

**Comprehensive Annual
Financial Report**

of the

Township of Upper Board of Education

Upper Township, New Jersey

For the Fiscal Year Ended June 30, 2017

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Introductory Section



Upper Township School District

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Phone (609) 628-3500 • Fax (609) 628-2002
www.upperschools.org

October 27, 2017

Honorable President and
Members of the Board of Education
Upper Township School District
County of Cape May, New Jersey

Dear Board Members:

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

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular Uniform Guidance, "Audits of State, Local Governments, and Nonprofit Organizations" and New Jersey OMB's Circular 15-08, "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 the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Upper Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Upper Township Board of Education and all its schools constitute the District's reporting entity.

The district provides a full range of educational services appropriate to grade levels pre-school through 8. These include regular, as well as special education for handicapped youngsters. The District sends students in grades 9 through 12 to Ocean City High School on a sending/receiving tuition basis. Upper Township receives Corbin City Board of Education students pre-school through grade 8 on a tuition basis. The District completed the 2016-17 fiscal year with an enrollment of 1,408 students. The following details the changes in the student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,408	0.86%
2015-2016	1,396	-1.30%
2014-2015	1,415	3.36%
2013-2014	1,369	-0.03%
2012-2013	1,401	-0.03%

2. ECONOMIC OUTLOOK

Atlantic City Electric operates a power plant in Beesley's Point located in Upper Township. Through the Energy Receipts Tax, the Township of Upper is a major benefactor. Because of these revenues, the Township of Upper has had no local purpose tax until 2011. The Township had allocated a portion of the revenues generated by the Energy Receipts Tax to the school district however, since the 2007-08 school budget year; the Township has not allocated any funds to offset the tax impact.

3. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS

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

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

5. ACCOUNTING SYSTEM AND REPORTS

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

6. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

7. DEBT ADMINISTRATION

As of June 30, 2017, the District has no outstanding bond issues.

8. CASH MANAGEMENT

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

9. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. 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 of 1984 and the related OMB Circular Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS

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

We would like to thank the Township Committee for their continued support of local funds to strengthen the educational endeavors of the community.

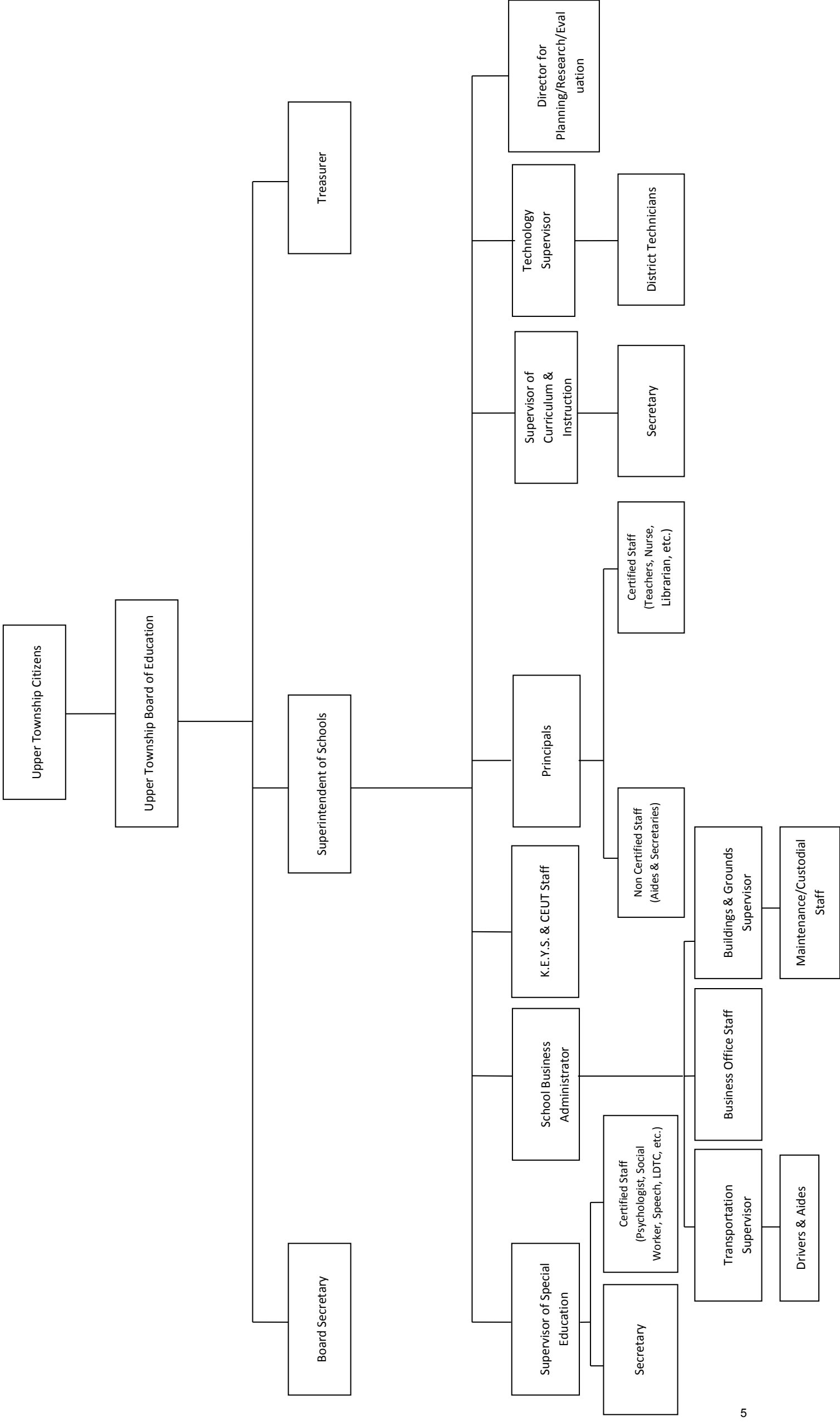
Respectfully submitted,

Vincent J. Palmieri

Vincent J. Palmieri, Jr.
Superintendent

Laurie A. Ryan

Laurie A. Ryan
Business Administrator/ Board Secretary



**TOWNSHIP OF UPPER BOARD OF EDUCATION
COUNTY OF CAPE MAY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Term Expires

Michele Barbieri, President	2019
Debra McLees, Vice President	2017
Rachel Mammele	2017
Andrea Olenik-Hipkins	2017
William Sooy	2019
William Holmes	2018
Frances T. Newman	2018
Robert Evans	2018
Kristie Brown - Chisholm	2019
Candace Ochs, Corbin City	2018

Other Officials

Vincent J. Palmieri Jr., Superintendent
Laurie A. Ryan, School Business Administrator/Board Secretary
Carroll A. Bailey, Treasurer

**TOWNSHIP OF UPPER BOARD OF EDUCATION
COUNTY OF CAPE MAY, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2017**

AUDIT FIRM

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
Ocean City, NJ 08226-0538

ATTORNEY

William S. Donio
Cooper Levenson Attorneys at Law
1125 Atlantic Avenue
Atlantic City, NJ 08401

OFFICIAL DEPOSITORY

OceanFirst Bank
105 Roosevelt Boulevard
Marmora, NJ 08223-0945

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Township of Upper School District
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Upper School District, Township of Upper, 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 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 did not audit the financial statements of the Food Service Enterprise Fund, which is both a major fund and 16%, 15%, and 57%, respectively of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities, enterprise fund – food service component, is based solely on the report of the other auditors. 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Township of Upper School District, Township of Upper, 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 Required Supplementary Information identified 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 Township of Upper School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 on our consideration of the Township of Upper 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 Township of Upper School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 27, 2017

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Required Supplementary Information – Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township of Upper School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased compared to the prior year as a result of an excess of expenses over revenues.
- The State of New Jersey reimbursed the District \$775,953 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions. The State of New Jersey also paid \$2,049,100 in pension contributions and retiree health coverage for TPAF members as calculated on their base salaries on behalf of the District. This amount, which is not budgeted, is included as both a revenue and appropriation in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures or \$250,000, whichever is greater. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2017 the District had excess surplus of \$2,417,685, of which \$1,487,010 was required to be budgeted as a revenue for the year ending June 30, 2018 and \$930,675 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2017, the District's revenues were approximately \$791,000 less than total expenditures in the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the milk program.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of Township of Upper Board of Education’s
Government-wide and Fund Financial Statements

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service	Instances in which the District is the trustee or agent for someone else’s resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position

Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Township's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for other assets that - because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the

District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2017 and 2016 as a result of an excess of expenses over revenues. The business-type activities net position increased due to an excess of revenues over costs.

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 6,526,148	7,060,160	499,305	465,827	7,025,453	7,525,987
Capital assets	12,576,610	12,879,242	3,687	-	12,580,297	12,879,242
Total assets	<u>19,102,758</u>	<u>19,939,402</u>	<u>502,993</u>	<u>465,827</u>	<u>19,605,751</u>	<u>20,405,229</u>
Deferred outflows of resources	<u>2,739,017</u>	<u>797,568</u>	-	-	<u>2,739,017</u>	<u>797,568</u>
Long-term liabilities	8,807,454	6,086,740	-	-	8,807,454	6,086,740
Other liabilities	388,344	131,048	8,399	9,186	396,742	140,234
Total liabilities	<u>9,195,798</u>	<u>6,217,788</u>	<u>8,399</u>	<u>9,186</u>	<u>9,204,197</u>	<u>6,226,974</u>
Deferred inflows of resources	<u>349,717</u>	<u>530,500</u>	-	-	<u>349,717</u>	<u>530,500</u>
Net position						
Invested in capital assets	12,576,610	9,969,674	3,687	-	12,580,297	9,969,674
Restricted	5,039,317	2,390,906	-	-	5,039,317	2,390,906
Unrestricted	(5,319,666)	1,628,102	490,907	456,641	(4,828,760)	2,084,743
Total net position	<u>\$ 12,296,260</u>	<u>13,988,682</u>	<u>494,594</u>	<u>456,641</u>	<u>12,790,854</u>	<u>14,445,323</u>

Net position of the District decreased slightly due to an excess of costs over revenues. Also, included in long-term liabilities are amounts due to be paid on compensated absences.

As required by New Jersey Statutes, the unrestricted fund balance of the District is not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2017, the District had excess fund balance in the amount of \$2,417,685 of which \$1,487,010 has been included in the 2017-2018 budget and the remaining \$930,675 will be included in the 2018-2019 budget.

Changes in net position. The total general fund revenue of the District increased approximately \$1,252,000 due to an increase in the tax levy, tuition, and federal and state aid.

Approximately 24% of the District's governmental funds revenue comes from the State of New Jersey in the form of non-restricted federal and state aid. This aid is based on the District's enrollment as well as other factors related to the District's formula aid which is a relationship of the adequacy budget and the Township's property values and income of the residents. The District expenses are primarily related to instruction, administration, and plant operations.

	2017		2016	
	Amount	Percentage	Amount	Percentage
Property taxes	\$ 23,664,000	54.04%	23,200,000	59.68%
Unrestricted Federal and State aid	10,311,872	23.55%	13,310,259	34.24%
Tuition	1,319,383	3.01%	962,741	2.48%
Transportation Fees	65,149	0.15%	82,407	0.21%
Operating grants and contributions	8,339,149	19.04%	1,203,252	3.10%
Other	91,714	0.21%	112,596	0.29%
Totals	\$ 43,791,267	100.00%	38,871,255	100.00%

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Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2017 and 2016 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue						
Charges for services	\$ 1,384,531	1,045,148	429,851	475,916	1,814,383	1,521,064
Grants and entitlements	8,418,738	4,444,958	121,190	130,245	8,539,928	4,575,203
General revenues						
Property taxes	23,664,000	23,200,000			23,664,000	23,200,000
State aid entitlements	10,311,872	13,310,259			10,311,872	13,310,259
Prior Year's Accounts Payable	-	-	(15,219)		(15,219)	-
Other	91,714	112,596	636	591	92,350	113,187
Total revenues	43,870,856	42,112,961	536,458	606,753	44,407,313	42,719,714
Expenses						
Instruction:						
Regular	13,395,377	11,177,513			13,395,377	11,177,513
Special Education	3,880,901	3,512,911			3,880,901	3,512,911
Other Instruction	1,739,797	1,332,906			1,739,797	1,332,906
Support services:						
Tuition	11,768,554	11,635,035			11,768,554	11,635,035
Student & instruction related	4,976,640	4,055,337			4,976,640	4,055,337
School administration services	1,213,299	1,157,392			1,213,299	1,157,392
General & business admin	739,512	1,679,291			739,512	1,679,291
Central & Technical Services	768,948	778,196			768,948	778,196
Plant operations & maintenance	5,188,214	3,817,651			5,188,214	3,817,651
Pupil transportation	1,774,366	2,564,212			1,774,366	2,564,212
Capital Outlay	-	103,640			-	103,640
Special Schools	9,730	12,651			9,730	12,651
Charter Schools	107,941	68,842			107,941	68,842
Business-type activities			498,505	499,617	498,505	499,617
Total expenses	45,563,278	41,895,577	498,505	499,617	46,061,783	42,395,194
Transfer	-	-	-	-	-	-
Increase/(Decrease) in net assets	(1,692,422)	217,384	37,953	107,136	(1,654,469)	324,520

Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased \$70,295 from the previous year and expenses decreased by \$1,112.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$12,296,260 which is approximately \$1,692,000 less than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually if the District exceeds the statutory CAP limitations. Effective with the 2012-2013 school year, if the District stays within the statutory limitations, there is no vote on the budget by the District voters and Board Members are elected at the time of the general election in November. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budgeted revenue by approximately \$98,000. This is a result of excess unbudgeted tuition and state aid. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$3,336,000.

