.00	870,000.00	670,000.00						
Excess Surplus	752,860.81	456,519.85	245,204.42	429,649.01	342,761.53	146,579.00	57,456.00	59,944.00	302,721.00	59,808.00
Assigned to:										
Year-end Encumbrances	44,493.94		70,774.81	73,365.57	12,248.28	34,188.00	70,567.00			126,079.00
Designated for Subsequent Year's Budget	34,331.57			27,278.47	147,623.00	283,439.00	156,844.00	13,568.00	340,877.00	81,085.00
Unreserved	(91,684.63)	(184,582.85)	(177,774.57)	(195,935.00)	(148,293.00)	(58,073.00)	(110,429.00)	(128,474.00)	(87,767.00)	67,205.00
<b>Total General Fund</b>	<b>\$ 1,647,816.69</b>	<b>\$ 1,173,769.24</b>	<b>\$ 1,359,747.90</b>	<b>\$ 1,255,901.29</b>	<b>\$ 528,573.81</b>	<b>\$ 544,499.00</b>	<b>\$ 312,026.00</b>	<b>\$ 81,920.00</b>	<b>\$ 691,724.00</b>	<b>\$ 468,169.00</b>
All Other Governmental Funds										
Restricted, Reported in:										
Special Revenue Fund										\$ 5,948.00
Capital Projects Fund					\$ 87,881.79	\$ 167,101.00	\$ 171,000.00	\$ 280,773.00		
Debt Service Fund	\$ 0.40	\$ 0.15	\$ 0.65	\$ 4,862.65	9,501.15	31,222.00	50,283.00	22,200.00		1.00
<b>Total All Other Governmental Funds</b>	<b>\$ 0.40</b>	<b>\$ 0.15</b>	<b>\$ 0.65</b>	<b>\$ 4,862.65</b>	<b>\$ 97,382.94</b>	<b>\$ 198,323.00</b>	<b>\$ 221,283.00</b>	<b>\$ 302,973.00</b>	<b>\$ -</b>	<b>\$ 5,949.00</b>

In accordance with GASBS No. 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify Fund Balance was changed.

Source: District Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
 Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Tax Levy	\$ 6,827,784.00	\$ 6,532,732.00	\$ 6,188,902.00	\$ 6,124,601.50	\$ 6,022,907.00	\$ 6,031,103	\$ 6,023,915	\$ 5,804,294	\$ 5,815,636	\$ 5,887,862
Tuition Charges	2,171,359.28	1,705,913.08	2,046,649.39	1,594,433.24	635,463.17	587,319	564,718	546,798	651,923	623,460
Transportation Fees from Other LEAs	27,886.90	29,520.89	24,425.58	38,221.47						
Interest Earnings					10,435.90	19,662	28,788	23,189	1,901	5,237
Miscellaneous	273,939.29	168,084.88	220,389.45	288,672.45	319,988.11	198,546	71,718	115,458	222,731	63,300
State Sources	6,772,398.54	6,427,501.03	6,186,578.26	5,792,904.11	5,767,183.12	5,368,970	4,991,941	8,273,809	5,610,405	5,558,905
Federal Sources	474,177.32	482,536.34	380,123.60	343,509.71	376,673.52	527,085	518,049	1,123,274	341,283	299,634
<b>Total Revenue</b>	<b>16,547,545.33</b>	<b>15,346,288.22</b>	<b>15,047,068.28</b>	<b>14,182,342</b>	<b>13,132,651</b>	<b>12,732,685</b>	<b>12,199,129</b>	<b>15,886,822</b>	<b>12,643,879</b>	<b>12,438,398</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	4,549,952.12	4,178,207.71	4,296,319.19	3,922,229.14	3,925,411.86	3,012,443	3,533,865	3,751,768	3,767,486	3,364,854
Special Education Instruction	1,526,357.58	1,449,938.47	1,301,261.79	1,319,593.84	1,167,349.67	1,726,308	1,149,012	1,272,469	1,178,458	1,080,344
Other Instruction	624,159.27	688,561.27	602,776.78	576,274.96	478,066.12	430,590	289,404	411,503	403,592	359,946
Support Services:										
Instruction/Tuition	787,394.94	850,707.82	684,119.38	452,128.04	501,840.83	534,273	526,988	447,459	520,271	506,603
Student & Instruction Related Services	1,513,927.64	1,467,952.55	1,482,852.36	1,266,446.47	1,193,005.96	1,284,715	1,204,662	1,457,205	1,301,274	1,274,296
School Administrative Services	419,925.09	419,605.39	421,434.15	460,211.86	462,651.39	452,463	445,653	422,923	399,140	402,169
General and Business Admin. Services	732,628.71	684,620.99	805,987.94	748,498.24	761,143.53	601,799	614,841	601,134	646,690	591,180
Plant Operations and Maintenance	1,005,645.45	1,001,941.62	1,043,345.61	933,802.58	901,780.35	983,646	891,321	898,049	962,714	1,017,453
Security	71,336.07									
Pupil Transportation	480,501.61	520,865.10	466,033.94	335,789.42	368,120.88	375,469	370,859	415,530	349,663	379,679
Other Support Services	3,888,941.40	3,747,255.29	3,413,364.44	2,993,465.50	2,990,139.61	2,675,982	2,486,885	2,724,764	2,342,639	2,867,979
Capital Outlay	49,203.00	151,508.67	48,316.09	269,431.85	158,967.73	81,982	219,809	8,468,565	2,179	
Transfer of Funds to Charter Schools	18,891.00		18,432.00	67,249.00						
Debt Service:										
Principal	225,000.00	185,000.00	170,000.00	125,000.00	110,000.00	100,000	80,000	492,000	490,000	490,000
Interest and Other Charges	179,633.75	186,102.50	193,840.00	199,865.00	231,239.99	263,502	237,414	37,014	62,167	87,397
<b>Total Expenditures</b>	<b>16,073,497.63</b>	<b>15,532,267.38</b>	<b>14,948,083.67</b>	<b>13,669,986</b>	<b>13,249,718</b>	<b>12,523,172</b>	<b>12,050,713</b>	<b>21,400,383</b>	<b>12,426,273</b>	<b>12,421,900</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	474,047.70	(185,979.16)	98,984.61	512,356.58	(117,067.10)	209,513	148,416	(5,513,561)	217,606	16,498
<b>Other Financing Sources (Uses)</b>										
Proceeds from Borrowing								5,206,730		
Capital Lease				122,450.61						
Prior Year Receivable Balance Canceled					201.52					
Transfers In					3,111.81	18,884	28,082	22,200		
Transfers Out					(3,111.81)	(18,884)	(28,082)	(22,200)		
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,450.61</b>	<b>201.52</b>	<b>-</b>	<b>-</b>	<b>5,206,730</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 474,047.70</b>	<b>\$ (185,979.16)</b>	<b>\$ 98,984.61</b>	<b>\$ 634,807.19</b>	<b>\$ (116,865.58)</b>	<b>\$ 209,513</b>	<b>\$ 148,416</b>	<b>\$ (306,831)</b>	<b>\$ 217,606</b>	<b>\$ 16,498</b>
Debt Service as a Percentage of Noncapital Expenditures	2.53%	2.41%	2.44%	2.42%	2.61%	2.92%	2.68%	4.09%	4.44%	4.65%

Source: District Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
 Unaudited

	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Interest on Investments			\$ 0.19	\$ 4,882.97	\$ 7,324.05	\$ 10,371.00	\$ 39,209.00	\$ 27,054.00	\$ 20,320.00	\$ 32,826.00
Tuition	\$ 2,171,359.28	\$ 1,705,913.08	2,046,649.39	1,594,433.24	635,463.17	587,319.00	564,718.00	546,798.00	651,923.00	623,460.00
Prior Year Tuition				24,473.52	106,806.73					
Shared Service Fees	206,406.64	158,727.68	196,890.97	191,342.02	43,672.19	49,711.00	22,969.00	87,500.00	82,650.00	
Prior Year Shared Service			7,661.81	21,709.59	137,709.46					
Prior Year Refunds	16,493.10		2,420.01	41,922.00	1,146.63	151,853.00	10,698.00	15,369.00	102,779.00	35,626.00
Transportation Fees	27,886.90	29,520.89	24,425.58	38,221.47						
E-Rate Reimbursement	30,246.15		1,606.52		11,747.47		11,078.00			
Voided Checks					2,533.00					
FEMA Reimbursement	3,772.78									
Miscellaneous	11,052.43	6,938.20	5,413.65	1,848.33	6,705.29	6,273.00	9,734.00	8,724.00	18,883.00	85.00
	<u>\$ 2,467,217.28</u>	<u>\$ 1,901,099.85</u>	<u>\$ 2,285,068.12</u>	<u>\$ 1,918,833.14</u>	<u>\$ 953,107.99</u>	<u>\$ 805,527.00</u>	<u>\$ 658,406.00</u>	<u>\$ 685,445.00</u>	<u>\$ 876,555.00</u>	<u>\$ 691,997.00</u>

Source: District Records.

## **Revenue Capacity Information**

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



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	Less: <u>Tax-Exempt Property</u>	<u>Public Utilities (1)</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized ) Value</u>	<u>Total Direct School Tax Rate (2)</u>
2017	\$ 1,952,000.00	\$ 332,370,500.00	\$ 58,690,500.00	\$ 19,051,800.00	\$ 412,064,800.00	\$ 158,515,300.00	\$ 100.00	\$ 412,064,900.00	\$ 427,668,193.00	\$ 1.696
2016	1,910,700.00	332,339,600.00	59,786,600.00	19,051,800.00	413,088,700.00	158,668,600.00	100.00	413,088,800.00	427,792,367.00	1.618
2015	1,948,700.00	331,915,300.00	60,706,200.00	19,051,800.00	413,622,000.00	158,787,400.00	100.00	413,622,100.00	431,242,479.00	1.538
2014 (3)	2,028,800.00	331,915,900.00	62,743,100.00	19,410,700.00	416,098,500.00	158,535,400.00	100.00	416,098,600.00	426,787,872.00	1.480
2013	1,264,800.00	224,522,200.00	44,441,000.00	11,293,700.00	281,521,700.00	114,456,600.00	474,998.00	281,996,698.00	452,277,495.00	2.154
2012	1,239,600.00	224,833,900.00	45,319,200.00	11,368,700.00	282,761,400.00	114,362,700.00	468,312.00	283,229,712.00	492,100,514.00	2.128
2011	1,299,600.00	224,379,500.00	48,385,800.00	11,719,200.00	285,784,100.00	114,302,700.00	452,738.00	286,236,838.00	511,388,419.00	2.106
2010	1,239,600.00	223,754,900.00	49,017,800.00	11,719,200.00	285,731,500.00	114,504,500.00	534,531.00	286,266,031.00	519,218,591.00	2.066
2009	1,270,400.00	223,821,900.00	49,569,200.00	11,719,200.00	286,380,700.00	113,997,700.00	553,109.00	286,933,809.00	511,054,933.00	2.025
2008	1,102,000.00	223,214,100.00	50,293,300.00	11,719,200.00	286,328,600.00	114,170,300.00	533,921.00	286,862,521.00	499,930,936.00	2.040

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

(3) Revaluation

Source: Camden County Board of Taxation

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate per \$100 of Assessed Value)  
 Unaudited

Fiscal Year Ended <u>June 30.</u>	District Direct Rate			Overlapping Rates			Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (1)</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	<u>Borough of Stratford</u>	<u>Regional High School</u>	<u>Camden County</u>	
2017	\$ 1.600	\$ 0.096	\$ 1.696	\$ 0.980	\$ 0.691	\$ 0.871	\$ 4.238
2016	1.526	0.092	1.618	0.961	0.667	0.862	4.108
2015	1.449	0.089	1.538	0.937	0.702	0.864	4.041
2014	(3) 1.403	0.077	1.480	0.916	0.709	0.824	3.929
2013	2.041	0.113	2.154	1.344	1.084	1.250	5.832
2012	2.023	0.105	2.128	1.303	1.056	1.248	5.735
2011	2.001	0.105	2.106	1.182	1.053	1.195	5.536
2010	1.961	0.105	2.066	1.183	1.114	1.107	5.470
2009	1.925	0.100	2.025	1.149	1.113	1.030	5.317
2008	1.925	0.115	2.040	1.162	1.158	1.026	5.386

(1) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

(3) Revaluation

Source: Municipal Tax Collector

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Principal Property Tax Payers In Stratford Borough  
Current Year and Nine Years Ago  
Unaudited