CAPITAL ASSET

Capital Assets

At the end of 2017, the District had invested \$12,580,297 in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 420,564	\$ 420,564			420,564	420,564
Construction in Progress	-	2,909,569			-	2,909,569
Buildings and Bldg improvements	11,989,722	9,246,417			11,989,722	9,246,417
Machinery & equipment	166,324	302,692	3,687	410	170,011	303,102
Total	\$ 12,576,610	12,879,242	3,687	410	12,580,297	12,879,652

Long-term Debt

	Balance June 30, 2016	Issued	Retired/ Adjusted	Balance June 30, 2017
Governmental Activities				
Compensated Absences Payable	\$ 689,759	25,560		715,319
Net Pension Liability	5,396,981	2,937,883	242,729	8,092,135
Total Governmental Activities	<u>\$ 6,086,740</u>	<u>2,963,443</u>	<u>242,729</u>	<u>8,807,454</u>

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Upper Township School District is in good financial condition presently. The District is proud of its community support of the public schools. A major concern is the continued tuition increases, the elimination of the Municipal Surplus Contribution and flat state aid, which increases the reliance on local property taxes.

In conclusion, the District has committed itself to financial excellence for many years. The District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound financial management to meet the challenges of the present and future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 525 Perry Road, Petersburg, NJ 08270 or the District's website at www.upperschools.org.

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Basic Financial Statements

DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business – type activities of the District.

TOWNSHIP OF UPPER SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,885,563.78	\$ 493,839.59	\$ 5,379,403.37
Receivables, Net	1,627,612.19	6,671.31	1,634,283.50
Internal Balances	12,972.17	(12,972.17)	-
Inventory	-	11,766.51	11,766.51
Capital Assets, Net			
Land	420,564.00	-	420,564.00
Capital Assets being Depreciated, net	12,156,046.02	3,687.30	12,159,733.32
Total Assets	19,102,758.16	502,992.54	19,605,750.70
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,739,017.00		2,739,017.00
Total Deferred outflows of Resources	2,739,017.00	-	2,739,017.00
LIABILITIES			
Accounts Payable	385,128.37	-	385,128.37
Unearned Revenue	3,215.40	8,398.67	11,614.07
Noncurrent Liabilities			
Due Beyond One Year	715,319.07		715,319.07
Net Pension Liability	8,092,135.00		8,092,135.00
Total Liabilities	9,195,797.84	8,398.67	9,204,196.51
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	349,717.00		349,717.00
Total Deferred inflows of Resources	349,717.00	-	349,717.00
NET POSITION			
Invested in Capital Assets, Net of Related Debt	12,576,610.02	3,687.30	12,580,297.32
Restricted for:			
Capital Projects	1,491,632.11		1,491,632.11
Other Purposes	3,547,684.64		3,547,684.64
Unrestricted	(5,319,666.45)	490,906.57	(4,828,759.88)
Total Net Position	\$ 12,296,260.32	\$ 494,593.87	\$ 12,790,854.19

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

Function/Programs	Expenses	Indirect Expenses Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 8,263,899.66	5,131,477.52	1,319,382.96	4,282,947.28		(7,793,046.94)	(7,793,046.94)	
Special Education	2,394,212.37	1,486,688.76		1,822,812.06		(2,058,089.07)	(2,058,089.07)	
Other Special Instruction	1,073,318.47	666,478.26		556,270.83		(1,183,525.90)	(1,183,525.90)	
Support Services:								
Tuition	11,768,554.24					(11,768,554.24)	(11,768,554.24)	
Student & Instruction Related Services	3,070,197.37	1,906,442.38		1,677,118.71		(3,299,521.04)	(3,299,521.04)	
General Administrative Services	583,851.02	155,660.79				(739,511.81)	(739,511.81)	
Central and Technical Services	607,091.06	161,856.83				(768,947.89)	(768,947.89)	
School Administrative Services	957,909.79	255,388.77				(1,213,298.56)	(1,213,298.56)	
Plant Operation and Maintenance	4,096,139.95	1,092,073.76		79,589.00		(5,108,624.71)	(5,108,624.71)	
Pupil Transportation	1,774,365.84		65,148.51			(1,709,217.33)	(1,709,217.33)	
Unallocated Benefits	10,856,067.07	(10,856,067.07)						
Special Schools	9,729.85					(9,729.85)	(9,729.85)	
Charter Schools	107,941.00					(107,941.00)	(107,941.00)	
Total Governmental Activities	45,563,277.69	-	1,384,531.47	8,339,148.88	79,589.00	(35,760,008.34)	(35,760,008.34)	
Business-Type Activities:								
Food Service	311,338.13			121,189.65		227.40	227.40	
KEYS	187,166.96					52,308.60	52,308.60	
Total Business-Type Activities	498,505.09			121,189.65		52,536.00	52,536.00	
Total Primary Government	\$ 46,061,782.78		1,814,382.91	8,460,338.53	79,589.00	(35,707,472.34)	(35,707,472.34)	
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						23,664,000.00	23,664,000.00	
Federal and State Aid not Restricted						10,311,872.17	10,311,872.17	
Miscellaneous Income						635.85	635.85	
Prior Year's Accounts Payable						(15,218.98)	(15,218.98)	
Transfers						-	-	
Total General Revenues, Special Items, Extraordinary Items and Transfers						34,067,586.66	34,067,586.66	
Change in Net Assets						(1,632,421.68)	(1,632,421.68)	
Net Position - Beginning						13,988,682.00	13,988,682.00	
Net Position - Ending						\$ 12,296,260.32	\$ 12,296,260.32	

The accompanying Notes to the Financial Statements are an integral part of this Statement

FUND FINANCIAL STATEMENTS

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

TOWNSHIP OF UPPER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,719,695.23	158,460.21	7,408.34	4,885,563.78
Due from Other Funds	1,129,174.10			1,129,174.10
Receivables from Other Governments	135,411.85	85,726.00	1,326,493.00	1,547,630.85
Other Receivables	79,981.34			79,981.34
Total Assets	<u>6,064,262.52</u>	<u>244,186.21</u>	<u>1,333,901.34</u>	<u>7,642,350.07</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	330,493.26	54,520.41		385,013.67
Interfund Payable		188,964.70	927,237.23	1,116,201.93
Payable to Federal Government		114.70		114.70
Unearned Revenue	2,629.00	586.40		3,215.40
Total Liabilities	<u>333,122.26</u>	<u>244,186.21</u>	<u>927,237.23</u>	<u>1,504,545.70</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	930,674.64			930,674.64
Excess Surplus Designated for Subsequent Year's Expenditures	1,487,010.00			1,487,010.00
Committed to:				
Maintenance Reserve	1,130,000.00			1,130,000.00
Capital Reserve	1,084,968.00			1,084,968.00
Assigned to:				
Encumbrances	1,251,984.62		313,149.55	1,565,134.17
Unassigned:				
General Fund	(153,497.00)			(153,497.00)
Special Revenue Fund		-		-
Capital Projects Fund			93,514.56	93,514.56
Total Fund Balances (Deficits)	<u>5,731,140.26</u>	<u>-</u>	<u>406,664.11</u>	<u>6,137,804.37</u>
Total Liabilities and Fund Balances	<u>\$ 6,064,262.52</u>	<u>244,186.21</u>	<u>1,333,901.34</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. 12,576,610.02

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds. (5,702,835.00)

Long - term liabilities, including compensated absences and capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (715,319.07)

Net position of governmental activities 12,296,260.32

TOWNSHIP OF UPPER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 23,664,000.00	\$ -	\$ -	\$ 23,664,000.00
Tuition Charges	1,319,382.96			1,319,382.96
Transportation Fees	65,148.51			65,148.51
Miscellaneous	91,703.18		11.31	91,714.49
Total Local Sources	25,140,234.65	-	11.31	25,140,245.96
State Sources	13,105,803.28	-	79,589.00	13,185,392.28
Federal Sources	31,122.17	667,880.60		699,002.77
Total Revenues	38,277,160.10	667,880.60	79,600.31	39,024,641.01
EXPENDITURES				
Current:				
Regular Instruction	7,804,698.33			7,804,698.33
Special Education Instruction	1,679,213.79	581,959.00		2,261,172.79
Other Special Instruction	1,013,677.21			1,013,677.21
Support Services and Undistributed Costs:				
Tuition	11,768,554.24			11,768,554.24
Student & Instruction Related Serv.	2,813,673.62	85,921.60		2,899,595.22
General Administrative Services	500,821.33			500,821.33
Central and Technical Administrative Services	520,756.40			520,756.40
School Administrative Services	821,685.05			821,685.05
Plant Operation and Maintenance	3,513,626.23			3,513,626.23
Pupil Transportation	1,774,365.84			1,774,365.84
Unallocated Employee Benefits	6,009,852.07			6,009,852.07
Capital Outlay	809,473.19		0.00	809,473.19
Special Schools	9,729.85			9,729.85
Transfer to Charter School	107,941.00			107,941.00
Total Expenditures	39,148,068.15	667,880.60	0.00	39,815,948.75
Excess (Deficiency) of Revenues Over Expenditures	(870,908.05)	-	79,600.31	(791,307.74)
OTHER FINANCING SOURCES/(USES)				
Transfer in	11.31		-	11.31
Transfer Out	-		(11.31)	(11.31)
Total Other Financing Sources and Uses	11.31	-	(11.31)	-
Net Changes in Fund Balance	(870,896.74)	-	79,589.00	(791,307.74)
Fund Balance - July 1	6,602,037.00	-	327,075.11	6,929,112.11
Fund Balance - June 30	<u>\$ 5,731,140.26</u>	<u>\$ -</u>	<u>\$ 406,664.11</u>	<u>\$ 6,137,804.37</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ (791,307.74)

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation expense	(1,112,105.17)	
Capital Outlay	<u>809,473.19</u>	(302,631.98)

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

	District pension contributions	242,729.00
	Cost of benefits earned, net of employee contributions	<u>(815,651.00)</u>
		(572,922.00)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).

(25,559.96)

Change in Net Assets of Governmental Activities	<u><u>\$ (1,692,421.68)</u></u>
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TOWNSHIP OF UPPER SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2017

	Business-Type Activities - Enterprise Fund		
	Food Service	KEYS	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 61,302.52	\$ 432,537.07	\$ 493,839.59
Federal Accounts Receivable	5,167.44		5,167.44
State Accounts Receivable	161.76		161.76
Other Accounts Receivable	1,342.11		1,342.11
Inventories	11,766.51		11,766.51
Total Current Assets	<u>79,740.34</u>	<u>432,537.07</u>	<u>512,277.41</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	230,979.51	65,861.00	296,840.51
Less: Accumulated Depreciation	<u>(227,292.21)</u>	<u>(65,861.00)</u>	<u>(293,153.21)</u>
Total Noncurrent Assets	<u>3,687.30</u>	<u>-</u>	<u>3,687.30</u>
Total Assets	<u><u>83,427.64</u></u>	<u><u>432,537.07</u></u>	<u><u>515,964.71</u></u>
LIABILITIES			
Current Liabilities:			
Interfunds		12,972.17	12,972.17
Accounts Payable			-
Unearned Revenue	8,398.67		8,398.67
Total Current Liabilities	<u>8,398.67</u>	<u>12,972.17</u>	<u>21,370.84</u>
Noncurrent Liabilities:			
None			-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	3,687.30	-	3,687.30
Unrestricted	71,341.67	419,564.90	490,906.57
Total Net Position	<u><u>75,028.97</u></u>	<u><u>419,564.90</u></u>	<u><u>494,593.87</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund		
	Food Service	KEYS	Totals Enterprise
Operating Revenues:			
Charges for Services:			
Sales - Non Reimbursable	\$ 63,380.65	\$ -	\$ 63,380.65
Sales - Reimbursable	124,543.60		124,543.60
Miscellaneous & Special Program Fees	2,451.63	239,475.56	2,451.63 239,475.56
Total Operating Revenue	<u>190,375.88</u>	<u>239,475.56</u>	<u>429,851.44</u>
Operating Expenses:			
Cost of Sales - Reimbursable	111,047.64		111,047.64
Cost of Sales - Non Reimbursable	21,988.85		21,988.85
Salaries	98,904.83	138,109.43	237,014.26
Employee Benefits	28,965.89	30,796.88	59,762.77
Insurance	4,804.54		4,804.54
Rentals	2,250.00		2,250.00
Management Fee	29,069.88		29,069.88
Supplies & Miscellaneous	13,896.80	18,260.65	32,157.45
Depreciation	409.70		409.70
Total Operating Expenses	<u>311,338.13</u>	<u>187,166.96</u>	<u>498,505.09</u>
Operating Income (Loss)	(120,962.25)	52,308.60	(68,653.65)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	2,835.26		2,835.26
Federal Sources:			
National School Lunch Program	77,314.04		77,314.04
National School Breakfast Program	6,531.47		6,531.47
Food Distribution Program	34,508.88		34,508.88
Interest and Investment Income	100.55	535.30	635.85
Total Nonoperating Revenues (Expenses)	<u>121,290.20</u>	<u>535.30</u>	<u>121,825.50</u>
Income (Loss) before Contributions & Transfers	327.95	52,843.90	53,171.85
Prior Year's Accounts Payable	<u>(15,218.98)</u>		<u>(15,218.98)</u>
Changes in Net Position	(14,891.03)	52,843.90	37,952.87
Total Net Position - Beginning	<u>89,920.00</u>	<u>366,721.00</u>	<u>456,641.00</u>
Total Net Position - Ending	<u>\$ 75,028.97</u>	<u>\$ 419,564.90</u>	<u>\$ 494,593.87</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Fund		
	Food Service	KEYS	Totals Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 189,625.44	\$ 239,475.56	\$ 429,101.00
Payments to Employees	(98,904.83)	(138,109.43)	(237,014.26)
Payments for Employee Benefits	(28,965.89)	(30,796.88)	(59,762.77)
Payments for Management Fee	(29,069.88)		(29,069.88)
Payments for Suppliers	(123,010.46)	(18,260.65)	(141,271.11)
Net Cash Provided by (Used for) Operating Activities	<u>(90,325.62)</u>	<u>52,308.60</u>	<u>(38,017.02)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	3,243.50		3,243.50
Federal Sources	96,307.07		96,307.07
Prior Year's Accounts Payable	(15,218.98)		(15,218.98)
Operating Subsidies and Transfers to Other Funds	-	8,772.17	8,772.17
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>84,331.59</u>	<u>8,772.17</u>	<u>93,103.76</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interfunds	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(4,097.00)</u>	<u>-</u>	<u>(4,097.00)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	100.55	535.30	635.85
Net Cash Provided by (Used for) Investing Activities	<u>100.55</u>	<u>535.30</u>	<u>635.85</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,990.48)	61,616.07	51,625.59
Balance - Beginning of Year	71,293.00	370,921.00	442,214.00
Balance - End of Year	<u>\$ 61,302.52</u>	<u>\$ 432,537.07</u>	<u>\$ 493,839.59</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (120,962.25)	\$ 52,308.60	\$ (68,653.65)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	409.70	-	409.70
Food Distribution Program	34,508.88		34,508.88
Decrease in Accounts Receivable	36.89		36.89
Decrease in Inventories	(3,531.51)		(3,531.51)
(Increase) in Deferred Revenue	(787.33)		(787.33)
(Decrease) in Accounts Payable	-		-
Total Adjustments	<u>30,636.63</u>	<u>-</u>	<u>30,636.63</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (90,325.62)</u>	<u>\$ 52,308.60</u>	<u>\$ (38,017.02)</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

	<u>Unemployment Compensation</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 80,558.21	105,230.12
Total Assets	<u>80,558.21</u>	<u>105,230.12</u>
LIABILITIES		
Payable to Student Groups	-	100,253.92
Accounts Payable	124.11	
Payroll Deductions & Withholdings	-	4,976.20
Total Liabilities	<u>124.11</u>	<u>105,230.12</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 80,434.10</u>	
Reserved for Scholarships		

The accompanying Notes to the Financial Statements are an integral part of this Statement

TOWNSHIP OF UPPER SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	<u>Unemployment Compensation</u>	<u>Total</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 32,950.68	32,950.68
Other		
Total Contributions	<u>32,950.68</u>	<u>32,950.68</u>
Investment Earnings:		
Interest	98.06	98.06
Net Investment Earnings	<u>98.06</u>	<u>98.06</u>
Total Additions	<u>33,048.74</u>	<u>33,048.74</u>
DEDUCTIONS		
Unemployment Claims	13,913.64	13,913.64
Total Deductions	<u>13,913.64</u>	<u>13,913.64</u>
Changes in Net Assets	19,135.10	19,135.10
Net Position - Beginning of the Year	61,299.00	61,299.00
Net Position - End of the Year	<u>\$ 80,434.10</u>	<u>80,434.10</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Upper Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The Upper Township School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. Students in grades 9-12 attend Ocean City High School on a tuition basis. The Upper Township School District had an enrollment at June 30, 2017 of 2,018 students.

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

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

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and KEYS). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB standards sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district and a KEYS program providing for child care before and after school hours.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit 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.

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food & Supplies	\$	11,767
	\$	11,767

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2017 is \$0.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are

Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017

reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

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

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Special Education Instruction - Home Instruction	106,137
Undistributed Expenditures - Instruction	
Tuition to CSSD & Reg Day Sch	(393,485)
Undist. Expend - Other Support Services	
Purch. Prof. - Ed. Services	173,500
Undist. Expend - Required Maint. - Clean, Rep, Maint	276,793
Undist. Expend - Required Maint. - General Supplies	(196,750)
Undist. Expend - Other Oper. & Maint. - Lease Purch Pmts	256,701

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

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

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with the Ocean City Board of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

11. Tuition Payable:

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

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

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

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will have an effect on the District's financial reporting and will affect the disclosure of pension related items.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will have an effect on the District's financial reporting and will affect the

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

disclosure of pension related items. Although not determinable, the impact of this statement on the net position of the entity is not anticipated to be significant.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will have an effect on the District's financial reporting and will affect the disclosure of pension related items. Although not determinable, the impact of this statement on the net position of the entity is not anticipated to be significant.

NOTE 2. CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$728,278 of the government's bank balance of \$5,792,554 was exposed to custodial credit risk.

NOTE 3. INVESTMENTS

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

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

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**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 4. FIXED ASSETS

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital assets that are not being				
Construction in process	\$ 2,909,569	733,318	(3,642,887)	0
Land	420,564			420,564
Total capital assets not being	<u>3,330,133</u>	<u>733,318</u>	<u>(3,642,887)</u>	<u>420,564</u>
Bldg and bldg improve	20,249,399		3,642,887	23,892,286
Machinery & equipment	2,245,936	76,155		2,322,091
Total at historical cost	<u>22,495,335</u>	<u>76,155</u>	<u>3,642,887</u>	<u>26,214,377</u>
Less accum depr for:				
Bldg and improve	(11,002,982)	(899,582)		(11,902,564)
Equipment	(1,943,244)	(212,523)		(2,155,767)
Total accum deprec	<u>(12,946,226)</u>	<u>(1,112,105)</u>	<u>-</u>	<u>(14,058,331)</u>
Total capital assets being depr,	<u>9,549,109</u>	<u>(1,035,950)</u>	<u>3,642,887</u>	<u>12,156,046</u>
Governmental activities capital	<u>12,879,242</u>	<u>(302,632)</u>	<u>-</u>	<u>12,576,610</u>
Business-type activities:				
Equipment	296,841			296,841
Less accum depr for:				
Equipment	(292,744)	(410)		(293,154)
Business-type activities capital	<u>4,097</u>	<u>(410)</u>	<u>-</u>	<u>3,687</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 448,885
Special Education	130,051
Other Special Instruction	58,301
Student & Instruction Related Svc	166,769
General Administrative Services	28,805
School Administrative Services	47,259
Plant Operation & Maintenance	202,085
Central	29,951
	<u>\$ 1,112,105</u>

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 5. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 7.20% and the PERS rate is 7.20% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2017, 2016 and 2015 were \$1,116,991, \$758,673, and \$527,607 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2017, 2016 and 2015 were \$244,059, \$206,698, and \$221,229 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$930,708, \$903,370, and \$837,576, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$775,953, \$761,900, and \$752,709, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund statements and schedules as revenues and expenditures in accordance in GASB 27.

The Board's total covered payroll for the year ended June 30, 2017, 2016, and 2015 was \$10,694,063, \$10,444,234, and \$10,040,080, for TPAF; and \$2,008,124, \$2,017,575, and \$1,755,895 for PERS.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60th from 1/55th, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 6. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At June 30, 2017, the District reported a liability of \$8,092,135 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.02732247890% which was an increase of 13.64% from its proportion measured as of June 30, 2015.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

For the year ended June 30, 2017, the District recognized pension expense of \$815,651. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 150,489	
Changes of assumptions	\$ 1,676,258	
Net difference between projected and actual earnings on pension plan investments	\$ 308,560	
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 603,710	349,717
District contributions subsequent to the measurement date	\$ 242,729	
Total	\$ 2,981,746	349,717

\$242,729 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2018	\$	540,713
2019	\$	540,713
2020	\$	618,147
2021	\$	517,286
2022	\$	172,441
Total	\$	2,389,300

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

Actuarial Assumptions

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

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

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

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

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

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

Discount Rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 9,697,645	8,092,135	6,768,070.56

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 7 - TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		74,543,014
Total	\$	74,543,014

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$5,600,870 and revenue of \$5,600,870 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 262,691	127,481
Changes of assumptions	14,879,680	
Net difference between projected and actual earnings on pension plan investments	\$ 1,359,526	
Changes in proportion and differences between District contributions and proportionate share of contributions		924,971
District contributions subsequent to the measurement date	754,655	
Total	\$ 17,256,552	\$ 1,052,452

\$754,655 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 2,269,594
2019	\$ 2,269,594
2020	\$ 2,658,785
2021	\$ 2,486,552
2022	\$ 2,100,449
Thereafter	\$ 3,664,472
Total	\$ 15,449,446

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

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 20012 to June 30, 2015.

Long-Term Expected Rate of Return

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

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

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)	
District's proportionate share of the net pension liability	\$ -	-	-	

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

NOTE 8. POST-RETIREMENT BENEFITS

P.L. 1987, Chapter 384 and P.L. 1990 Chapter 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007 c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for funding and payment of post-retirement medical benefits for retired State employees and educational employees. As of June 30, 2016, there were 0 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994.

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

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 9. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the district's personnel policy. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 10. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Upper Township Board of Education by inclusion of \$1.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 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	\$ 1,355,003
Interest earnings	1,965
Deposits:	
Approved by resolution	960,000
Withdrawals	
Appropriated in 16/17 Budget	(850,000)
Board resolution 2/27/2017	<u>(382,000)</u>
Total withdrawals	<u>(1,232,000)</u>
Ending balance , June 30, 2017	<u>\$ 1,084,968</u>

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 11. GENERAL LONG-TERM DEBT

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

	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Compensated Absences Payable	\$ 689,759	25,560		715,319	-
Net Pension Liability	5,396,981	2,937,883	242,729	8,092,135	-
Total Governmental Activities	<u>6,086,740</u>	<u>2,963,443</u>	<u>242,729</u>	<u>8,807,454</u>	<u>-</u>
Total Debt	<u>6,086,740</u>	<u>2,963,443</u>	<u>242,729</u>	<u>8,807,454</u>	<u>-</u>

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,129,174	-
Special Revenue Fund	-	188,965
Capital Projects Fund	-	927,237
Enterprise Fund	-	12,972
Total	<u>\$ 1,129,174</u>	<u>1,129,174</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds and to cover cash overdrafts for pooled funds. The governmental fund interfunds were eliminated in the governmental-wide statements.

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 13. FUND BALANCE APPROPRIATED

General Fund – Of the \$5,731,140 General Fund fund balance, at June 30, 2017, \$1,251,985 is reserved for encumbrances. \$2,417,685 is reserved as excess surplus in accordance with NJSA 18A:7F-7 of which \$1,487,010 has been appropriated as revenue in the 2017-2018 budget and the balance of \$930,675 will be budgeted in the 2018-2019 budget, \$1,084,968 has been reserved in the Capital Reserve Account; \$1,130,000 has been reserved in the Maintenance Reserve Account; The General Fund balance unassigned classification contained a deficit in the amount of \$153,497, which is a direct result of the delay in the June payments of state aid until the following fiscal year. Capital Projects Fund – Of the \$406,664 Capital Projects Fund fund balance, at June 30, 2017, \$313,150 is reserved for encumbrances, and \$93,515 is classified as Unassigned.

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$2,417,684.64, of which \$1,487,010 has been appropriated in the 2017-2018 budget and the balance of \$930,675 will be appropriated in the 2018-2019 budget.

NOTE 15. RISK MANAGEMENT

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2017 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>Interest on Investments</u>	<u>Employee/Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	98	32,951	(13,913.64)	80,434
2015-2016	70	31,962	(10,847)	61,299
2014-2015	64	30,986	(52,337)	40,114

**Upper Township School District
Notes to Financial Statements
For the Fiscal Year ended June 30, 2017**

NOTE 16. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse affect on the accompanying financial statements.