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Woodmere Investment Association	\$ 7,355,700.00	1	1.79%	\$ 4,200,000.00	2	1.46%
Stratford Court Apartments	4,660,000.00	2	1.13%			0.00%
18 W Laurel Real Estates LLC	4,084,300.00	3	0.99%			
Brookview Manor Apartments	3,517,200.00	4	0.85%			0.00%
AEJ Stratford LLC	3,515,000.00	5	0.85%	4,791,900.00	1	1.67%
Echelon Ford Real Estate Holdings	3,182,100.00	6	0.77%	2,841,100.00	4	0.99%
J Teitelbaum Nursing Home				2,913,000.00	3	1.02%
Stratford Investors	2,519,800.00	7	0.61%			
Startford Properties LLC	2,500,000.00	8	0.61%	1,764,600.00	6	0.62%
La Martinique Bowling Academy	2,316,400.00	9	0.56%	1,560,600.00	8	0.54%
Pep Boys	2,091,300.00	10	0.51%			0.00%
Gross & Kowit				1,634,900.00	7	0.57%
Laurel Mills, LLC				1,940,000.00	5	0.68%
Standton Meltzer				1,489,200.00	9	0.52%
Aldi, Inc				1,439,300.00	10	0.50%
Total	<u>\$ 35,741,800.00</u>		<u>8.67%</u>	<u>\$ 24,574,600.00</u>		<u>8.57%</u>

Source: Municipal Tax Assessor and Abstract of Ratables

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 Unaudited

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Fiscal Year Ended June 30,	General Purpose Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2017	\$ 6,423,150.00	\$ 6,423,150.00	100%	-
2016	6,161,630.00	6,161,630.00	100%	-
2015	5,829,924.00	5,829,924.00	100%	-
2014	6,124,601.00	6,124,601.00	100%	-
2013	6,022,907.00	6,022,907.00	100%	-
2012	6,031,103.00	6,031,103.00	100%	-
2011	6,023,915.00	6,023,915.00	100%	-
2010	5,804,294.00	5,804,294.00	100%	-
2009	5,815,636.00	5,815,636.00	100%	-
2008	5,887,862.00	5,887,862.00	100%	-

(1) 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.

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

## **Debt Capacity Information**

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)		Per Capita (3)
	General Obligation Bonds (1)	Unfunded Pension Liability	Capital Leases	Capital Leases	Income (2)		Per Capita (3)		
2017	\$ 4,621,000.00	\$ -	\$ -	\$ -	\$ 4,621,000.00	N/A	N/A		
2016	4,846,000.00	-	-	-	4,846,000.00	N/A	N/A		
2015	5,031,000.00	-	40,816.87	-	5,071,816.87	1.504%	\$ 105.48		
2014	5,201,000.00	-	81,633.74	-	5,282,633.74	1.623%	112.67		
2013	5,326,000.00	-	-	-	5,326,000.00	1.682%	116.94		
2012	5,436,000.00	-	-	-	5,436,000.00	1.708%	119.37		
2011	5,536,000.00	-	-	-	5,536,000.00	1.774%	124.80		
2010	5,616,000.00	-	-	-	5,616,000.00	1.879%	132.28		
2009	902,000.00	-	26,471.00	-	928,471.00	0.312%	21.98		
2008	1,392,000.00	-	38,809.00	-	1,430,809.00	0.480%	33.86		

(1) District Records

(2) Personal income has been estimated based upon the municipal population and per capita

(3) Per Capita personal income by municipality-estimated based upon the 2010/2000 Census published by the US Bureau of Economic Analysis.

N/A At the time of CAFR completion, this data was not yet available

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2017	\$ 4,621,000.00	\$ -	\$ 4,621,000.00	1.12%	N/A
2016	4,846,000.00	-	4,846,000.00	1.17%	\$692.19
2015	5,031,000.00	-	5,031,000.00	1.22%	717.38
2014	5,201,000.00	-	5,201,000.00	1.25%	748.99
2013	5,326,000.00	-	5,326,000.00	1.89%	766.11
2012	5,436,000.00	-	5,436,000.00	1.92%	778.02
2011	5,536,000.00	-	5,536,000.00	1.93%	786.92
2010	5,616,000.00	-	5,616,000.00	1.96%	797.84
2009	902,000.00	-	902,000.00	0.31%	128.05
2008	1,392,000.00	-	1,392,000.00	0.49%	197.17

## Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept. of Labor and Workforce Development

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2016  
 Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Stratford Borough</u>
Municipal Debt: (1)				
Borough of Stratford School District	\$ 4,621,000.00	\$ 4,621,000.00		
Regional High School District	1,991,069.64	1,991,069.64		
Borough of Stratford	<u>3,243,038.00</u>	<u>153,900.00</u>	<u>\$ 3,089,138.00</u>	<u>\$ 3,089,138.00</u>
	<u>9,855,107.64</u>	<u>6,765,969.64</u>	<u>3,089,138.00</u>	<u>3,089,138.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	38,880,000.00	5,227,853.00 (3)	33,652,147.00	384,749.04 (5)
Loan Agreement	366,005,773.00		366,005,773.00	4,184,587.98 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>313,336,736.00</u>	<u>313,336,736 (4)</u>		
	<u>718,222,509.00</u>	<u>318,564,589.00</u>	<u>399,657,920.00</u>	<u>4,569,337.02</u>
	<u>\$ 728,077,616.64</u>	<u>\$ 325,330,558.64</u>	<u>\$ 402,747,058.00</u>	<u>\$ 7,658,475.02</u>

## Sources:

- (1) Borough of Stratford Annual Debt Statement - December 31, 2016.
- (2) Camden County.
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such Debt is allocated as a proportion of the Borough's share of the total 2016 Equalized Value, which is 1.14%.  
The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2017**

	<u>Equalized Valuation Basis (1)</u>	
	2016	\$ 427,230,013.00
	2015	426,810,443.00
	2014	<u>432,265,219.00</u>
	<b>[A]</b>	<b>\$ 1,286,305,675.00</b>
Average equalized valuation of taxable property	<b>[A/3]</b>	<b>\$ 428,768,558.33</b>
Debt limit ( 3% of average equalization value) (2)	<b>[B]</b>	<b>\$ 12,863,056.75</b>
Total Net Debt Applicable to Limit	<b>[C]</b>	<b><u>4,621,000.00</u></b>
Legal Debt Margin	<b>[B-C]</b>	<b><u>\$ 8,242,056.75</u></b>