NOTE 17. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 27, 2017, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 23,664,000.00	\$ -	\$ 23,664,000.00	\$ 23,664,000.00	\$ -
Tuition from Individuals	110,500.00	-	110,500.00	146,168.75	35,668.75
Tuition - Other LEA's within the State	739,864.00	-	739,864.00	1,173,214.21	433,350.21
Transportation Fees	64,304.00	-	64,304.00	65,148.51	844.51
Miscellaneous	75,750.00	-	75,750.00	91,703.18	15,953.18
Total Local Sources	24,654,418.00	-	24,654,418.00	25,140,234.65	485,816.65
State Sources:					
School Choice Aid	473,760.00	-	473,760.00	473,760.00	-
Categorical Special Education Aid	1,098,835.00	-	1,098,835.00	1,098,835.00	-
Equalization Aid	4,307,772.00	-	4,307,772.00	4,307,772.00	-
Categorical Security Aid	164,852.00	-	164,852.00	164,852.00	-
Adjustment Aid	2,640,282.00	-	2,640,282.00	2,640,282.00	-
Categorical Transportation Aid	1,445,583.00	-	1,445,583.00	1,445,583.00	-
Extraordinary Aid	-	-	-	89,463.00	89,463.00
PARCC Rediness Aid	19,270.00	-	19,270.00	19,270.00	-
Per Pupil Growth Aid	19,270.00	-	19,270.00	19,270.00	-
Professional Learning Community Aid	19,420.00	-	19,420.00	19,420.00	-
Non-public Transportation Aid	-	-	-	8,874.00	8,874.00
On-Behalf TPAF Pension Contribution (Non-Budgeted)	-	-	-	-	-
Post Retirement Medical Contributions	-	-	-	930,708.00	930,708.00
Pension Costs	-	-	-	1,116,991.00	1,116,991.00
Long Term Disability	-	-	-	1,401.00	1,401.00
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	775,953.28	775,953.28
Total State Sources	10,189,044.00	-	10,189,044.00	13,112,434.28	2,923,390.28
Federal Sources:					
Medical Assistance Program	17,548.00	-	17,548.00	31,122.17	13,574.17
Total Federal Sources	17,548.00	-	17,548.00	31,122.17	13,574.17
Total Revenues	34,861,010.00	-	34,861,010.00	38,283,791.10	3,422,781.10
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Preschool - Salaries of Teachers	350,014.00	(79,332.43)	270,681.57	265,066.13	5,615.44
Kindergarten - Salaries of Teachers	602,086.00	12,046.00	614,132.00	607,497.12	6,634.88
Grades 1 - 5 Salaries of Teachers	3,063,436.00	(34,117.82)	3,029,318.18	3,029,318.18	-
Grades 6 - 8 Salaries of Teachers	2,457,455.00	98,203.19	2,555,658.19	2,555,658.19	-
Regular Programs - Home Instruction	12,000.00	-	12,000.00	842.16	11,157.84
Salaries of Teachers	12,000.00	-	12,000.00	842.16	11,157.84
Purchased Professional - Educational Services	850.00	-	850.00	220.38	629.62
Regular Programs - Undistributed Instruction	242,149.00	(43,147.31)	199,001.69	185,594.49	13,407.20
Other Salaries for Instruction	242,149.00	(43,147.31)	199,001.69	185,594.49	13,407.20
Other Purchased Services (400-500 series)	204,305.00	7,200.00	211,505.00	129,098.08	82,406.92
General Supplies	1,267,698.54	(54,849.29)	1,212,849.25	1,012,458.96	200,390.29
Textbooks	10,000.00	12,000.00	22,000.00	18,944.64	3,055.36
TOTAL REGULAR PROGRAMS - INSTRUCTION	8,209,993.54	(81,997.66)	8,127,995.88	7,804,698.33	323,297.55
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	62,496.00	55,657.42	118,153.42	114,243.28	3,910.14
Other Salaries for Instruction	15,577.00	756.58	16,333.58	16,201.58	132.00
General Supplies	2,292.00	200.00	2,492.00	2,469.01	22.99
Total Multiple Disabilities	80,365.00	56,614.00	136,979.00	132,913.87	4,065.13
Special Education Instruction-Resource Room/Resource Center					
Salaries of Teachers	1,145,205.00	(54,593.14)	1,090,611.86	1,090,145.64	466.22
Other Salaries for Instruction	268,128.00	(47,560.20)	220,567.80	220,042.62	525.18
General Supplies	10,500.00	(155.00)	10,345.00	9,540.46	804.54
Total Resource Room/Resource Center	1,423,833.00	(102,308.34)	1,321,524.66	1,319,728.72	1,795.94

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Special Education Instruction-Autism					
Salaries of Teachers	116,876.00	1,003.00	117,879.00	117,879.00	-
Other Salaries for Instruction	65,191.00	(65,191.00)	-	-	-
General Supplies	1,000.00	-	1,000.00	969.86	30.14
Total Autism	183,067.00	(64,188.00)	118,879.00	118,848.86	30.14
Special Education Instruction- Home Instruction					
Salaries of Teachers	5,000.00	106,136.55	111,136.55	107,722.34	3,414.21
Total Home Instruction	5,000.00	106,136.55	111,136.55	107,722.34	3,414.21
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,692,265.00	(3,745.79)	1,688,519.21	1,679,213.79	9,305.42
Basic Skills/Remedial - Instruction					
Salaries of Teachers	827,052.00	83,546.45	910,598.45	890,937.80	19,660.65
General Supplies	6,300.00	(500.00)	5,800.00	2,937.00	2,863.00
Total Basic Skills/Remedial - Instruction	833,352.00	83,046.45	916,398.45	893,874.80	22,523.65
School-Spon. Co/Extra-Curr. Activities - Instruction					
Salaries	18,830.00	-	18,830.00	18,826.40	3.60
Supplies & Materials	1,500.00	1,000.00	2,500.00	504.00	1,996.00
Other Objects	1,000.00	-	1,000.00	645.00	355.00
Total School-Spon Co/Extra-Curr. Activities - Inst.	21,330.00	1,000.00	22,330.00	19,975.40	2,354.60
School-Sponsored Athletics - Instruction					
Salaries	35,000.00	-	35,000.00	34,923.96	76.04
Purchased Services (300-500 series)	5,500.00	-	5,500.00	5,409.00	91.00
Supplies & Materials	5,000.00	-	5,000.00	4,933.89	66.11
Other Objects	1,000.00	-	1,000.00	275.00	725.00
Total School-Sponsored Athletics - Inst.	46,500.00	-	46,500.00	45,541.85	958.15
Before/After School Programs - Instruction					
Salaries of Teachers	21,710.00	(2,000.00)	19,710.00	13,769.04	5,940.96
Total Before/After School Programs - Instruction	21,710.00	(2,000.00)	19,710.00	13,769.04	5,940.96
Summer School - Instruction					
Salaries of Teachers	36,810.00	(6,150.00)	30,660.00	27,907.42	2,752.58
Other Salaries of Instruction	10,000.00	2,650.00	12,650.00	12,608.70	41.30
General Supplies	1,000.00	(35.00)	965.00	-	965.00
Total Summer School - Instruction	47,810.00	(3,535.00)	44,275.00	40,516.12	3,758.88
TOTAL INSTRUCTION	10,872,960.54	(7,232.00)	10,865,728.54	10,497,589.33	368,139.21
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Regular	11,170,258.00	(16,758.05)	11,153,499.95	11,146,743.17	6,756.78
Tuition to Other LEAs Within the State-Special	219,753.00	(84,615.95)	135,137.05	135,137.05	-
Tuition to County Voc. School Dist. - Regular	138,824.00	(8,190.00)	130,634.00	130,634.00	-
Tuition to County Voc. School Dist. - Special	16,184.00	-	16,184.00	16,184.00	-
Tuition to CSSD & Regional Day Schools	431,972.00	(393,485.00)	38,487.00	21,092.00	17,395.00
Tuition to Private Schools for the Disabled - W/I State	346,380.00	(27,201.47)	319,178.53	318,764.02	414.51
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	12,323,371.00	(530,250.47)	11,793,120.53	11,768,554.24	24,566.29
Undistributed Expend. - Attend. & Social Worker					
Salaries	30,477.00	(10,500.00)	19,977.00	19,073.46	903.54
Other Purchased Services (400-500 series)	53,061.00	(32,225.42)	20,835.58	350.00	20,485.58
Total Undist. Expend. - Attend. & Social Worker	83,538.00	(42,725.42)	40,812.58	19,423.46	21,389.12

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expend. - Health Services					
Salaries	223,112.00	4,378.42	227,490.42	227,490.42	-
Purchased Professional and Technical Services	7,750.00	500.00	8,250.00	7,615.00	635.00
Other Purchased Services (400-500 series)	225.00	-	225.00	-	225.00
Supplies & Materials	7,350.00	-	7,350.00	5,129.23	2,220.77
Total Undistributed Expend. - Health Services	238,437.00	4,878.42	243,315.42	240,234.65	3,080.77
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	312,682.00	-	312,682.00	308,656.04	4,025.96
Purchased Professional - Education Services	68,750.00	39,500.00	108,250.00	104,427.20	3,822.80
Supplies & Materials	9,030.00	7,675.00	16,705.00	16,244.04	460.96
Total Undist. Expend. - Speech, OT, PT, & Related Services	390,462.00	47,175.00	437,637.00	429,327.28	8,309.72
Undist. Expend. - Other Support Serv. Students - Extraordinary Services					
Salaries	336,701.00	84,062.64	420,763.64	398,631.13	22,132.51
Purchased Professional - Education Services	178,375.00	173,500.00	351,875.00	308,456.93	43,418.07
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	515,076.00	257,562.64	772,638.64	707,088.06	65,550.58
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	223,246.00	2,619.00	225,865.00	224,865.00	1,000.00
Supplies & Materials	7,000.00	-	7,000.00	2,776.25	4,223.75
Total Undistributed Expenditures - Guidance	230,246.00	2,619.00	232,865.00	227,641.25	5,223.75
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	406,525.00	-	406,525.00	400,869.06	5,655.94
Salaries of Secretarial and Clerical Assistants	37,549.00	2,234.00	39,783.00	39,783.00	-
Purchased Professional - Education Services	14,550.00	-	14,550.00	8,000.00	6,550.00
Other Purchased Professional and Tech. Services	10,000.00	12,000.00	22,000.00	10,924.00	11,076.00
Misc Pur Serv (400-500 series other than Resid costs)	12,550.00	-	12,550.00	7,642.59	4,907.41
Supplies & Materials	12,162.00	-	12,162.00	10,611.43	1,550.57
Total Undistributed Expenditures - Child Study Teams	493,336.00	14,234.00	507,570.00	477,830.08	29,739.92
Undist. Expend. - Improvement of Inst. Services					
Salaries of Other Professional Staff	213,492.00	(6,991.64)	206,500.36	153,883.20	52,617.16
Salaries of Secretarial and Clerical Assistants	43,155.00	2,095.00	45,250.00	45,250.00	-
Purchased Professional Educational Services	153,453.63	(38,000.00)	115,453.63	113,820.70	1,632.93
Other Purchased Services (400-500 series)	3,000.00	-	3,000.00	243.46	2,756.54
Supplies & Materials	247,610.35	-	247,610.35	192,107.87	55,502.48
Other Objects	1,200.00	-	1,200.00	588.00	612.00
Total Undist. Expend. - Improvement of Inst. Serv.	661,910.98	(42,896.64)	619,014.34	505,893.23	113,121.11
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	165,632.00	-	165,632.00	165,033.68	598.32
Purchased Professional and Technical Services	3,650.00	-	3,650.00	-	3,650.00
Supplies & Materials	24,067.72	4,800.00	28,867.72	27,746.10	1,121.62
Total Undistributed Expenditures - Educational Media Services - School Library	193,349.72	4,800.00	198,149.72	192,779.78	5,369.94
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff	12,000.00	-	12,000.00	1,281.75	10,718.25
Purchased Professional Educational Services	9,200.00	-	9,200.00	1,800.00	7,400.00
Other Purchased Services (400-500 series)	65,000.00	-	65,000.00	8,732.25	56,267.75
Supplies & Materials	2,519.04	-	2,519.04	1,641.83	877.21
Total Undistributed Expenditures - Instructional Staff Training Services	88,719.04	-	88,719.04	13,455.83	75,263.21

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	221,019.00	6,229.46	227,248.46	227,248.46	-
Legal Services	72,000.00	10,453.54	82,453.54	18,982.28	63,471.26
Audit Fee	26,500.00	800.00	27,300.00	27,300.00	-
Architectural/Engineering Services	6,800.00	10,000.00	16,800.00	6,140.25	10,659.75
Other Purchased Professional Services	24,000.00	7,000.00	31,000.00	19,047.50	11,952.50
Communications/Telephone	117,057.02	14,500.00	131,557.02	87,304.50	44,252.52
BOE Other Purchased Services	650.00	897.00	1,547.00	1,546.70	0.30
Misc. Purchased Services (400-500 series)	82,300.00	3,120.00	85,420.00	81,809.97	3,610.03
General Supplies	5,000.00	5,000.00	10,000.00	6,281.45	3,718.55
BOE In-House Training/Meeting Supplies	500.00	-	500.00	305.48	194.52
Miscellaneous Expenditures	8,945.00	-	8,945.00	8,424.09	520.91
BOE Membership Dues and Fees	17,500.00	-	17,500.00	16,430.65	1,069.35
Total Undistributed Expenditures - Support Services - General Administration	<u>582,271.02</u>	<u>58,000.00</u>	<u>640,271.02</u>	<u>500,821.33</u>	<u>139,449.69</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	303,000.00	2,663.76	305,663.76	305,663.76	-
Salaries Other Professional Staff	247,500.00	49,062.64	296,562.64	280,551.84	16,010.80
Salaries of Secretarial and Clerical Assistants	211,400.00	22,299.56	233,699.56	226,839.97	6,859.59
Other Purchased Services (400-500 series)	5,784.00	-	5,784.00	1,490.27	4,293.73
Supplies & Materials	12,000.00	2,900.00	14,900.00	3,951.29	10,948.71
Other Objects	3,740.00	1,356.00	5,096.00	3,187.92	1,908.08
Total Undistributed Expenditures - Support Services - School Administration	<u>783,424.00</u>	<u>78,281.96</u>	<u>861,705.96</u>	<u>821,685.05</u>	<u>40,020.91</u>
Undistributed Expenditures - Central Services					
Salaries	331,361.00	16,365.35	347,726.35	347,726.35	-
Purchased Professional Services	8,500.00	5,096.59	13,596.59	5,600.00	7,996.59
Purchased Technical Services	7,500.00	3,050.00	10,550.00	6,835.90	3,714.10
Misc. Purchased Services (400-500 Series)	7,500.00	3,500.00	11,000.00	9,269.02	1,730.98
Supplies and Materials	5,598.23	7,800.00	13,398.23	5,719.73	7,678.50
Other Objects	2,134.25	-	2,134.25	5.37	2,128.88
Total Undistributed Expenditures - Central Service	<u>362,593.48</u>	<u>35,811.94</u>	<u>398,405.42</u>	<u>375,156.37</u>	<u>23,249.05</u>
Undistributed Expenditures- Admin. Info. Tech.					
Salaries	121,284.00	-	121,284.00	120,973.20	310.80
Purchased Technical Services	47,000.00	(6,050.00)	40,950.00	22,940.45	18,009.55
Other Purchased Services (400-500 series)	4,100.00	-	4,100.00	-	4,100.00
Supplies and Materials	8,300.00	17,000.00	25,300.00	1,686.38	23,613.62
Total Undistrib Expend- Admin. Info. Technology	<u>180,684.00</u>	<u>10,950.00</u>	<u>191,634.00</u>	<u>145,600.03</u>	<u>46,033.97</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	134,105.00	(5,000.00)	129,105.00	115,863.04	13,241.96
Cleaning, Repair and Maintenance Service	1,280,790.50	276,792.56	1,557,583.06	944,788.33	612,794.73
General Supplies	894,221.09	(196,750.00)	697,471.09	586,392.98	111,078.11
Total Undistributed Expenditures - Allowable Maintenance for School Facilities	<u>2,309,116.59</u>	<u>75,042.56</u>	<u>2,384,159.15</u>	<u>1,647,044.35</u>	<u>737,114.80</u>
Undist. Expend. - Other Oper. & Maint.of Plant					
Salaries	668,765.00	18,955.00	687,720.00	662,252.06	25,467.94
Purchased Professional and Technical Services	24,650.00	(3,377.00)	21,273.00	20,538.24	734.76
Cleaning, Repair, and Maintenance Services	17,580.00	-	17,580.00	8,344.77	9,235.23
Lease Purchase Payments - Energy Savings	255,701.00	256,701.00	512,402.00	512,402.00	-
Other Purchased Property Services	14,830.00	2,500.00	17,330.00	15,574.12	1,755.88
Insurance	68,643.00	11,401.00	80,044.00	80,018.00	26.00
Misc. Purchased Services (400-500 Series)	1,800.00	-	1,800.00	167.89	1,632.11
General Supplies	78,373.00	(4,401.00)	73,972.00	56,869.52	17,102.48
Energy(Natural Gas)	105,000.00	(14,500.00)	90,500.00	42,405.36	48,094.64
Energy(Electricity)	491,400.00	(71,500.00)	419,900.00	326,722.03	93,177.97
Other Objects	1,000.00	-	1,000.00	575.00	425.00
Total Undistributed Expenditures - Other Operations and Maintenance of Plant	<u>1,727,742.00</u>	<u>195,779.00</u>	<u>1,923,521.00</u>	<u>1,725,868.99</u>	<u>197,652.01</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	28,732.00	-	28,732.00	28,581.29	150.71
Cleaning, Repair, and Maintenance Services	15,500.00	4,000.00	19,500.00	15,183.73	4,316.27
General Supplies	10,900.00	3,500.00	14,400.00	13,780.67	619.33
Total Undistributed Expenditures - Care & Upkeep of Grounds	<u>55,132.00</u>	<u>7,500.00</u>	<u>62,632.00</u>	<u>57,545.69</u>	<u>5,086.31</u>
Undistributed Expenditures - Security					

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Salaries	86,120.00	2,016.00	88,136.00	83,167.20	4,968.80
Total Undistributed Expenditures - Security	<u>86,120.00</u>	<u>2,016.00</u>	<u>88,136.00</u>	<u>83,167.20</u>	<u>4,968.80</u>
Total Undistributed Expenditures					
Operations and Maintenance of Plant	<u>4,178,110.59</u>	<u>280,337.56</u>	<u>4,458,448.15</u>	<u>3,513,626.23</u>	<u>944,821.92</u>
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	57,656.00	7,512.00	65,168.00	47,796.91	17,371.09
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	61,000.00	1,220.00	62,220.00	62,220.00	-
Sal.- Pup. Trans. (Bet. Home & School) - Special Ed	65,229.00	12,964.37	78,193.37	76,910.51	1,282.86
Other Purchased Professional and Tech. Services	6,500.00	1,000.00	7,500.00	7,169.88	330.12
Cleaning, Repair, & Maint. Services	14,000.00	880.00	14,880.00	12,731.97	2,148.03
Rental Payments - School Buses	3,000.00	31,668.63	34,668.63	31,213.20	3,455.43
Contracted Services - (Bet. Home & School) - Vendors	893,835.00	82,890.00	976,725.00	974,527.21	2,197.79
Contracted Services - (Other than Home & Sch) - Vendors	97,151.00	30,300.00	127,451.00	104,259.10	23,191.90
Contr. Serv. - (Bet. Home & School) Joint Agrm.	4,800.00	-	4,800.00	-	4,800.00
Contr. Serv. - (Special Ed. Students) - Vendors	583,303.00	(91,351.00)	491,952.00	383,919.42	108,032.58
Contr. Serv. - (Spc Ed. Students) - Joint Agrmt	53,170.00	(36,500.00)	16,670.00	-	16,670.00
Contr. Serv. - Aid in Lieu Payments - NonPub School	61,880.00	9,500.00	71,380.00	61,430.27	9,949.73
General Supplies	30,850.00	(500.00)	30,350.00	10,652.82	19,697.18
Miscellaneous	3,500.00	-	3,500.00	1,534.55	1,965.45
Total Undistributed Expenditures - Student Transportation Services	<u>1,935,874.00</u>	<u>49,584.00</u>	<u>1,985,458.00</u>	<u>1,774,365.84</u>	<u>211,092.16</u>
Unallocated Benefits					
Social Security Contribution	239,000.00	24,871.69	263,871.69	263,871.69	-
Other Retirement Contributions - PERS	292,800.00	(8,371.69)	284,428.31	252,870.81	31,557.50
Workmen's Compensation	180,000.00	(72,708.00)	107,292.00	57,537.30	49,754.70
Health Benefits	3,124,050.00	(165,201.00)	2,958,849.00	2,571,014.15	387,834.85
Tuition Reimbursement	43,850.00	-	43,850.00	32,136.50	11,713.50
Other Employee Benefits	124,175.00	(86,367.90)	37,807.10	7,368.34	30,438.76
Total Unallocated Benefits	<u>4,003,875.00</u>	<u>(307,776.90)</u>	<u>3,696,098.10</u>	<u>3,184,798.79</u>	<u>511,299.31</u>
On-Behalf Contributions					
On-Behalf TPAF Pension Contribution (Non-Budgeted)	-	-	-	2,049,100.00	(2,049,100.00)
Reimbursed TPAF Social Security (Non-Budgeted)	-	-	-	775,953.28	(775,953.28)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,825,053.28</u>	<u>(2,825,053.28)</u>
Total Personal Services - Employee Benefits	<u>4,003,875.00</u>	<u>(307,776.90)</u>	<u>3,696,098.10</u>	<u>6,009,852.07</u>	<u>(2,313,753.97)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>27,245,277.83</u>	<u>(79,414.91)</u>	<u>27,165,862.92</u>	<u>27,723,334.78</u>	<u>(557,471.86)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>38,118,238.37</u>	<u>(86,646.91)</u>	<u>38,031,591.46</u>	<u>38,220,924.11</u>	<u>(189,332.65)</u>
CAPITAL OUTLAY					
Equipment					
Grades 1-5	-	7,545.00	7,545.00	4,045.00	3,500.00
Grades 6-8	24,983.83	-	24,983.83	24,983.83	-
Support Services - Related & Extraordinary	8,350.00	-	8,350.00	8,350.00	-
Undist. Expend. - Admin. Info. Tech. Equipment	20,255.70	2,200.00	22,455.70	22,427.70	28.00
Operation of Maintenance	8,648.00	35.00	8,683.00	8,683.00	-
Food Service	-	7,665.44	7,665.44	7,665.44	-
Total Equipment	<u>62,237.53</u>	<u>17,445.44</u>	<u>79,682.97</u>	<u>76,154.97</u>	<u>3,528.00</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	176,773.00	(97,973.40)	78,799.60	53,260.35	25,539.25
Construction Services	707,092.00	566,174.87	1,273,266.87	676,157.87	597,109.00
Other Objects	3,900.00	-	3,900.00	3,900.00	-
Total Facilities Acquisition and Construction Services	<u>887,765.00</u>	<u>468,201.47</u>	<u>1,355,966.47</u>	<u>733,318.22</u>	<u>622,648.25</u>
TOTAL CAPITAL OUTLAY	<u>950,002.53</u>	<u>485,646.91</u>	<u>1,435,649.44</u>	<u>809,473.19</u>	<u>626,176.25</u>

TOWNSHIP OF UPPER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
SPECIAL SCHOOLS					
Adult Education -Local- Instruction					
Salaries of Teachers	7,000.00	240.00	7,240.00	7,240.00	-
Other Purchased Services (400-500 Series)	800.00	2,000.00	2,800.00	2,020.00	780.00
General Supplies	1,000.00	-	1,000.00	469.85	530.15
Total Adult Education	<u>8,800.00</u>	<u>2,240.00</u>	<u>11,040.00</u>	<u>9,729.85</u>	<u>1,310.15</u>
Adult Education- Local- Support Services					
Salaries	6,000.00	(2,240.00)	3,760.00	-	3,760.00
Total Adult Education-Local-Support Serv.	<u>6,000.00</u>	<u>(2,240.00)</u>	<u>3,760.00</u>	<u>-</u>	<u>3,760.00</u>
TOTAL SPECIAL SCHOOLS	<u>14,800.00</u>	<u>-</u>	<u>14,800.00</u>	<u>9,729.85</u>	<u>5,070.15</u>
Transfer of Funds to Charter Schools	194,592.00	(17,000.00)	177,592.00	107,941.00	69,651.00
TOTAL EXPENDITURES	<u>39,277,632.90</u>	<u>382,000.00</u>	<u>39,659,632.90</u>	<u>39,148,068.15</u>	<u>511,564.75</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,416,622.90)</u>	<u>(382,000.00)</u>	<u>(4,798,622.90)</u>	<u>(864,277.05)</u>	<u>3,934,345.85</u>
Other Financing Sources and Uses:					
Increase in Capital Reserve	(1,750.00)		(1,750.00)		1,750.00
Operating Transfers In:					
Capital Project Interest			-	11.31	11.31
Total Other Financing Sources:	<u>(1,750.00)</u>	<u>-</u>	<u>(1,750.00)</u>	<u>11.31</u>	<u>1,761.31</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(4,418,372.90)	(382,000.00)	(4,800,372.90)	(864,265.74)	3,936,107.16
Fund Balance July 1	<u>7,573,700.00</u>		<u>7,573,700.00</u>	<u>7,573,700.00</u>	<u>-</u>
Fund Balance June 30	<u>3,155,327.10</u>	<u>(382,000.00)</u>	<u>2,773,327.10</u>	<u>6,709,434.26</u>	<u>3,936,107.16</u>
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,487,010.00	
Excess Surplus - Current Year				930,674.64	
Committed Fund Balance:					
Capital Reserve				1,084,968.00	
Maintenance Reserve				1,130,000.00	
Assigned Fund Balance					
Year-End Encumbrances				1,251,984.62	
Unassigned Fund Balance				<u>824,797.00</u>	
				6,709,434.26	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(978,294.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>5,731,140.26</u>	

TOWNSHIP OF UPPER SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 581,812.00	86,655.00	668,467.00	667,880.60	(586.40)
Total Revenues	581,812.00	86,655.00	668,467.00	667,880.60	(586.40)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	85,900.00	10,600.00	96,500.00	96,500.00	-
Tuition	407,297.00	63,706.00	471,003.00	471,003.00	-
General Supplies	51,024.00	(36,568.00)	14,456.00	14,456.00	-
Total Instruction	544,221.00	37,738.00	581,959.00	581,959.00	-
Support Services:					
Personal Services - Employee Benefits		27,299.00	27,299.00	27,299.00	-
Purchased Professional and Technical Services	37,591.00	(30,344.80)	7,246.20	7,246.20	-
Other Purchased Services (400-500 series)		31,425.49	31,425.49	31,425.49	-
Supplies & Materials		20,537.31	20,537.31	19,950.91	586.40
Total Support Services	37,591.00	48,917.00	86,508.00	85,921.60	586.40
Total Expenditures	581,812.00	86,655.00	668,467.00	667,880.60	586.40
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

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Notes to the Required Supplementary Information

TOWNSHIP OF UPPER SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2017

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

	General Fund	Special Revenue Fund	
Sources / inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 38,283,791.10	[C-2] \$ 667,880.60	
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
The Final State Aid payment for the Year Ended June 30, 2016 that was delayed until July 2016 was recorded as budgetary revenue for the Year Ended June 30, 2016 but is not recognized under GAAP until the Year Ended June 30, 2017.			
	971,663.00		
The Final State Aid payment for the Year Ended June 30, 2017 that was delayed until July 2017 was recorded as budgetary revenue for the Year Ended June 30, 2017 but is not recognized under GAAP until the Year Ended June 30, 2018.			
	(978,294.00)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>38,277,160.10</u>	[B-2] <u>667,880.60</u>	
Uses / outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 39,148,068.15	[C-2] 667,880.60	
Difference - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes.			
		-	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 39,148,068.15</u>	[B-2] <u>\$ 667,880.60</u>	

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Required Supplementary Information – Part III

TOWNSHIP OF UPPER SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.02732247890%	0.0240421488%	0.0268356223%	0.0261585060%
District's proportionate of the net pension liability (asset)	8,092,135	\$ 5,396,981	\$ 5,024,362	\$ 4,999,410
District's covered payroll	2,008,124	\$ 2,017,575	\$ 1,716,833	\$ 1,823,408
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	402.97%	267.50%	292.65%	274.18%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