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limit	\$ 12,863,056.75	\$ 12,938,582.10	\$ 13,190,321.02	\$ 13,817,168.31	\$ 14,558,060.55	\$ 15,216,892.00	\$ 15,352,255.00	\$ 15,226,778.00	\$ 14,548,143.00	\$ 13,489,206.00
Total net debt applicable to limit (3)	<u>4,621,000.00</u>	<u>4,846,000.00</u>	<u>5,031,000.00</u>	<u>5,201,000.00</u>	<u>5,326,000.00</u>	<u>5,436,000.00</u>	<u>5,536,000.00</u>	<u>5,616,000.00</u>	<u>902,000.00</u>	<u>1,392,000.00</u>
Legal debt margin	<u>\$ 8,242,056.75</u>	<u>\$ 8,092,582.10</u>	<u>\$ 8,159,321.02</u>	<u>\$ 8,616,168.31</u>	<u>\$ 9,232,060.55</u>	<u>\$ 9,780,892.00</u>	<u>\$ 9,816,255.00</u>	<u>\$ 9,610,778.00</u>	<u>\$ 13,646,143.00</u>	<u>\$ 12,097,206.00</u>
Total net debt applicable to the limit as a percentage of debt limit	35.92%	37.45%	38.14%	37.64%	36.58%	35.72%	36.06%	36.88%	6.20%	10.32%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

## **Demographic and Economic Information**

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 Unaudited

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2017	N/A	N/A	N/A	N/A
2016	7,001	N/A	N/A	5.00%
2015	7,013	\$ 337,213,092.00	\$ 48,084.00	5.80%
2014	6,944	325,576,384.00	46,886.00	7.30%
2013	6,952	316,621,888.00	45,544.00	9.10%
2012	6,987	318,187,980.00	45,540.00	8.20%
2011	7,035	312,065,565.00	44,359.00	8.10%
2010	7,039	298,854,823.00	42,457.00	8.30%
2009	7,044	297,552,648.00	42,242.00	7.90%
2008	7,060	298,355,600.00	42,260.00	5.00%

## Sources:

- (1) Population information provided by the NJ Dept. of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2010/2000 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept. of Labor and Workforce Development

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Principal Employers in Camden County  
Current Year and Nine Years Ago  
Unaudited

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Cooper University Health System	7,000	1	N/A	3,000	2	N/A
American Water Works	2,000	2	N/A			
Bancroft Brain Injury Services	2,000	3	N/A	1,600	5	N/A
Virtua Health System	2,000	4	N/A	3,024	1	N/A
Campbell Soup Company	2,000	5	N/A	1,400	6	N/A
NJ Protocall, Inc	2,000	6	N/A			
Kennedy Hospital	1,700	7	N/A	2,282	4	N/A
Our Lady of Lourdes Health System	1,600	8	N/A	2,451	3	N/A
Diocese of Camden	1,250	9	N/A			
Global Aluminum (USA)	1,000	10	N/A			
T.D.Bank, N.A.				1,364	7	N/A
Aluminum Shapes				1,300	8	N/A
L-3 Communication Systems - East				1,111	9	N/A
Baxter Healthcare				1,000	10	N/A
	<u>22,550</u>			<u>18,532</u>		

Source: The County of Camden  
Philadelphia Business Journal, Book of Lists  
Employee information for the Borough is not available.

## **Operating Information**

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction										
Regular	57.6	55.1	54.5	51.8	47.3	45.8	45.0	47.7	46.7	45.7
Special Education	18.8	18.5	16.8	16.5	15.0	15.0	14.0	15.7	15.0	15.0
Support Services:										
Student & Instruction Related Services	28.1	25.5	26.8	27.7	25.3	22.6	20.8	49.6	50.8	48.4
School Administrative Services	7.4	7.8	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
General and Business Administrative Services	2.7	2.7	1.7	1.7	1.7	1.9	1.9	1.9	1.9	1.9
Central Services	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Administrative Information Technology	1.0	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.0	1.0
Plant Operations and Maintenance	11.4	10.6	11.4	10.3	9.8	9.8	9.8	10.0	10.0	10.0
Pupil Transportation	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total	<u>131.5</u>	<u>125.9</u>	<u>125.4</u>	<u>122.4</u>	<u>113.5</u>	<u>109.5</u>	<u>105.9</u>	<u>139.3</u>	<u>138.6</u>	<u>135.2</u>

Source: District Personnel Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	District Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Parkview Elementary	Yellin Elementary				
2017	868	\$ 15,619,660.87	\$ 17,995.00	-1.21%	84	1:22	1:22	867.6	827.6	4.04%	95.39%
2016	824	15,009,656.21	18,215.60	8.40%	84	1:21	1:21	833.9	796.6	-2.90%	95.53%
2015	865	14,535,927.58	16,804.54	6.54%	83	1:21	1:21	858.8	819.3	1.37%	95.40%
2014	829	13,075,689.05	15,772.85	-0.29%	78	1:21	1:21	847.2	815.2	5.23%	96.22%
2013	806	12,749,510.00	15,818.25	5.17%	76	1:19	1:21	805.1	752.8	2.91%	93.50%
2012	803	12,077,688.00	15,040.71	9.73%	72	1:20	1:20	782.3	751.8	-5.84%	96.10%
2011	840	11,513,490.00	13,706.54	-4.85%	71	1:21	1:21	830.8	798.7	0.45%	96.14%
2010	861	12,402,804.00	14,405.11	4.84%	77	1:21	1:20	827.1	792.4	-1.34%	95.80%
2009	864	11,871,927.00	13,740.66	0.35%	76	1:20	1:20	838.3	800.9	0.46%	95.54%
2008	865	11,844,503.00	13,693.07	0.88%	76	1:20	1:20	834.5	795.2	0.95%	95.29%

N/A At the time of CAFR completion, this data was not yet available

Sources: District records

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

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Parkview Elementary (1964)										
Square Feet	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198	48,198
Capacity (students)	307	307	307	307	307	307	307	307	307	307
Enrollment	353	356	378	350	347	342	343	364	336	351
Yellin Elementary (1957)										
Square Feet	76,682	76,682	76,682	76,682	76,682	76,682	76,682	68,904	68,904	68,904
Capacity (students)	547	547	547	547	547	547	547	490	490	490
Enrollment	515	468	487	479	460	446	487	485	506	514
Number of Schools at June 30, 2017										
Elementary = 2										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District records -- June Monthly Enrollment Report