TOWNSHIP OF UPPER SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	244,059	\$ 206,698	\$ 197,099	\$ 208,838
Contributions in relation to the contractually required contribution	<u>244,059</u>	<u>206,698</u>	<u>197,099</u>	<u>208,838</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,008,124	\$ 2,017,575	\$ 1,716,833	\$ 1,823,408
Contributions as a percentage of covered-employee payroll	12.15%	10.24%	11.48%	11.45%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

TOWNSHIP OF UPPER SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>74,543,014</u>	<u>61,681,017</u>	<u>51,101,385</u>	<u>49,189,666</u>
Total	<u>\$ 74,543,014</u>	<u>\$ 61,681,017</u>	<u>\$ 51,101,385</u>	<u>\$ 49,189,666</u>
District's covered payroll	10,694,063	\$ 10,444,234	\$ 9,517,531	\$ 9,644,148
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

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Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

	Title I Part A	Title IIA	IDEA	IDEA Preschool	Totals 2017
REVENUES:					
Federal Sources	\$ 156,255.00	40,622.60	454,445.00	16,558.00	667,880.60
Total Revenues	<u>156,255.00</u>	<u>40,622.60</u>	<u>454,445.00</u>	<u>16,558.00</u>	<u>667,880.60</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	96,500.00		454,445.00	16,558.00	96,500.00
Tuition					471,003.00
General Supplies	14,456.00				14,456.00
Total Instruction	<u>110,956.00</u>	<u>-</u>	<u>454,445.00</u>	<u>16,558.00</u>	<u>581,959.00</u>
Support Services:					
Personal Services - Employee Benefits	27,299.00				27,299.00
Purchased Professional and Technical Services		7,246.20			7,246.20
Other Purchased Services (400-500 series)	18,000.00	13,425.49			31,425.49
Supplies & Materials		19,950.91			19,950.91
Total Support Services	<u>45,299.00</u>	<u>40,622.60</u>	<u>-</u>	<u>-</u>	<u>85,921.60</u>
Other Financing Sources (Uses)					
None	-	-	-	-	-
Total Expenditures	<u>156,255.00</u>	<u>40,622.60</u>	<u>454,445.00</u>	<u>16,558.00</u>	<u>667,880.60</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

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CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

TOWNSHIP OF UPPER SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2017
			Prior Years	Current Year	
HVAC & Electrical Upgrades - Primary School	8/27/2014	\$ 3,316,233.00	\$ 2,909,569.00	\$ 313,149.44	\$ 93,514.56
		<u>\$ 3,316,233.00</u>	<u>\$ 2,909,569.00</u>	<u>\$ 313,149.44</u>	<u>\$ 93,514.56</u>

TOWNSHIP OF UPPER SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Year Ended June 30, 2017

Revenues and Other Financing Sources	
State Sources	
School Construction Corporation Grant	\$ -
Total revenue	-
Expenditures and Other Financing Uses	
Purchased professional and technical services	-
Construction Services	313,149.44
Total expenditures	313,149.44
Deficiency of revenues over expenditures	(313,149.44)
Other Financing Sources/(Uses)	
Transfers in	-
Fund balance - beginning	406,664.00
Fund balance - ending	\$ 93,514.56

TOWNSHIP OF UPPER SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
HVAC & Electrical Upgrades - Primary School
From Inception and for the Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources				
School Development Authority	\$ 1,326,493.00	\$ -	\$ 1,326,493.00	\$ 1,326,493.00
Bond proceeds and transfers				
Transfers from General Fund	1,989,740.00	-	1,989,740.00	1,989,740.00
Total revenue	<u>3,316,233.00</u>	<u>-</u>	<u>3,316,233.00</u>	<u>3,316,233.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	238,719.00		238,719.00	326,493.00
Construction services	<u>2,670,850.00</u>	<u>313,149.44</u>	<u>2,983,999.44</u>	<u>2,989,740.00</u>
Total expenditures	<u>2,909,569.00</u>	<u>313,149.44</u>	<u>3,222,718.44</u>	<u>3,316,233.00</u>
Excess of revenues over expenditures	<u>\$ 406,664.00</u>	<u>\$ (313,149.44)</u>	<u>\$ 93,514.56</u>	<u>\$ -</u>

Additional project information:

Project number	5340-055-14-1003
Grant date	8/27/2014
Bond authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 3,316,233.00
Additional authorized cost	\$ -
Revised authorized cost	\$ 3,316,233.00
Percentage increase over original cost	0%
Percentage completion	97%
Original target completion date	9/30/2015
Revised target completion date	2017

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FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Unemployment Compensation Fund - This Trust Fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

TOWNSHIP OF UPPER SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 80,558.21	105,230.12	185,788.33
Total Assets	<u>80,558.21</u>	<u>105,230.12</u>	<u>185,788.33</u>
LIABILITIES			
Payable to Student Groups	-	100,253.92	100,253.92
Accounts Payable	124.11		124.11
Payroll Deductions & Withholdings	-	4,976.20	4,976.20
Total Liabilities	<u>124.11</u>	<u>105,230.12</u>	<u>105,354.23</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 80,434.10</u>		80,434.10
Total Net Position			<u>80,434.10</u>
Total Liabilities and Net Position			<u><u>185,788.33</u></u>

TOWNSHIP OF UPPER SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 32,950.68	32,950.68
Total Contributions	<u>32,951</u>	<u>32,950.68</u>
Investments Earnings:		
Interest	98.06	98.06
Net Investment Earnings	<u>98.06</u>	<u>98.06</u>
Total Additions	<u>33,048.74</u>	<u>33,048.74</u>
Deductions		
Unemployment Claims	13,913.64	13,913.64
Total Deductions	<u>13,913.64</u>	<u>13,913.64</u>
Change in Net Position	19,135.10	19,135.10
Net Position - Beginning of the Year	<u>61,299.00</u>	<u>61,299.00</u>
Net Position - End of the Year	<u>\$ 80,434.10</u>	<u>80,434.10</u>

TOWNSHIP OF UPPER SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Primary School	\$ 20,869.00	24,877.38	25,757.55	19,988.83
Elementary School	29,569.00	30,594.59	31,706.86	28,456.73
Middle School	38,977.00	106,948.83	94,117.47	51,808.36
Total Assets	<u>\$ 89,415.00</u>	<u>162,420.80</u>	<u>151,581.88</u>	<u>100,253.92</u>

TOWNSHIP OF UPPER SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 3,712.00	15,568,478.05	15,567,213.85	4,976.20
Total Assets	<u>3,712.00</u>	<u>15,568,478.05</u>	<u>15,567,213.85</u>	<u>4,976.20</u>
LIABILITIES:				
Payroll Deductions & Withholding	3,712.00	7,263,820.82	7,262,556.62	4,976.20
Net Pay	-	8,304,657.23	8,304,657.23	-
Total Liabilities	<u>\$ 3,712.00</u>	<u>15,568,478.05</u>	<u>15,567,213.85</u>	<u>4,976.20</u>

Statistical Section

UPPER TOWNSHIP SCHOOL DISTRICT
 Net Position by Component,
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	8,450,065	7,916,718	7,732,637	8,349,822	8,162,119	8,925,047	10,389,753	10,665,433	9,969,674	12,576,610
Restricted	(24,887)	434,428	705,158	1,112,321	1,573,167	2,020,091	1,785,954	1,726,565	2,390,906	5,039,317
Unrestricted*	233,991	57,779	405,553	872,221	2,221,324	1,772,393	(1,714,209)	601,104	1,628,102	(5,319,666)
Total governmental activities net position	8,659,169	8,408,925	8,843,348	10,334,364	11,956,610	12,717,531	10,461,498	12,993,102	13,988,682	12,296,260
Business-type activities										
Invested in capital assets, net of related debt	11,639	6,984	4,988	6,868	5,211	3,555	1,898	536	-	3,687
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	93,929	59,900	71,506	68,826	127,240	203,389	278,538	348,969	456,641	490,907
Total business-type activities net position	105,568	66,884	76,474	75,694	132,451	206,944	280,436	349,505	456,641	494,594
District-wide										
Invested in capital assets, net of related debt	8,461,704	7,923,702	7,737,605	8,356,690	8,167,330	8,928,602	10,391,651	10,665,969	9,969,674	12,580,297
Restricted	(24,887)	434,428	705,158	1,112,321	1,573,167	2,020,091	1,785,954	1,726,565	2,390,906	5,039,317
Unrestricted	327,920	117,679	477,059	941,047	2,348,564	1,975,782	(1,435,671)	950,073	2,084,743	(4,828,760)
Total district net position	8,764,737	8,475,809	8,919,822	10,410,058	12,089,061	12,924,475	10,741,934	13,342,607	14,445,323	12,790,854

* - Restated Unrestricted in 2014 for the effects of GASB 68

Source: CAFR Schedule A-1

UPPER TOWNSHIP SCHOOL DISTRICT
 Changes in Net Position,
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Instruction:										
Regular	8,960,480	9,533,683	9,470,799	9,377,274	8,920,874	8,341,566	8,857,017	10,405,256	11,177,513	13,395,377
Special education	2,821,074	2,776,914	3,079,127	2,935,387	2,961,941	2,645,265	3,034,663	3,244,159	3,512,911	3,880,901
Other special education	760,661	875,847	1,163,909	905,708	761,682	733,037	883,008	1,220,260	1,332,906	1,739,797
Support Services:										
Tuition	14,465,731	13,301,431	13,342,810	12,549,057	12,167,396	13,741,490	10,023,586	10,005,740	11,635,035	11,768,554
Student & instruction related services	2,389,854	3,251,984	2,442,002	2,412,985	2,835,879	2,780,593	3,076,178	3,442,238	4,055,337	4,976,640
General administrative services	580,264	686,650	682,330	644,043	739,592	597,337	679,856	882,085	901,095	739,512
School administrative services	873,634	894,010	1,041,241	1,028,187	1,024,769	905,603	914,407	1,068,419	1,157,392	1,213,289
Business administrative services	470,226	550,180	716,448	643,626	682,479	567,572	622,911	719,734	778,196	768,948
Plant operations and maintenance	1,878,886	1,974,344	2,049,605	1,585,791	2,229,622	2,467,023	2,900,311	3,195,915	3,817,651	5,188,214
Pupil transportation	1,906,262	1,917,357	1,526,923	1,705,324	1,558,054	2,071,843	2,364,623	2,386,717	2,564,212	1,774,366
Capital Outlay						61,078	21,375	11,658	103,640	-
Special schools	36,121	29,286	26,197	8,332	17,284	12,651	15,590	13,517	12,651	9,730
Charter Schools	31,931	44,077	64,674	48,440	61,595	52,619	78,068	65,198	68,942	107,941
Interest on long-term debt	72,616	40,394	32,737	21,147	-	-	-	-	-	-
Total governmental activities expenses	35,247,740	35,876,157	35,638,802	33,865,302	33,981,167	34,979,781	33,571,593	36,680,896	41,117,381	45,563,278
Business-type activities:										
Food service	473,459	503,923	482,235	468,002	418,085	374,212	317,304	332,998	310,401	311,338
KEYS	164,539	175,579	163,819	154,359	165,905	157,116	165,287	164,184	189,216	187,167
Total business-type activities expenses	637,998	679,502	646,054	622,361	583,990	531,328	482,591	497,182	499,617	498,505
Total district expenses	35,885,738	36,555,659	36,284,856	34,487,663	34,545,157	35,511,109	34,054,184	37,188,078	41,616,998	46,061,783
Program Revenues										
Governmental activities:										
Charges for services:										
Pupil transportation	169,535	142,056	100,644	68,377	67,092	722,287	861,074	911,745	1,045,148	1,384,531
Operating grants and contributions	694,127	765,813	895,595	1,040,729	1,470,366	714,400	681,614	3,311,000	4,444,958	8,339,149
Capital grants and contributions	154,392	156,711	149,565	128,392	-	-	-	-	-	79,589
Total governmental activities program revenues	1,018,054	1,064,580	1,145,804	1,237,498	1,537,458	1,436,687	1,542,688	4,222,745	5,490,106	9,803,269
Business-type activities:										
Charges for services:										
Food service	332,642	325,746	330,419	318,736	289,624	239,783	212,886	212,071	210,350	190,376
KEYS	195,853	173,041	161,302	156,339	219,032	226,000	217,506	222,293	265,566	239,476
Operating grants and contributions	124,844	141,158	162,145	144,942	131,443	139,730	131,414	131,414	130,245	121,190
Total business-type activities program revenue	653,339	639,945	653,866	620,017	640,099	605,513	561,776	565,778	606,161	551,041
Total district program revenue	1,671,393	1,704,525	1,799,670	1,857,515	2,177,557	2,042,200	2,104,464	4,788,523	6,096,267	10,354,310
Net (Expense)/Revenue										
Governmental activities	(34,229,686)	(34,811,577)	(34,492,998)	(32,627,804)	(32,423,709)	(33,543,094)	(32,028,905)	(32,468,151)	(35,627,275)	(35,760,008)
Business-type activities	15,341	(39,557)	7,812	(2,344)	56,109	74,185	79,185	68,596	106,545	52,536
Total district-wide net expense	(34,214,345)	(34,851,134)	(34,485,186)	(32,630,148)	(32,367,600)	(33,468,909)	(31,949,720)	(32,399,555)	(35,520,731)	(35,707,472)

UPPER TOWNSHIP SCHOOL DISTRICT
 Changes in Net Position,
 Last Ten Fiscal Years
 (actual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	19,667,131	20,882,604	21,717,908	21,683,008	22,100,328	21,928,000	22,813,892	22,975,000	23,200,000	23,664,000
Taxes levied for debt service	585,622	286,622	293,156	278,902	290,743	-	-	-	-	-
Unrestricted grants and contributions	12,132,135	12,541,736	11,762,715	11,812,942	10,830,328	11,854,449	11,598,394	11,894,785	13,310,259	10,311,872
Municipal Surplus	-	-	-	-	-	-	-	-	-	-
Tuition	668,989	681,701	649,545	820,274	773,600	-	-	-	-	-
Cancellation of Prior Year Accounts Payable	378,820	336,258	137,010	332,296	123,821	263,504	162,897	129,970	112,596	91,714
Miscellaneous income	12,000	20,000	1,000	-	-	-	-	-	-	-
Transfers	33,444,707	34,748,921	34,561,334	34,927,422	34,118,820	34,045,953	34,575,183	34,999,755	36,622,855	34,067,587
Total governmental activities	5,211	3,678	1,871	1,778	1,563	649	361	473	591	636
Business-type activities:										
Investment earnings	(12,000)	(20,000)	(1,000)	-	-	-	(6,052)	-	-	(15,219)
Prior Year's Accounts Payable	(6,789)	(16,322)	871	1,778	1,563	649	(5,691)	473	591	(14,583)
Transfers	33,437,918	34,732,559	34,562,205	34,929,200	34,120,383	34,046,602	34,569,492	35,000,228	36,623,446	34,053,004
Total business-type activities	(784,979)	(62,656)	68,336	2,299,618	1,695,111	502,859	2,546,278	2,531,604	995,580	(1,692,422)
Changes in Net Position	8,552	(55,879)	8,683	(566)	57,672	74,834	73,494	69,069	107,136	37,953
Governmental activities	(776,427)	(118,535)	77,019	2,299,052	1,752,783	577,693	2,619,772	2,600,673	1,102,716	(1,654,469)
Business-type activities										
Total district										

Source: CAFR Schedule A-2

UPPER TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted										
Committed	-	-	-	1,710,811	1,573,167	2,020,091	1,770,961	1,726,565	2,390,906	2,417,685
Assigned				807,503	1,125,003	1,725,003	2,225,003	2,586,803	3,035,003	2,214,968
Unassigned					1,759,877	773,610	1,348,884	1,501,757	1,176,128	1,251,985
Reserved	1,656,329	1,569,679	2,559,846				14,993	-	-	(153,497)
Unreserved	163,265	(341,728)	(879,200)							
Total general fund	1,819,594	1,227,951	1,680,646	2,518,314	4,458,047	4,518,704	5,359,841	5,815,125	6,602,037	5,731,140
All Other Governmental Funds										
Restricted										
Debt Service Fund										
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Debt service fund	513	1,525	13,970							93,515
Permanent fund										
Total all other governmental funds	513	1,525	13,970	12,958	-	-	-	1,860,035	327,075	406,664

Beginning with fiscal year ended June 30, 2011 the District was required to comply with GASB 54, which required a change in the method of presentation of fund balances.

Source: CAFR Schedule B-1

UPPER TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	21,169,226	22,011,064	21,961,910	22,391,071	21,928,000	22,366,560	22,813,892	22,975,000	23,200,000	23,664,000
Municipal Surplus	-	-	-	-	-	-	-	-	-	-
Tuition charges	760,990	728,835	899,564	773,600	701,995	666,363	669,893	838,772	962,741	1,319,383
Transportation charges	169,535	142,056	100,644	68,377	67,092	55,924	191,181	72,973	82,407	65,149
Miscellaneous	336,258	137,010	332,296	123,821	263,504	81,432	162,897	129,970	112,596	91,714
State sources	12,696,810	11,919,426	10,926,033	10,958,720	11,480,189	11,819,451	11,552,478	12,378,998	13,800,007	13,185,392
Federal sources	693,445	680,018	1,931,069	1,040,729	1,142,631	715,334	727,530	604,660	713,504	699,003
Local Sources	85,795	1,000	35,583,411	35,357,318	35,583,411	35,705,064	36,117,871	37,000,373	38,871,255	39,024,641
Total revenue	35,826,264	35,618,409	36,237,311	35,357,318	35,583,411	35,705,064	36,117,871	37,000,373	38,871,255	39,024,641
Expenditures										
Instruction:										
Regular instruction	6,298,933	6,966,720	6,579,492	6,958,399	6,452,129	7,501,056	6,856,387	7,220,134	7,383,314	7,804,698
Special education instruction	2,188,737	2,208,734	2,374,628	2,258,803	2,135,144	2,211,028	2,289,941	2,251,099	2,320,456	2,261,173
Other special education instruction	540,257	641,990	807,595	662,264	549,066	612,705	666,314	846,730	880,452	1,013,677
Support Services:										
Tuition	14,754,407	14,296,649	13,502,293	12,549,057	12,167,396	11,485,737	10,023,586	10,005,740	11,635,035	11,768,554
Student & instruction related services	1,754,640	1,885,722	1,971,591	1,834,636	2,044,270	2,324,141	2,321,268	2,388,544	2,678,756	2,899,595
General administrative services	468,430	579,503	556,205	552,179	533,142	499,280	513,016	619,012	595,219	500,821
School administrative services	695,476	727,923	712,775	737,922	491,971	759,942	690,007	755,246	764,516	821,685
Business administrative services	348,120	396,982	509,834	471,356	738,715	474,402	470,046	499,418	514,038	520,756
Plant operations and maintenance	1,678,473	1,812,015	1,715,646	1,843,874	1,982,349	2,231,973	2,188,560	2,217,623	2,521,752	3,513,626
Pupil transportation	1,873,525	1,885,470	1,496,490	1,511,995	1,516,354	1,731,737	1,784,333	1,656,126	1,693,792	1,774,366
Unallocated employee benefits	4,413,828	4,246,639	4,644,423	4,347,255	4,612,836	5,026,739	4,912,030	5,238,519	5,708,451	6,009,852
Special schools	27,143	20,837	18,074	6,155	10,788	12,333	11,764	9,380	8,355	9,730
Charter Schools	31,931	44,077	64,674	48,440	61,596	52,619	78,068	65,198	68,842	107,941
Capital outlay	106,049	133,719	317,633	317,180	360,883	1,490,683	2,471,414	912,285	2,844,325	809,473
Debt service:										
Principal	363,000	387,580	375,000	399,000	-	-	-	-	-	-
Interest and other charges	80,416	61,274	41,022	21,147	-	-	-	-	-	-
Total Expenditures	35,623,365	36,295,834	35,687,375	34,519,662	33,656,638	36,411,375	35,276,734	34,685,054	39,617,303	39,815,949
Excess (Deficiency) of revenues over (under) expenditures	202,899	(677,425)	549,936	837,656	1,926,773	(706,311)	841,137	2,315,319	(746,048)	(791,308)
Other Financing Sources (Uses)										
Bond and Lease Proceeds	20,000	1,000	1,000	-	-	731,330	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year Accounts Payable	-	-	-	35,638	-	-	-	-	-	-
Total other financing sources (uses)	20,000	1,000	1,000	35,638	-	766,968	-	-	-	-
Net change in fund balances	222,899	(676,425)	550,936	837,656	1,926,773	60,657	841,137	2,315,319	(746,048)	(791,308)
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

UPPER TOWNSHIP SCHOOL DISTRICT
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Municipal Surplus	Tuition Revenue	Transportation Revenue	Interest on Investments	Community Education Fees	Miscellaneous	Totals
2008	-	760,990	169,535	185,469	21,475	129,313	1,266,782
2009	-	728,835	142,056	77,536	21,144	38,330	1,007,901
2010	-	899,564	100,644	98,543	27,197	206,556	1,332,504
2011	-	773,600	68,377	65,876	10,561	47,384	965,798
2012	-	701,995	67,092	31,599	19,683	212,214	1,032,583
2013	-	666,363	55,924	12,337	15,201	81,432	831,257
2014	-	669,893	191,181	12,060	12,151	138,686	1,023,971
2015	-	838,772	72,973	13,771	14,042	102,157	1,041,715
2016	-	962,741	82,407	-	-	112,596	1,157,744
2017	-	1,319,383	65,149	-	-	91,703	1,476,235

Source: District Records

UPPER TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
2008	106,083,800	1,916,690,500	14,202,100	531,400	194,482,400	25,986,700	1,246,700	2,259,223,600	6,985,529	2,266,209,129	0.972	2,190,231,314
2009	100,064,300	1,914,369,900	13,379,300	441,900	198,697,500	24,019,300	1,369,500	2,252,341,700	6,696,647	2,259,038,347	0.974	2,224,974,513
2010	90,746,500	1,897,263,600	14,681,600	1,487,200	204,273,800	24,019,300	1,115,200	2,233,587,200	6,688,992	2,240,276,192	0.980	2,209,366,894
2011	89,391,100	1,901,222,300	13,167,600	455,500	204,294,500	24,019,300	1,115,200	2,233,665,500	6,327,264	2,239,992,764	0.979	2,180,136,713
2012	83,753,100	1,885,358,600	12,790,900	466,700	203,823,700	24,019,300	1,132,200	2,211,344,500	6,237,698	2,217,582,198	1.009	2,121,045,983
2013	79,424,700	1,862,085,800	13,171,400	495,700	200,508,000	24,019,300	1,404,600	2,181,109,500	5,122,905	2,186,232,405	1.044	1,995,140,912
2014	75,968,300	1,840,681,400	12,545,300	511,700	198,419,400	24,019,300	3,279,300	2,155,424,700	4,322,083	2,159,746,783	1.064	1,901,835,701
2015	67,165,500	1,487,098,100	10,247,300	525,300	197,528,800	16,992,600	2,224,500	1,781,782,100	4,411,317	1,786,193,417	1.299	1,933,545,452
2016	67,137,400	1,482,490,400	8,029,200	502,200	199,925,300	16,992,600	2,049,500	1,786,126,600	4,097,961	1,790,224,561	1.322	1,940,116,125
2017	64,422,300	1,562,607,700	8,237,800	505,500	199,004,300	16,992,600	1,048,800	1,852,819,000	4,113,457	1,856,932,457	1.293	1,973,679,725

R = Revaluation

Source: County Abstract of Ratables & Municipal Tax Assessor

UPPER TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	UPPER TOWNSHIP SCHOOL DISTRICT			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General		County General	County Library	County Open Space	Municipal Local Purpose	
		Obligation Debt Service	Total Direct					
2008	0.946	0.026	0.972	0.147	0.029	0.010	-	1.158
2009	0.961	0.013	0.974	0.160	0.029	0.010	-	1.173
2010	0.967	0.013	0.980	0.160	0.029	0.010	-	1.179
2011	0.967	0.012	0.979	0.177	0.029	0.010	0.094	1.289
2012	0.996	0.013	1.009	0.184	0.028	0.010	0.094	1.325
2013	1.043	-	1.043	0.186	0.027	0.010	0.094	1.360
2014	1.063	-	1.063	0.184	0.026	0.009	0.125	1.407
2015	1.299	-	1.299	0.232	0.032	0.011	0.151	1.725
2016	1.322	-	1.322	0.236	0.032	0.011	0.171	1.772
2017	1.293	-	1.293	0.233	0.036	0.011	0.171	1.744

Source: District Records and Municipal Tax Collector

**UPPER TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	21,169,226.00	21,169,226.00	100%	-
2009	22,011,064.00	22,011,064.00	100%	-
2010	21,961,910.00	21,961,910.00	100%	-
2011	22,391,071.00	22,391,071.00	100%	-
2012	21,928,000.00	21,928,000.00	100%	-
2013	22,366,560.00	22,366,560.00	100%	-
2014	22,813,892.00	22,813,892.00	100%	-
2015	22,975,000.00	22,975,000.00	100%	-
2016	23,200,000.00	23,200,000.00	100%	-
2017	23,664,000.00	23,664,000.00	100%	-

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

UPPER TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita Personal Income *
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2008	1,149,000	223,592	25,580	1,398,172	0.00902%	46,747
2009	774,000	828,430	-	1,602,430	0.00907%	46,005
2010	399,000	592,413	-	991,413	0.00808%	47,498
2011	-	75,354	-	75,354	0.00814%	46,329
2012	-	30,380	-	30,380	0.00814%	47,498
2013	-	129,165	-	129,165	0.00817%	48,694
2014	-	-	-	-	0.00821%	52,276
2015	-	-	-	-	0.00826%	53,932
2016	-	-	-	-	0.00832%	51,912
2017	-	-	-	-	0.00835%	53,309

* = Data shown is for the entire County of Cape May.

Source: District CAFR Schedules I-1, I-2

UPPER TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions			
2008	\$ 1,149,000	\$	\$ 1,149,000	0.05%	\$ 46,747
2009	774,000		774,000	0.03%	46,005
2010	399,000		399,000	0.02%	47,498
2011	-		-	0.00%	46,329
2012	-		-	0.00%	47,498
2013	-		-	0.00%	48,694
2014	-		-	0.00%	52,276
2015	-		-	0.00%	53,932
2016	-		-	0.00%	51,912
2017	-		-	0.00%	53,309

UPPER TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt,
As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Upper	\$ 7,412,385	100.00%	\$ 7,412,385
Other Debt			
County of Cape May	\$ 226,540,860	4.15%	9,401,446
Subtotal, Overlapping Debt			16,813,831
School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 16,813,831

UPPER TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Equalized valuation basis	
2016	\$ 1,898,609,777
2015	1,930,215,686
2014	1,925,345,869
	<u>\$ 5,754,171,332</u>

Average equalized valuation of taxable property	\$ 1,918,057,111
Debt limit (3% of average)	57,541,713
Net bonded school debt	-
Legal debt margin	<u>\$ 57,541,713</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	58,973,530	64,591,216	66,276,248	66,325,461	65,362,088	63,339,605	60,758,885	58,657,989	57,750,454	57,541,713
Total net debt applicable to limit	774,000	399,000	-	-	-	-	-	-	-	-
Legal debt margin	58,199,530	64,192,216	66,276,248	66,325,461	65,362,088	57,824,530	60,758,885	58,657,989	57,750,454	57,541,713

Total net debt applicable to the limit as a percentage of debt limit	1.31%	0.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Source: Abstract of Rates and District Records.