**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
 Unaudited

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

* School Facilities	For the Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Samuel Yellin School	\$ 125,944	\$ 117,049	\$ 138,183	\$ 103,288	\$ 104,503	\$ 111,826	\$ 61,294	\$ 82,514	\$ 89,156	\$ 149,863
Parkview School	65,621	59,779	94,686	52,499	54,656	60,294	48,049	46,404	35,396	113,506
Total School Facilities	\$ 191,564	\$ 176,828	\$ 232,869	\$ 155,787	\$ 159,159	\$ 172,120	\$ 109,343	\$ 128,918	\$ 124,552	\$ 263,369

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

Source: District Records

**BOROUGH OF STRATFORD SCHOOL DISTRICT**

Insurance Schedule

June 30, 2017

*Unaudited*

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	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group:		
Blanket Buildings and Contents	\$ 31,393,732	
Electronic Data Processing	700,000	
Boiler & Machinery	100,000,000	
Crime Coverage		
Faithful Performance	250,000	\$ 1,000
Money & Securities	5,000	500
Secretary's Bond	200,000	1,000
Computer Fraud	250,000	1,000
Forgery or Alteration	25,000	500
Comprehensive General Liability	6,000,000	
Automobile Liability	6,000,000	1,000
Workers Compensation	Statutory	
School Leaders Errors & Omissions Policy	6,000,000	5,000
Supplemental Workers Compensation	Statutory	
 Berkley Life and Health Insurance Company		
Student Accident Policy	1,000,000.00	

Source: District records

**SINGLE AUDIT SECTION**

Exhibit K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Stratford School District  
County of Camden  
Stratford, New Jersey 08084

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

We have audited the Borough of Stratford School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Stratford School District's, in the County of Camden, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major State Program

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

### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item no.: 2017-001. Our opinion on each major state program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

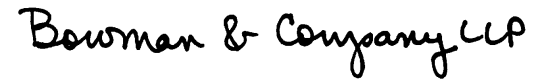
Management of the Borough of Stratford School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance,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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Public School Accountant No. CS 238400

Voorhees, New Jersey  
November 20, 2017

**BOROUGH OF STRATFORD 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	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2016	
						Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>General Fund:</b>							
<b><u>U.S. Department of Health and Human Services:</u></b>							
<b><u>Passed-through State Department of Human Services:</u></b>							
Medicaid Cluster:							
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	17-100-054-7540-211	\$ 24,364.34	7/1/16 - 6/30/17		
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	16-100-054-7540-211	19,397.00	7/1/16 - 6/30/17	\$ (3,178.00)	
Total Medicaid Cluster						(3,178.00)	\$ -
<b><u>U.S. Department of Homeland Security:</u></b>							
<b><u>Passed-through State Department of Law and Public Safety:</u></b>							
Disaster Grants - Public Assistance	97.036	Unknown	17-100-066-1200-B80	3,772.78	7/1/16 - 6/30/17		
Total Disaster Grants - Public Assistance						-	-
Total General Fund						(3,178.00)	-
<b>Special Revenue Fund:</b>							
<b><u>U.S. Department of Education:</u></b>							
<b><u>Passed-through State Department of Education:</u></b>							
Title I Grants to Local Educational Agencies (LEAs):							
Title I, Part A	84.010	S010A160030	NCLB508017	108,068.00	7/1/16 - 6/30/17		
Title I, Part A	84.010	S010A150030	NCLB508016	113,044.00	7/1/15 - 6/30/16	(34,710.68)	
Total Title I Grants to Local Educational Agencies						(34,710.68)	-
Supporting Effective Instruction State Grant:							
Title II, Part A	84.367	S367A160029	NCLB508017	29,352.00	7/1/16 - 6/30/17		
Title II, Part A	84.367	S367A150029	NCLB508016	33,379.00	7/1/15 - 6/30/16	(1,301.71)	
Total Supporting Effective Instruction State Grant						(1,301.71)	-
English Language Acquisition Grant:							
Title III, Part A	84.365	S365A160030	NCLB508017	7,616.00	7/1/16 - 6/30/17		
Title III, Part A	84.365	S365A150030	NCLB508016	16,883.00	7/1/15 - 6/30/16	(5,736.59)	
Total English Language Acquisition Grant						(5,736.59)	-
Special Education Cluster (IDEA):							
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160100	FT508017	303,853.00	7/1/16 - 6/30/17		
Special Education - Grants to States (IDEA, Part B)	84.027	H027A150100	FT508016	308,388.00	7/1/15 - 6/30/16	(39,522.48)	
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160114	PS508017	16,691.00	7/1/16 - 6/30/17		
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150114	PS508016	16,275.00	7/1/15 - 6/30/16	(5,082.50)	
Total Special Education Cluster (IDEA)						(44,604.98)	-
Total Special Revenue Fund						(86,353.96)	-
<b>Enterprise Fund:</b>							
<b><u>U.S. Department of Agriculture:</u></b>							
<b><u>Passed-through State Department of Agriculture:</u></b>							
Child Nutrition Cluster:							
Non-Cash Assistance:							
Food Distribution Program	10.555	171NJ304N1099	N/A	26,940.36	7/1/16 - 6/30/17		
Food Distribution Program	10.555	16161NJ304N1099	N/A	25,625.73	7/1/15 - 6/30/16	3,144.62	
Total Non-Cash Assistance						3,144.62	-
Cash Assistance:							
School Breakfast Program (SBP)	10.553	171NJ304N1099	17-100-028-3350-010	25,377.54	7/1/16 - 6/30/17		
School Breakfast Program (SBP)	10.553	16161NJ304N1099	16-100-028-3350-010	21,894.70	7/1/15 - 6/30/16	(1,720.20)	
National School Lunch Program (NSLP)	10.555	171NJ304N1099	17-100-026-3350-010	122,002.68	7/1/16 - 6/30/17		
National School Lunch Program (NSLP)	10.555	16161NJ304N1099	16-100-026-3350-010	119,250.63	7/1/15 - 6/30/16	(6,463.08)	
Total Cash Assistance						(8,183.28)	-
Total Child Nutrition Cluster						(5,038.66)	-
Total Enterprise Fund						(5,038.66)	-
Total Federal Awards						\$ (94,570.62)	\$ -

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

These funds were not audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) since the total of all grant award expenditures was less than \$750,000.

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments	Balance, June 30, 2017		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 24,364.34 3,178.00	\$ (24,364.34)		\$ (24,364.34)					
\$ -	27,542.34	(24,364.34)	\$ -	(24,364.34)	\$ -	\$ -	\$ -	\$ -	\$ -
	3,772.78	(3,772.78)		(3,772.78)					
-	3,772.78	(3,772.78)	-	(3,772.78)	-	-	-	-	-
-	31,315.12	(28,137.12)	-	(28,137.12)	-	-	-	-	-
	72,412.00 34,711.00	(103,310.58)		(103,310.58)		0.32 (0.32)	(30,898.26)		
-	107,123.00	(103,310.58)	-	(103,310.58)	-	-	(30,898.26)	-	-
	14,618.00 1,302.00	(21,690.62)		(21,690.62)		0.29 (0.29)	(7,072.33)		
-	15,920.00	(21,690.62)	-	(21,690.62)	-	-	(7,072.33)	-	-
	7,388.00 5,736.00	(7,578.17)		(7,578.17)		(0.59) 0.59	(190.76)		
-	13,124.00	(7,578.17)	-	(7,578.17)	-	-	(190.76)	-	-
	264,335.00 39,522.00 9,550.00 5,082.00	(297,422.64) (16,038.19)		(297,422.64) (16,038.19)		(0.48) 0.48 (0.50) 0.50	(33,088.12) (6,488.69)		
-	318,489.00	(313,460.83)	-	(313,460.83)	-	-	(39,576.81)	-	-
-	454,656.00	(446,040.20)	-	(446,040.20)	-	-	(77,738.16)	-	-
	26,940.36	(23,701.99) (3,144.62)		(23,701.99) (3,144.62)				3,238.37	
-	26,940.36	(26,846.61)	-	(26,846.61)	-	-	-	3,238.37	-
	23,381.86 1,720.20 114,573.06 6,463.08	(25,377.54) (122,002.68)		(25,377.54) (122,002.68)			(1,995.68) (7,429.62)		
-	146,138.20	(147,380.22)	-	(147,380.22)	-	-	(9,425.30)	-	-
-	173,078.56	(174,226.83)	-	(174,226.83)	-	-	(9,425.30)	3,238.37	-
-	173,078.56	(174,226.83)	-	(174,226.83)	-	-	(9,425.30)	3,238.37	-
\$ -	\$ 659,049.68	\$ (648,404.15)	\$ -	\$ (648,404.15)	\$ -	\$ -	\$ (87,163.46)	\$ 3,238.37	\$ -



**BOROUGH OF STRATFORD 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	Program or Award Amount	Grant Period From - To	Balance, June 30, 2016	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>General Fund:</b>					
<b>New Jersey Department of Education:</b>					
Current Expense:					
State Aid - Public Cluster:					
Equalization Aid	17-495-034-5120-078	\$ 3,742,620.00	7/1/16 - 6/30/17		
Special Education Categorical Aid	17-495-034-5120-089	427,954.00	7/1/16 - 6/30/17		
School Choice Aid	17-495-034-5120-068	156,366.00	7/1/16 - 6/30/17		
Security Aid	17-495-034-5120-084	24,380.00	7/1/16 - 6/30/17		
Per Pupil Growth Aid	17-495-034-5120-097	7,130.00	7/1/16 - 6/30/17		
PARCC Readiness Aid	17-495-034-5120-098	7,130.00	7/1/16 - 6/30/17		
Additional Adjustment Aid	17-495-034-5120-085	41,639.00	7/1/16 - 6/30/17		
Professional Learning Community Aid	17-495-034-5120-101	7,090.00	7/1/16 - 6/30/17		
Equalization Aid	16-495-034-5120-078	3,726,917.00	7/1/15 - 6/30/16	\$ (413,111.81)	
Special Education Categorical Aid	16-495-034-5120-089	422,155.00	7/1/15 - 6/30/16	(46,793.96)	
School Choice Aid	16-495-034-5120-068	148,920.00	7/1/15 - 6/30/16	(18,983.17)	
Security Aid	16-495-034-5120-084	20,043.00	7/1/15 - 6/30/16	(2,221.68)	
Adjustment Aid	16-495-034-5120-085	26,747.00	7/1/15 - 6/30/16	(2,964.78)	
Per Pupil Growth Aid	16-495-034-5120-097	7,130.00	7/1/15 - 6/30/16	(790.33)	
PARCC Readiness Aid	16-495-034-5120-098	7,130.00	7/1/15 - 6/30/16	(790.33)	
Total State Aid - Public Cluster				<u>(485,656.06)</u>	\$ -
Transportation Aid:					
Categorical Transportation Aid	17-495-034-5120-014	44,058.00	7/1/16 - 6/30/17		
Categorical Transportation Aid	16-495-034-5120-014	38,720.00	7/1/15 - 6/30/16	(4,291.94)	
Additional Nonpublic School Transportation Aid	17-495-034-5120-014	1,392.00	7/1/16 - 6/30/17		
Additional Nonpublic School Transportation Aid	16-495-034-5120-014	1,044.00	7/1/15 - 6/30/16	(1,044.00)	
Total Transportation Aid				<u>(5,335.94)</u>	-
Extraordinary Special Education Cost Aid:					
Extraordinary Special Education Cost Aid	17-100-034-5120-473	87,642.00	7/1/16 - 6/30/17		
Extraordinary Special Education Cost Aid	16-100-034-5120-473	67,760.00	7/1/15 - 6/30/16	(67,760.00)	
Total Extraordinary Special Education Cost Aid				<u>(67,760.00)</u>	-
Payments for Institutionalized Children:					
Payments for Institutionalized Children	16-100-034-5120-005	13,623.00	7/1/15 - 6/30/16	(13,623.00)	
Total Payments for Institutionalized Children				<u>(13,623.00)</u>	-
Reimbursed TPAF Social Security Contributions:					
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	457,494.09	7/1/16 - 6/30/17		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	455,170.95	7/1/15 - 6/30/16	(22,204.74)	
Total Reimbursed TPAF Social Security Contributions				<u>(22,204.74)</u>	-
<b>New Jersey Department of Children and Families:</b>					
Educational Services Aid:					
Educational Services Aid:	17-100-016-1600-029	34,810.29	7/1/16 - 6/30/17		
Total Educational Services Aid:				-	-
Total General Fund				<u>(594,579.74)</u>	-
<b>Special Revenue Fund:</b>					
<b>New Jersey Department of Education:</b>					
N.J. Nonpublic Textbook Aid:					
Textbook Aid	17-100-034-5120-064	19,598.00	7/1/16 - 6/30/17		
Textbook Aid	16-100-034-5120-064	18,957.00	7/1/15 - 6/30/16		6.00
Total N.J. Nonpublic Textbook Aid				-	<u>6.00</u>
N.J. Nonpublic Nursing Aid:					
Nursing Aid	17-100-034-5120-070	30,600.00	7/1/16 - 6/30/17		
Nursing Aid	16-100-034-5120-070	29,880.00	7/1/15 - 6/30/16		299.00
Total N.J. Nonpublic Nursing Aid				-	<u>299.00</u>
N.J. Nonpublic Technology Initiative:					
Technology Aid	17-100-034-5120-373	8,840.00	7/1/16 - 6/30/17		
Technology Aid	16-100-034-5120-373	8,632.00	7/1/15 - 6/30/16		177.00
Total N.J. Nonpublic Technology Initiative				-	<u>177.00</u>
N.J. Nonpublic Security Aid:					
Security Aid	17-100-034-5120-509	17,000.00	7/1/16 - 6/30/17		
Total N.J. Nonpublic Security Aid				-	-

Adjustments	Cash Received	Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance, June 30, 2017			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
	\$ 3,387,927.24	\$ (3,742,620.00)			\$ (354,692.76)			\$ 354,692.76	\$ 3,742,620.00
	387,396.27	(427,954.00)			(40,557.73)			40,557.73	427,954.00
	141,547.00	(156,366.00)			(14,819.00)			14,819.00	156,366.00
	22,069.48	(24,380.00)			(2,310.52)			2,310.52	24,380.00
	6,454.28	(7,130.00)			(675.72)			675.72	7,130.00
	6,454.28	(7,130.00)			(675.72)			675.72	7,130.00
	37,692.82	(41,639.00)			(3,946.18)			3,946.18	41,639.00
	6,418.06	(7,090.00)			(671.94)			671.94	7,090.00
	413,111.81								3,726,917.00
	46,793.96								422,155.00
	18,983.17								148,920.00
	2,221.68								20,043.00
	2,964.78								26,747.00
	790.33								7,130.00
	790.33								7,130.00
\$ -	4,481,615.49	(4,414,309.00)	\$ -	\$ -	(418,349.57)	\$ -	\$ -	418,349.57	8,773,351.00
	39,882.57	(44,058.00)			(4,175.43)			4,175.43	44,058.00
	4,291.94								38,720.00
	1,044.00	(1,392.00)			(1,392.00)				1,392.00
	1,044.00								1,044.00
-	45,218.51	(45,450.00)	-	-	(5,567.43)	-	-	4,175.43	85,214.00
	67,760.00	(87,642.00)			(87,642.00)				87,642.00
	67,760.00								67,760.00
-	67,760.00	(87,642.00)	-	-	(87,642.00)	-	-	-	155,402.00
	13,623.00								13,623.00
-	13,623.00	-	-	-	-	-	-	-	13,623.00
	434,374.51	(457,494.09)			(23,119.58)				457,494.09
	22,204.74								455,170.95
-	456,579.25	(457,494.09)	-	-	(23,119.58)	-	-	-	912,665.04
	34,810.29	(34,810.29)							34,810.29
-	34,810.29	(34,810.29)	-	-	-	-	-	-	34,810.29
-	5,099,606.54	(5,039,705.38)	-	-	(534,678.58)	-	-	422,525.00	9,975,065.33
(0.26)	19,598.00	(19,188.74)		6.00			409.00		19,189.00
(0.26)	19,598.00	(19,188.74)	-	6.00	-	-	409.00	-	18,951.00
	30,600.00	(30,294.00)		299.00			306.00		30,294.00
-	30,600.00	(30,294.00)	-	299.00	-	-	306.00	-	29,581.00
(0.01)	8,840.00	(8,692.99)		177.00			147.00		8,455.00
(0.01)	8,840.00	(8,692.99)	-	177.00	-	-	147.00	-	8,455.00
0.46	17,000.00	(16,930.46)					70.00		16,930.00
0.46	17,000.00	(16,930.46)	-	-	-	-	70.00	-	16,930.00

(Continued)

**BOROUGH OF STRATFORD 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	Program or Award Amount	Grant Period From - To	Balance, June 30, 2016	
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>Special Revenue Fund (Continued):</b>					
<b>New Jersey Department of Education (Continued):</b>					
N.J. Nonpublic Auxiliary Services Aid:					
Auxiliary Services:					
Compensatory Education	17-100-034-5120-067	\$ 260,678.00	7/1/16 - 6/30/17		
Transportation	17-100-034-5120-067	26,055.00	7/1/16 - 6/30/17		
English as a Second Language	17-100-034-5120-067	35,170.00	7/1/16 - 6/30/17		
Auxiliary Services:					
Compensatory Education	16-100-034-5120-067	236,888.00	7/1/15 - 6/30/16		\$ 16,336.00
Transportation	16-100-034-5120-067	27,965.00	7/1/15 - 6/30/16		15,942.00
English as a Second Language	16-100-034-5120-067	9,748.00	7/1/15 - 6/30/16		5,003.00
Total N.J. Nonpublic Auxiliary Services Aid				\$ -	37,281.00
N.J. Nonpublic Handicapped Aid:					
Handicapped Services:					
Supplemental Instruction	17-100-034-5120-066	63,168.00	7/1/16 - 6/30/17		
Examination & Classification	17-100-034-5120-066	74,221.00	7/1/16 - 6/30/17		
Corrective Speech	17-100-034-5120-066	60,078.00	7/1/16 - 6/30/17		
Handicapped Services:					
Supplemental Instruction	16-100-034-5120-066	49,752.00	7/1/15 - 6/30/16		10,102.00
Examination & Classification	16-100-034-5120-066	56,070.00	7/1/15 - 6/30/16		4,770.00
Corrective Speech	16-100-034-5120-066	62,705.00	7/1/15 - 6/30/16		24,834.00
Total N.J. Nonpublic Handicapped Aid				-	39,706.00
<b>New Jersey Department of Treasury:</b>					
Passed-through Borough of Stratford:					
Municipal Alliance:					
Calendar Year 2016	2016-475-9955120-60	8,000.00	1/1/16- 12/31/16		
Calendar Year 2015	2015-475-9955120-60	3,000.00	1/1/15- 12/31/15	1,300.00	
Total Municipal Alliance				1,300.00	-
Total Special Revenue Fund				1,300.00	77,469.00
Enterprise Fund:					
<b>New Jersey Department of Agriculture:</b>					
State School Lunch Program	17-100-010-3350-023	2,754.65	7/1/16 - 6/30/17		
State School Lunch Program	16-100-010-3350-023	2,946.98	7/1/15 - 6/30/16	(153.63)	
Total Enterprise Fund				(153.63)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit				(593,433.37)	77,469.00
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:					
<b>General Fund (Non-Cash Assistance):</b>					
New Jersey Department of the Treasury:					
On-behalf T.P.A.F. Pension Contributions - Normal Cost	17-495-034-5094-002	604,151.00	7/1/16 - 6/30/17		
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	17-495-034-5094-001	521,635.00	7/1/16 - 6/30/17		
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	17-495-034-5094-004	1,067.00	7/1/16 - 6/30/17		
On-behalf T.P.A.F. Pension Contributions - Non-Contributory Insurance	17-495-034-5094-004	21,890.00	7/1/16 - 6/30/17		
Total General Fund (Non-Cash Assistance)				-	-
Total State Financial Assistance				\$ (593,433.37)	\$ 77,469.00

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

Adjustments	Cash Received	Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance, June 30, 2017			Memo	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
\$ (0.20)	\$ 260,678.00	\$ (247,240.80)					\$ 13,437.00	\$ 247,241.00	
(0.10)	26,055.00	(10,126.90)					15,928.00	10,127.00	
0.40	35,170.00	(18,635.40)					16,535.00	18,635.00	
				\$ 16,336.00				220,552.00	
				15,942.00				12,023.00	
				5,003.00				4,745.00	
0.10	321,903.00	(276,003.10)	\$ -	37,281.00	\$ -	\$ -	45,900.00	\$ -	
								63,168.00	
0.46	63,168.00	(56,341.46)					6,827.00	67,394.00	
(0.34)	74,221.00	(59,993.66)					14,227.00	45,851.00	
(0.25)	60,078.00	(41,082.75)					18,995.00	(18,995.00)	
				10,102.00				39,650.00	
				4,770.00				51,300.00	
				24,834.00				37,871.00	
(0.13)	197,467.00	(157,417.87)	-	39,706.00	-	-	40,049.00	-	
								286,239.00	
1,300.00	6,700.00	(8,000.00)						8,000.00	
(1,300.00)								3,000.00	
-	6,700.00	(8,000.00)	-	-	-	-	-	-	
								11,000.00	
0.16	602,108.00	(516,527.16)	-	77,469.00	-	-	86,881.00	-	
								933,962.00	
	2,584.17	(2,754.65)			(170.48)			2,754.65	
	153.63							2,946.98	
-	2,737.80	(2,754.65)	-	-	(170.48)	-	-	-	
								5,701.63	
0.16	5,704,452.34	(5,558,987.19)	-	77,469.00	(534,849.06)	-	86,881.00	422,525.00	
								10,914,728.96	
	604,151.00	(604,151.00)						604,151.00	
	521,635.00	(521,635.00)						521,635.00	
	1,067.00	(1,067.00)						1,067.00	
	21,890.00	(21,890.00)						21,890.00	
-	1,148,743.00	(1,148,743.00)	-	-	-	-	-	-	
								1,148,743.00	
\$ 0.16	\$ 6,853,195.34	\$ (6,707,730.19)	\$ -	\$ 77,469.00	\$ (534,849.06)	\$ -	\$ 86,881.00	\$ 422,525.00	
								\$ 12,063,471.96	

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2017

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Borough of Stratford School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$67,423.00 for the general fund. See exhibit C-3, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 28,137.12	\$ 6,188,448.38	\$ 6,216,585.50
Special Revenue	446,040.20	516,527.16	962,567.36
Food Service	174,226.83	2,754.65	176,981.48
Total Awards and Financial Assistance	<u>\$ 648,404.15</u>	<u>\$ 6,707,730.19</u>	<u>\$ 7,356,134.34</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: ADJUSTMENTS**

Amounts reported in the columns entitled "adjustments" represent rounding adjustments and carryover of unspent funds from one fiscal year to the next fiscal year.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2017, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.







**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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***Section 2- Schedule of Financial Statement Findings***

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

**None**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Not Applicable**

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2017

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**Section 4- Schedule of State Financial Assistance Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

**Finding No. 2017-001**

**Information on the State Program**

State Department of Education:

State Aid Public – Cluster (FY2016-2017):

Equalization Aid	GMIS No. 17-495-034-5120-078
Special Education Categorical Aid	GMIS No. 17-495-034-5120-089
School Choice Aid	GMIS No. 17-495-034-5120-068
Security Aid	GMIS No. 17-495-034-5120-084
Additional Adjustment Aid	GMIS No. 17-495-034-5120-085
Per Pupil Growth Aid	GMIS No. 17-495-034-5120-097
PARCC Readiness Aid	GMIS No. 17-495-034-5120-098
Professional Learning Community Aid	GMIS No. 17-495-034-5120-101

**Criteria or Specific Requirement**

School Districts must complete the Application for State School Aid (A.S.S.A.) in accordance with instructions provided by the Division of Administration and Finance, Department of Education. School Districts must complete a set of supporting workpapers that document the compilation of data and provide an audit trail for testing the enrollments reported on the A.S.S.A. report.

**Condition**

The School District's reported enrollment in the category of "Resident LEP Low Income" and "Resident LEP NOT Low Income" in the October 14, 2016 Application for State School Aid (A.S.S.A.) was not supported by the School District's workpapers.

**Questioned Costs**

None.

**Context**

There were 17 students reported on the A.S.S.A. as Resident LEP Low Income and 29 reported on the supporting workpapers; a difference of 12 and a (70.59%) error rate. There were 19 Resident LEP NOT Low Income students reported on the A.S.S.A. but only 7 reported on the supporting workpapers; a difference of 12 and a 63.16% error rate.

**Effect**

The student count of Resident LEP Low Income was understated and the student count of Resident LEP NOT Low Income was overstated in the October 14, 2016 A.S.S.A. and may have an impact on the School District's State Aid allocation.

**Cause**

Client Oversight.

**Recommendation**

That the School District follow their written procedures and maintain adequate workpapers to support student enrollment data reported in each category of the A.S.S.A.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF STRATFORD SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None