**UPPER TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2008	11,089	518,377	46,747	1.9%
2009	11,030	507,435	46,005	2.4%
2010	12,371	587,598	47,498	3.5%
2011	12,286	569,198	46,329	3.7%
2012	12,286	583,560	47,498	3.9%
2013	12,247	596,355	48,694	4.2%
2014	12,187	637,088	52,276	9.5%
2015	12,113	653,278	53,932	8.0%
2016	12,014	623,671	51,912	7.6%
2017	11,976	638,429	53,309	6.6%

UPPER TOWNSHIP SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment

This information is not Available

UPPER TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/Program</u>										
Instruction:										
Regular instruction	103	101	93	93	94	96	99	111	111	115
Special education instruction	38	39	48	46	40	38	42	30	32	32
Support Services:										
Student & instruction related services	28	27	23	24	26	31	37	43	43	41
General administrative services	4	4	3	3	3	3	3	3	3	3
School administrative services	12	12	12	13	12	12	11	11	11	12
Business administrative services	6	6	6	6	7	6	6	6	6	5
Plant operations and maintenance	32	31	32	33	32	25	29	31	31	29
Pupil transportation	2	2	2	2	4	4	8	10	10	8
Child Care	1	1	1	1	1	1	1	1	1	1
Total	226	223	220	221	219	216	236	246	248	246

Source: District Personnel Records

UPPER TOWNSHIP SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary School	Elementary School	Middle School				
2008	2,387	35,073,900	14,694	6.86%	120	13:1	14:1	12:1	1,573	1,490	-0.94%	94.72%
2009	2,302	35,713,261	15,514	5.58%	118	12:1	13:1	13:1	1,529	1,447	-2.80%	94.64%
2010	2,212	34,953,720	15,802	1.86%	121	13:1	11:1	11:1	1,472	1,392	-3.73%	94.57%
2011	2,161	33,782,335	15,633	-1.07%	118	11:1	11:1	12:1	1,434	1,352	-2.58%	94.28%
2012	2,149	33,295,755	15,494	-0.89%	117	11:1	11:1	12:1	1,407	1,340	-1.88%	95.24%
2013	2,051	34,920,692	17,026	9.89%	114	11:1	11:1	12:1	1,404	1,324	-0.21%	94.30%
2014	2,025	32,805,320	16,200	-4.85%	118	12:1	12:1	11:1	1,369	1,326	-2.49%	96.86%
2015	2,079	33,772,769	16,245	0.28%	117	12:1	12:1	11:1	1,408	1,341	2.85%	95.24%
2016	2,040	36,772,978	18,026	10.97%	120	12:1	12:1	11:1	1,423	1,356	1.07%	95.29%
2017	2,018	39,006,476	19,329	7.23%	126	11:1	12:1	11:1	1,412	1,336	-0.77%	94.62%

Source: District records

UPPER TOWNSHIP SCHOOL DISTRICT
School Building Information,
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Buildings</u>										
<u>Elementary</u>										
Primary School - 1990										
Square Feet	84,825	84,825	84,825	84,825	84,825	84,825	84,825	84,825	84,825	84,825
Capacity (students)	613	613	613	613	613	613	613	613	613	613
Enrollment	475	465	481	456	471	398	464	487	498	498
Elementary School - 1952										
Square Feet	69,607	69,607	69,607	69,607	69,607	69,607	69,607	69,607	69,607	69,607
Capacity (students)	488	488	488	488	488	488	488	488	488	488
Enrollment	444	417	411	386	471	428	423	458	440	440
<u>Middle School</u>										
Middle School - 1973										
Square Feet	94,264	94,264	94,264	94,264	94,264	94,264	94,264	94,264	94,264	94,264
Capacity (students)	652	652	652	652	652	652	652	652	652	652
Enrollment	581	563	514	518	496	482	478	475	485	485
<u>Other</u>										
Modular Classrooms (4)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	78	67	71	74	-	-	-	-	-	-

Number of Schools at June 30, 2017
 Elementary - 2
 Middle - 1
 Other - 0

Source: District Records, ASSA

UPPER TOWNSHIP SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities,
Last Ten Fiscal Years
(Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary School	N/A	110,601	144,610	99,382	206,273	356,870	221,526	225,519	319,101	420,199	708,229
Elementary School	N/A	68,976	128,477	97,469	104,114	171,895	414,516	262,457	100,976	136,809	230,586
Middle School	N/A	134,471	165,950	131,230	114,085	115,736	124,429	218,770	316,428	420,199	708,229
Total School Facilities		314,048	439,037	328,081	424,472	644,501	760,471	706,746	736,505	977,207	1,647,044
Other Facilities	N/A	5,417	15,468	-	-	-	-	-	-	-	-
Grand Total		319,465	454,505	328,081	424,472	644,501	760,471	706,746	736,505	977,207	1,647,044

Source: District Records

UPPER TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Type of Coverage	Amount of Coverage	Deductible
School Package Policy		
Property - Blanket Buildings & Contents	\$ 175,000,000	\$ \$ 500
Comprehensive General Liability	20,000,000	
Legal Liability	20,000,000	
Commercial Crime	50,000	\$ 500
School Board Legal Liability	20,000,000	
Workers Compensation	Statutory	
Environmental Impairment Liability	3,000,000	\$25,000 / \$100,000

Source: District Records

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Township of Upper School District
County of Cape May
Upper Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Upper School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Township of Upper School District's basic financial statements, and have issued our report thereon dated October 27, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 27, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Township of Upper School District
County of Cape May, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Upper School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB *Circular Uniform Guidance*; and New Jersey 15-08 *State Aid/Grant Compliance Supplement*. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Upper School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Licensed Public School Accountant
No. 2080

October 27, 2017

TOWNSHIP OF UPPER SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Source		Total	Balance at June 30, 2017	
									Pass Through	Direct		(Accounts Receivable)	Deferred Revenue
U.S. Department of Education													
Passed-Through State Department													
Education:													
General Fund:													
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	\$ 31,122	7/1/2015	6/30/2016	-	31,122	(31,122)	-	(31,122)	-	-
Total General Fund								31,122	(31,122)	-	(31,122)	-	-
U.S. Department of Education													
Passed-Through State Department													
Education:													
Special Revenue Fund:													
Title I													
Title I	84.010	S010A150030	NCLB 15	96,997	7/1/2014	6/30/2015	(82,175)	-	(156,255)	-	(156,255)	(238,430)	-
Title I	84.010	S010A150030	NCLB 16	156,255	7/1/2015	6/30/2016	-	-	-	-	-	-	-
Title IIA	84.367A	S010A150029	NCLB 15	45,224	7/1/2014	6/30/2015	(9,284)	-	(40,623)	-	(40,623)	(49,907)	-
Title IIA	84.367A	S010A150029	NCLB 16	40,623	7/1/2015	6/30/2016	-	-	-	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027A	S027A150100	FT-0110	443,326	7/1/2014	6/30/2015	-	-	(454,445)	-	(454,445)	(454,445)	-
I.D.E.A. Part B, Basic Regular	84.027A	S027A150100	FT-0110	454,445	7/1/2015	6/30/2016	-	-	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	S173A150114	FT-0110	15,934	7/1/2014	6/30/2015	-	-	(16,558)	-	(16,558)	(16,558)	-
I.D.E.A. Part B, Preschool	84.173	S173A150114	FT-0110	16,558	7/1/2015	6/30/2016	(91,459)	-	(667,881)	-	(667,881)	(759,340)	-
Total Special Revenue Fund								-	(667,881)	-	(667,881)	(759,340)	-
U.S. Department of Education													
Passed-through State Department													
of Education:													
Enterprise Fund:													
National School Lunch Program	10.555	16161NJ304N1099	N/A	81,446	7/1/2015	6/30/2016	(15,687)	15,687	-	-	-	-	-
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7,917	7/1/2015	6/30/2016	(1,942)	1,942	-	-	-	-	-
National School Lunch Program	10.555	16171NJ304N1099	N/A	77,314	7/1/2016	6/30/2017	-	72,647	(77,314)	(77,314)	(4,667)	-	-
National School Breakfast Program	10.553	16171NJ304N1099	N/A	6,531	7/1/2016	6/30/2017	-	6,030	(6,531)	(6,531)	(501)	-	-
Food Distribution Program	10.550	16171NJ304N1099	N/A	34,509	7/1/2015	6/30/2016	(17,629)	34,509	(34,509)	(34,509)	-	-	-
Total Enterprise Fund								130,815	(118,354)	(118,354)	(5,169)	-	-
Total Federal Financial Awards								161,937	(817,357)	(817,357)	(764,508)	-	-

TOWNSHIP OF UPPER SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017		Due to Grantor at	Budgetary Receivable	MEMO	Cumulative Total Expenditures
			From	To								(Accounts Receivable)	Deferred Revenue/				
State Department of Education																	
General Fund:																	
Special Education Categorical Aid	17-495-034-5120-099	\$ 1,098,835	7/1/2016	6/30/2017			885,004	(1,098,835)							(213,831)		1,098,835
Security Aid	17-495-034-5120-078	4,397,772	7/1/2016	6/30/2017			3,876,995	(4,397,772)							(430,777)		4,397,772
Adjustment Aid	17-495-034-5120-084	164,852	7/1/2016	6/30/2017			148,367	(164,852)							(16,485)		164,852
School Choice Aid	17-495-034-5120-085	2,640,282	7/1/2016	6/30/2017			2,376,254	(2,640,282)							(264,028)		2,640,282
PARCC Readiness	17-495-034-5120-068	473,760	7/1/2016	6/30/2017			426,384	(473,760)							(47,376)		473,760
Per Pupil Growth Aid	17-495-034-5120-098	19,270	7/1/2016	6/30/2017			17,343	(19,270)							(1,927)		19,270
Professional Learning Community Aid	17-495-034-5120-097	19,270	7/1/2016	6/30/2017			17,343	(19,270)							(1,927)		19,270
Categorical Transportation Aid	17-495-034-5120-101	19,420	7/1/2016	6/30/2017			17,478	(19,420)							(1,942)		19,420
Extraordinary Aid	16-100-034-5120-014	1,445,583	7/1/2015	6/30/2016	(89,197)		1,445,583	(1,445,583)									1,445,583
Extraordinary Aid	17-100-034-5120-473	89,197	7/1/2015	6/30/2016			89,197										89,197
Additional Transportation Aid	17-100-034-5120-473	89,197	7/1/2015	6/30/2016	(7,830)		7,830	(8,874)							(89,463)		89,197
Additional Transportation Aid	N/A	8,874	7/1/2015	6/30/2016				(8,874)									8,874
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	752,709	7/1/2015	6/30/2016	(37,075)		737,371	(775,953)							(0)		752,709
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	775,953	7/1/2016	6/30/2017			10,992,223	(11,063,334)							(68,111)		775,953
Total General Fund					(144,102)										(1,115,214)		(11,923,070)
Capital Projects Fund:																	
School Facilities Grant Program - Regular																	
Operating Districts (ROD)	5340-055-04-00(K)	1,326,493		Open	(1,246,904)			(79,589)							(1,326,493)		79,589
Total Capital Projects Fund					(1,246,904)			(79,589)							(1,326,493)		79,589
State Department of Agriculture:																	
Enterprise Fund:																	
National School Lunch Program (State Share)	16-100-010-3360-023	2,835	7/1/2015	6/30/2016	(570)		2,673	(2,835)							(162)		2,835
National School Lunch Program (State Share)	17-100-010-3360-023	3,172	7/1/2016	6/30/2017			570										3,172
Total Enterprise Fund					(570)		3,243	(2,835)							(162)		6,007
Total State Financial Assistance					\$ (1,391,576)		10,095,466	(11,145,759)							(2,441,869)		12,008,867

**TOWNSHIP OF UPPER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Township of Upper School District. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (D) to the Board's basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003,c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,042,469 for the general fund and \$0 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**TOWNSHIP OF UPPER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

	<u>General fund</u>	<u>Capital Projects fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 11,063,334	79,589	2,835	11,145,758
Difference – budget to "GAAP"				
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	971,663			971,663
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(978,294)			(978,294)
On behalf payments recognized for GAAP purposes but not included on the Schedule of Expenditures of State Financial Assistance	2,049,100			2,049,100
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 13,105,803</u>	<u>79,589</u>	<u>2,835</u>	<u>13,188,227</u>

**TOWNSHIP OF UPPER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 31,122	667,881	118,354	817,357
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 31,122</u>	<u>667,881</u>	<u>118,354</u>	<u>817,357</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

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

Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

Internal Control over major programs:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> _____	none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ yes	_____ <u>X</u> _____	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____ 84.027 _____	_____ Special Education Grants to States _____
_____ 84.173 _____	_____ Special Education Preschool Grants _____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs: \$ 750,000

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

**TOWNSHIP OF UPPER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

NONE

Part 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE