

**Alloway Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

ALLOWAY TOWNSHIP SCHOOL DISTRICT

ALLOWAY, NEW JERSEY 08001

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

For the Fiscal Year Ended June 30, 2018

Prepared by:

**Alloway Township School
Board of Education Administration**

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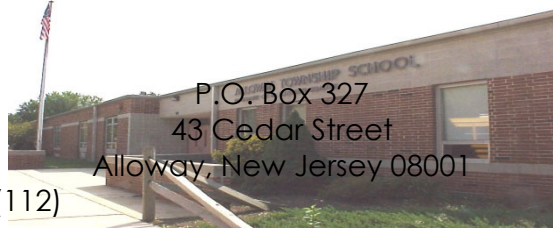
SINGLE AUDIT SECTION

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INTRODUCTORY SECTION

Alloway Township School



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43 Cedar Street
Alloway, New Jersey 08001

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KRISTIN B. SCHELL, SUPERINTENDENT

SHANNON DUBOIS-BRODY, BUSINESS ADMINISTRATOR

January 21, 2019

Honorable President and
Members of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Dear Board Members:

The comprehensive annual financial report of the Alloway Township School District for the fiscal year ending June 30, 2018, 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 is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the independent auditor's report, MD&A, and the basic financial statements including the district-wide statements, fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Alloway Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Alloway Township Board of Education and its one school (grades pre-K to 8), constitute the District's reporting entity. We completed the 2017-2018 school year with an average daily enrollment of 368, which is a slight decrease over the previous year.

2) ECONOMIC CONDITIONS AND OUTLOOK

Alloway Township encompasses thirty-four square miles and is experiencing a period of low growth due to lack of jobs in the surrounding area, which is expected to continue with two results: 1) an increased tax base, and 2) a loss of land and the rural aspect, of which Alloway Township is famous. The above figures continue to reflect the economic condition of Alloway.

3) MAJOR INITIATIVES

Alloway Township values its unique heritage and is making revisions in an effort to increase student achievement. Alloway Township School District continues to support quality educational opportunities for all students in a changing community and world. Staff members are committed to provide excellent instruction to prepare our students for their place in the global economy of the 21st century. Curriculum revisions, quality staff development, and implementation of best practices of instruction are in place for the upcoming school year. In response to students' needs, we are focusing on excellence for all students in an effort to increase number of students meeting and exceeding expectations on the PARCC Assessment.

Major initiatives in the District focus on teacher practice for student-centered instruction, tailored programs to meet students' needs, and revisions to various curricula. These initiatives include:

- * Implementation of daily time designated during the school day for enrichment for all students at their level of preparedness. This includes Title 1 supportive services and extended learning for gifted and talented students.

- * Increased use of data to inform instruction.

- * Delivering a balanced literacy program through: guided reading, phonic spelling/word study, Daily 5, shared reading, and writing.

- * Use of rich literature for language arts and digital resources especially in science in social and studies.

- * Expanded visual and performing arts classes for middle school students.

- * Use of PLC's to complete data analysis, determine needed curricular revisions, and enhance professional development.

Beside the traditional courses of study, our students are offered advanced mathematics through Algebra. Elementary students have a special cycle which includes: Spanish, art, music, digital literacy, library, and physical education. Middle school students have two cycle periods for the following courses: Spanish, visual art, performing art, digital literacy, and physical education. Our Basic Skills program has been renamed SOAR and is provided during Tiger Time for K-5 and in-class for grades 6-8 using intervention resources and Title 1 teachers and paraprofessionals.

Community and parental involvement are crucial to the success of our public schools. There are many opportunities available to parents, grandparents, and community members to be active participants in the activities of the school. Classroom teachers welcome volunteers serve

3) MAJOR INITIATIVES (CONTINUED)

as a room parent, read a favorite book, or share their occupation and/or travel experiences with our students. Parent nights, special programs and involvement in the Parent-Teacher Association are some other avenues for participation.

Alloway Township residents have been very supportive of advancing education for their students. The community has provided support through a variety of means, not the least of which is our PTA which continually funds programs and activities for students that would not otherwise be possible. The following Mission Statement was developed to guide school personnel, the community, and Board of Education in making educational decisions:

The Mission of the Alloway Township School District is:

- * To provide all students with an equal opportunity to achieve excellence and reach their full potential as lifelong learners.
- * To enable students to meet challenges with courage, conviction, and confidence.
- * To expect that all students shall master the skills stipulated in the New Jersey Student Learning Standards at all grade levels.
- * To provide quality programs through the dedication of committed, skilled teachers, and administrators.
- * To maintain a staff of professional educators that supports the New Jersey Student Learning Standards and the New Jersey Standards for Professional Development.
- * To work collaboratively with parents to ensure a safe, orderly, caring, and supportive community for learning.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service

Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of the fund balance at year-end.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets.

7) DEBT ADMINISTRATION

At June 30, 2018, the District's outstanding debt issues included \$1,430,000 of general obligation bonds. In October 2014, the District issued refunding obligation bonds of 2014 in the amount of \$2,075,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide capital improvements to the District's buildings and grounds. These improvements include construction of an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms, and the acquisition of school furniture and other equipment as necessary.

8) CASH MANAGEMENT

The investment policy of the District is guided in large part by the state statutes 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, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workmen's compensation, 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 Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements 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 Alloway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

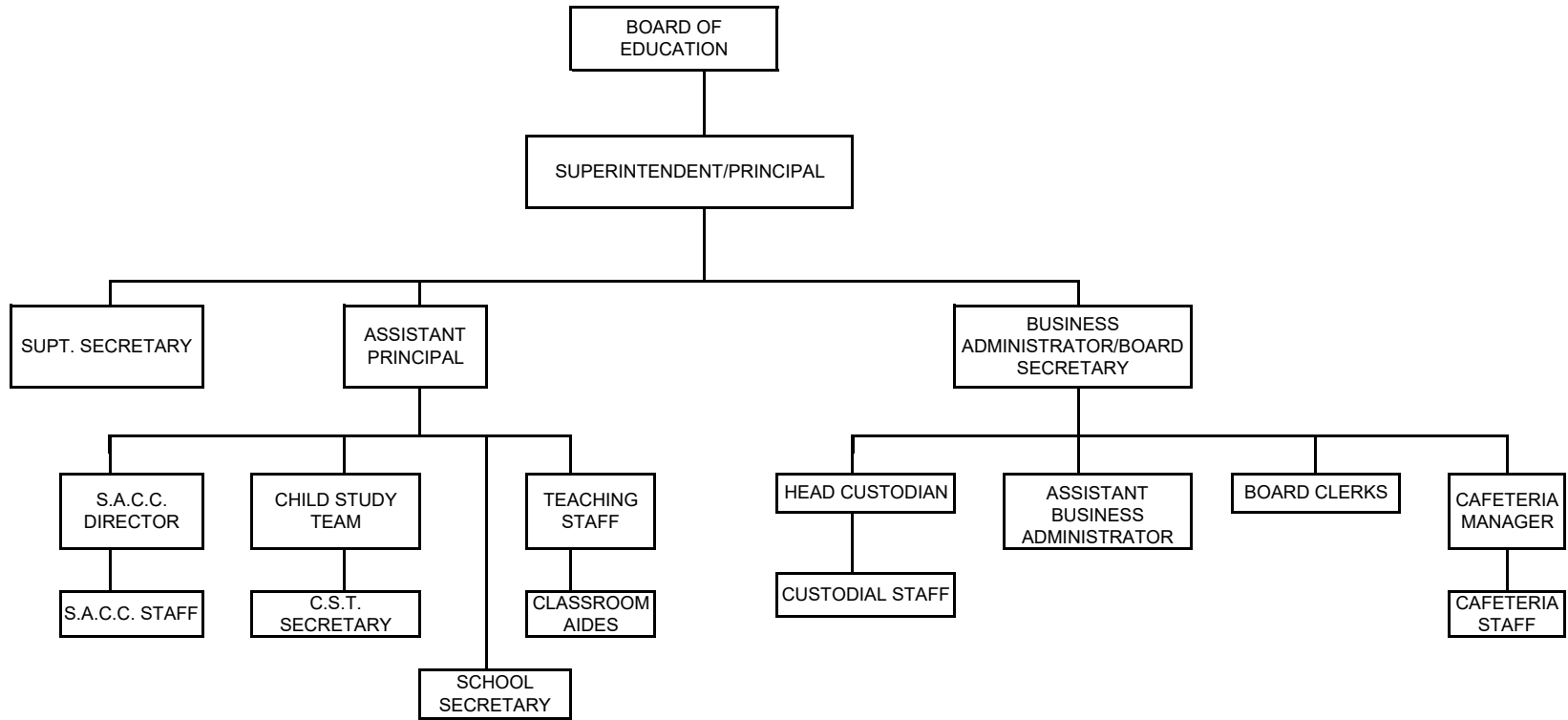
Kristin B. Schell

Kristin B. Schell, Superintendent

Shannon DuBois-Brody

Shannon DuBois-Brody, Business
Administrator/Board Secretary

ALLOWAY TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



**ALLOWAY TOWNSHIP BOARD OF EDUCATION
ALLOWAY, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION TERM EXPIRES – DECEMBER 31

Michael Dennison, President	2018
Richard C. Morris Jr., Vice President	2020
Cathleen Caltabiano	2018
Michael Clarke	2020
Elizabeth Decktor	2019
Philip Donohue	2019
Joseph Dyer, Jr.	2018
Colleen Fulmer	2020
David Lounsbury	2019

OTHER OFFICIALS

Kristin B. Schell, Superintendent

Rebecca S. Joyce, Business Administrator/Board Secretary

ALLOWAY TOWNSHIP BOARD OF EDUCATION
Alloway, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
P.O. Box 279
Glassboro, NJ 08028

ATTORNEY

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Parker McCay P.A.
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, NJ 08054-1539

OFFICIAL DEPOSITORY

Fulton Bank
48 South Greenwich Street
Alloway, NJ 08001

Century Savings Bank
121 North Main Street
Elmer, NJ 08318

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Report on the Financial Statements

We have audited the accompanying financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Board of Education, Alloway, New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Alloway Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal and state awards, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, 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 January 21, 2019, on our consideration of the Alloway Township Board of Education's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Alloway Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

Required Supplementary Information – Part I

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

This section of the Alloway Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter at the beginning of this report and the District's financial statement.

Overview of the Financial Statements

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

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short-term and long-term* financial information about activities the District operates *like business*.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Figure 1: Major Features of the District-wide and Fund Financial Statements

	District-wide 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 special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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; funds do not currently contain capital assets, although they can
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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

District-wide Financial Statements

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- **Business-type Activities** - The District charges fees to help it cover the costs of certain services it provides. The District's food service program and SACC program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental Funds, which generally 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 the reader 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 District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Fund Financial Statements (Continued)

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. 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 flow.

- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities and for other Districts. The District currently has Internal Service Funds for shared business services, child study team services and shared superintendent services.

- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Fund Financial Statements (Continued)

Figure 2: Financial Analysis of the District as a Whole

Alloway Township School District's Net Position						
	2018		2017		Total	
	Governmental	Business- Type	Governmental	Business- Type	2018	2017
ASSETS						
Current and other assets	\$ 1,502,962	\$ 3,774	\$ 1,138,539	\$ 10,139	\$ 1,506,736	\$ 1,148,678
Capital assets	5,397,535	23,485	5,597,925	26,198	5,421,020	5,624,123
Total assets	<u>6,900,497</u>	<u>27,259</u>	<u>6,736,464</u>	<u>36,337</u>	<u>6,927,756</u>	<u>6,772,801</u>
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding bond issue	44,561		1,138,539	10,139	44,561	
Deferred outflows related to pension	242,794		5,597,925	26,198	242,794	5,624,123
Total deferred outflows of resources	<u>287,355</u>		<u>6,736,464</u>	<u>36,337</u>	<u>287,355</u>	<u>5,624,123</u>
LIABILITIES						
Current liabilities	28,453	1,979	32,876	3,319	30,432	36,195
Noncurrent liabilities	1,539,013	4,320	1,566,323	4,050	1,543,333	1,570,373
Net pension liability	1,738,103		2,105,237		1,738,103	2,105,237
Net OPEB liability	17,241,676		18,648,597		17,241,676	18,648,597
Total liabilities	<u>3,305,569</u>	<u>6,299</u>	<u>3,704,436</u>	<u>7,369</u>	<u>3,311,868</u>	<u>3,711,805</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	130,217		77,014		130,217	77,014
Deferred inflows related to OPEB	2,086,110				2,086,110	
	<u>2,216,327</u>		<u>77,014</u>		<u>2,216,327</u>	<u>77,014</u>
NET POSITION						
Invested in capital assets, net of related debt	3,999,675	23,485	3,989,593	26,198	4,023,160	4,015,791
Restricted	1,448,375		1,082,893		1,448,375	1,082,893
Unrestricted	(21,023,770)	(2,525)	(20,143,711)	2,770	(21,026,295)	(20,140,941)
Total net position	<u>\$ (15,575,720)</u>	<u>\$ 20,960</u>	<u>\$ (15,071,225)</u>	<u>\$ 28,968</u>	<u>\$ (15,554,760)</u>	<u>\$ (15,042,257)</u>

Net Position - The District's combined total assets are \$6,927,756 on June 30, 2018, (See Exhibit A-1). Approximately .39% of the total assets are from Business-type Activities, while the balance of the total net position is 99.61%, attributable to Governmental activities.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Fund Financial Statements (Continued)

Changes in Net Position

	2018		2017		Total	
	Governmental	Business- Type	Governmental	Business- Type	2018	2017
REVENUES:						
Program revenues						
Charges for services	\$ 342,000	\$ 121,928	\$ 370,257	\$ 144,171	\$ 463,928	\$ 514,428
Operating grants and contributions	275,950	44,152	269,747	44,488	320,102	314,235
General revenues						
Property taxes	4,136,349		4,057,092		4,136,349	4,057,092
Grants and entitlements	4,612,519		4,589,383		4,612,519	4,589,383
Other	119,823		46,902	8,750	119,823	55,652
Total revenues	<u>9,486,641</u>	<u>166,080</u>	<u>9,333,381</u>	<u>197,409</u>	<u>9,652,721</u>	<u>9,530,790</u>
EXPENSES:						
Instruction-related	2,395,315		2,312,594		2,395,315	2,312,594
Student support services	3,179,336		3,413,852		3,179,336	3,413,852
School administration	82,866		135,563		82,866	135,563
General administration	282,131		201,192		282,131	201,192
Central services	364,556		346,851		364,556	346,851
Administrative information technology	420		578		420	578
Plant operations & maintenance	330,187		350,435		330,187	350,435
Pupil transportation	411,379		447,606		411,379	447,606
Employee benefits	2,581,530		1,714,725		2,581,530	1,714,725
Interest on debt	48,241		54,689		48,241	54,689
Food service		142,890		150,420	142,890	150,420
Unallocated depreciation	262,082		259,795		262,082	259,795
Other	35,593	48,698	44,343	60,707	84,291	105,050
Total expenses	<u>9,973,636</u>	<u>191,588</u>	<u>9,282,223</u>	<u>211,127</u>	<u>10,165,224</u>	<u>9,493,350</u>
Transfers	(17,500)	17,500	(29,000)	29,000		
Increase (decrease) in net position	<u>\$ (504,495)</u>	<u>\$ (8,008)</u>	<u>\$ 22,158</u>	<u>\$ 15,282</u>	<u>\$ (512,503)</u>	<u>\$ 37,440</u>

Changes in Net Position - The District's total revenues are \$9,652,721 for the fiscal period ended June 30, 2018, (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 42.9%, grants and entitlements 47.8%, and the remainder 9.3% from fees charged for services and miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 54.84%. Administrative & Business departments accounts for 7.18%. Another 3.25% is related to Maintenance & Operations. Transportation expenses make up 4.05% of the District's expenses. Employee benefits make up 25.4% of the District's expenses and interest on debt service accounts for .47%. Depreciations accounts for 2.58% and Proprietary Funds such as food service and childcare and all other accounts for 2.58%.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Governmental Activities

Revenues for governmental activities were \$9,486,641, while total expenses amounted to \$9,973,636 and a transfer of \$17,500 to food service (See Exhibit A-2). This resulted in a decrease in net position in Governmental Activities of \$504,495 compared to \$22,158 for 2017.

Overall, the District's financial position can be credited to increased revenue and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

Business-type Activities

Revenues of the District's Business-type Activities (food and nutrition services and after school child care) were comprised of charges for services, federal and state reimbursements, and investment earnings:

- Business-type Activities expenditures exceeded revenues by \$8,008.
- Charges for services represent \$121,928 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and special milk and donated commodities were \$44,152.

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported combined fund balances of \$1,439,749 (See Exhibit B-1). The District also controlled expenditures. Fund balance had an increase of \$357,785 over the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$278,094 in fund balance, prior year encumbrances rolled forward to FY 2018 of \$0 decreased by a budgeted interest on capital reserve of \$500 for this fiscal period. Due to the impending State budget crisis, actual expenditures in the fiscal year was minimized, there was an increase of \$357,785 in fund balance (See Exhibit B-2).

Capital Assets

The Alloway Township School District's investment in capital assets for its Governmental and Business-type Activities as of June 30, 2018, amounted to \$5,421,020 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (more detailed information about capital assets can be found in Note 6 to the financial statements).

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2018
Unaudited**

Capital Assets (Continued)

	2018		2017		Total	
	Governmental	Business- Type	Governmental	Business- Type	2018	2017
Land	\$ 153,751		\$ 153,751		\$ 153,751	\$ 153,751
Site improvements	29,277		33,345		29,277	33,345
Buildings	5,127,322		5,315,047		5,127,322	5,315,047
Machinery & equipment	87,185	\$ 23,485	95,782	\$ 26,198	110,670	121,980
Total	<u>\$ 5,397,535</u>	<u>\$ 23,485</u>	<u>\$ 5,597,925</u>	<u>\$ 26,198</u>	<u>\$ 5,421,020</u>	<u>\$ 5,624,123</u>

Long-Term Debt

At year-end, the District had \$1,645,000 in General Obligation Bonds and other long-term debt outstanding. During fiscal year 2004-2005, the District sold \$3.4 million in general obligation bonds to help finance facilities construction and improvements throughout the District. These bonds were refunded on October 16, 2014.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- State Formula Aid for the FY 2019 had a reduction of change \$82,937.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Shannon DuBois-Brody, Business Administrator/Board Secretary, Alloway Township School District, P.O. Box 327, 43 Cedar Street, Alloway, NJ 08001.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Totals FY 2018
ASSETS			
Cash and cash equivalents	\$ 675,228		\$ 675,228
Receivables, net	313,820	\$ 2,311	316,131
Inventory		1,463	1,463
Restricted assets:			
Capital reserve account - cash	513,913		513,913
Cash and cash equivalents	1		1
Capital assets			
Non-depreciable assets	153,751		153,751
Assets net of depreciation	5,243,784	23,485	5,267,269
Total assets	<u>6,900,497</u>	<u>27,259</u>	<u>6,927,756</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding bond issue	44,561		44,561
Deferred outflows related to pension	242,794		242,794
Total deferred outflows of resources	<u>287,355</u>		<u>287,355</u>
LIABILITIES			
Cash overdraft		1,979	1,979
Accounts payable	16,032		16,032
Accrued interest	12,421		12,421
Noncurrent liabilities:			
Due within one year	210,000		210,000
Due beyond one year	1,329,013	4,320	1,333,333
Net pension liability	1,738,103		1,738,103
Net OPEB liability	17,241,676		17,241,676
Total liabilities	<u>20,547,245</u>	<u>6,299</u>	<u>20,553,544</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	130,217		130,217
Deferred inflows related to OPEB	2,086,110		2,086,110
Total deferred inflows of resources	<u>2,216,327</u>		<u>2,216,327</u>
NET POSITION			
Invested in capital assets, net of related debt	3,999,675	23,485	4,023,160
Restricted for:			
Debt service	1		1
Capital projects	537,670		537,670
Other purposes	910,704		910,704
Unrestricted	(21,023,770)	(2,525)	(21,026,295)
Total net position	<u>\$ (15,575,720)</u>	<u>\$ 20,960</u>	<u>\$ (15,554,760)</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,769,342			\$ (1,769,342)		\$ (1,769,342)
Special education	532,888		\$ 192,096	(340,792)		(340,792)
Other special education	82,339			(82,339)		(82,339)
Other instruction	10,746			(10,746)		(10,746)
Support services:						
Student & instructional related services	3,179,336	\$ 136,000	50,072	(2,993,264)		(2,993,264)
General administration	282,131			(282,131)		(282,131)
School administrative services	82,866			(82,866)		(82,866)
Central services	364,556	206,000		(158,556)		(158,556)
Administration information tech.	420			(420)		(420)
Plant operations & maintenance	330,187			(330,187)		(330,187)
Pupil transportation	411,379			(411,379)		(411,379)
Employee benefits	2,581,530		33,782	(2,547,748)		(2,547,748)
Interest on long-term debt	48,241			(48,241)		(48,241)
Capital outlay	35,593			(35,593)		(35,593)
Unallocated depreciation	262,082			(262,082)		(262,082)
Total Governmental activities	9,973,636	342,000	275,950	(9,355,686)		(9,355,686)
Business-type activities:						
Food service	142,890	72,535	44,152		\$ (26,203)	(26,203)
Other activities	48,698	49,393			695	695
Total business-type activities	191,588	121,928	44,152		(25,508)	(25,508)
Total primary Government	\$ 10,165,224	\$ 463,928	\$ 320,102	\$ (9,355,686)	\$ (25,508)	\$ (9,381,194)
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				\$ 3,877,636		\$ 3,877,636
Taxes levied for debt service				258,713		258,713
Federal and state aid not restricted				4,612,519		4,612,519
Tuition charges				41,482		41,482
Transportation charges				20,458		20,458
Investment earnings				3,651		3,651
Miscellaneous income				54,232		54,232
Operating transfer				(17,500)	\$ 17,500	
Total general revenues, special items, extraordinary items, and transfers				8,851,191	17,500	8,868,691
Change in net position				(504,495)	(8,008)	(512,503)
Net position - beginning				3,577,372	28,968	3,606,340
Prior period adjustment of OPEB liability				(18,648,597)		(18,648,597)
Restated net position at the beginning of the year				(15,071,225)	28,968	(15,042,257)
Net position - end				\$ (15,575,720)	\$ 20,960	\$ (15,554,760)

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2018
ASSETS					
Cash and cash equivalents	\$ 800,427	\$ 16,032		\$ 1	\$ 816,460
Receivables from other Governments	101,651		\$ 212,169		313,820
Restricted cash and cash equivalents	513,913				513,913
Total assets	\$ 1,415,991	\$ 16,032	\$ 212,169	\$ 1	1,644,193
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft			\$ 188,412		188,412
Accounts payable		\$ 16,032			16,032
Total liabilities		16,032	188,412		204,444
Fund balances:					
Restricted for:					
Excess surplus - current year	\$ 487,937				487,937
Excess surplus - prior-year - designated for subsequent year's expenditures	233,315				233,315
Capital reserve	513,913				513,913
Capital projects			23,757		23,757
Debt service				\$ 1	1
Assigned to:					
Designated by the BOE for subsequent year's expenditures	106,515				106,515
Designated by the BOE for subsequent year's expenditures - 7/1/2018-8/1/2018	82,937				82,937
Unassigned:					
General fund	(8,626)				(8,626)
Total fund balances	1,415,991		23,757	1	1,439,749
Total liabilities and fund balances	\$ 1,415,991	\$ 16,032	\$ 212,169	\$ 1	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>FY 2018</u>
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$10,488,836 and the accumulated depreciation is \$5,091,301 (See Note 6).	5,397,535
Internal Service Funds are used by management to charge the costs of certain activities, such as business services and food service to other governments. Assets and liabilities of the internal service funds of \$47,320, less \$139, which represents food service assets and are included in Business-type Activities, in the Statement of Net Position.	47,181
Net pension liability adjustment for GASB Statement No. 68 and 71	(1,625,526)
Net OPEB liability adjustment for GASB Statement No. 75	(679,189)
The cumulative effect of the change in accounting principles for adoption of GASB Statement No. 75 is reported as a prior period adjustment of OPEB liability (See Note 24)	(18,648,597)
Deferred bond issuance costs are expenses in Governmental Funds in the year the bonds are issued, but are capitalized in the Statement of bonds are issued, but are capitalized in the Statement of Net Position.	44,561
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(12,421)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(1,539,013)
Net position of Governmental Activities	<u>\$ (15,575,720)</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2018
REVENUES:					
Local sources					
Local tax levy	\$ 3,877,636			\$ 258,713	\$ 4,136,349
Tuition charges	41,482				41,482
Transportation charges	20,458				20,458
Interest earned on investments	1,864				1,864
Interest earned on capital reserve funds	1,787				1,787
Miscellaneous	54,232	\$ 3,072			57,304
	<u>3,997,459</u>	<u>3,072</u>		<u>258,713</u>	<u>4,259,244</u>
State sources	4,612,519				4,612,519
Federal sources		272,878			272,878
	<u>8,609,978</u>	<u>275,950</u>		<u>258,713</u>	<u>9,144,641</u>
Total revenues					
EXPENDITURES:					
Current:					
Regular instruction	1,772,545				1,772,545
Special education instruction	340,544	192,096			532,640
Other special instruction	87,087				87,087
Other instruction	10,746				10,746
Support services & undistributed costs:					
Student & instruction related services	2,999,124	50,072			3,049,196
General administration	282,131				282,131
School administrative services	82,866				82,866
Central services	159,714				159,714
Administration information tech.	420				420
Plant operations and maintenance	330,187				330,187
Pupil transportation	411,379				411,379
Employee benefits	1,660,665	33,782			1,694,447
Debt service:					
Principal				215,000	215,000
Interest and other charges				43,713	43,713
Capital outlay	97,285				97,285
	<u>8,234,693</u>	<u>275,950</u>		<u>258,713</u>	<u>8,769,356</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>375,285</u>				<u>375,285</u>
Other financing sources (uses):					
Operating transfers:					
Transfer to food service - board contribution	(17,500)				(17,500)
Total other financing sources (uses)	<u>(17,500)</u>				<u>(17,500)</u>
Net change in fund balances	357,785				357,785
Fund balance - July 1	1,058,206		\$ 23,757	1	1,081,964
Fund balance - June 30	<u>\$ 1,415,991</u>		<u>\$ 23,757</u>	<u>\$ 1</u>	<u>\$ 1,439,749</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2018

Total net change in fund balances - Governmental Funds (from B-2)	\$	357,785
<p>Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Capital outlays	\$	61,692
Depreciation expense	<u>(262,082)</u>	(200,390)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
Bond principal payments		215,000
<p>Governmental Funds report the effect of issuance costs and similar items when debt is first issued whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
		(6,678)
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		2,150
<p>Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(207,894)
<p>OPEB contributions are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(679,189)
<p>Internal Service Funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income \$8,911, is included in the Governmental Activities and Statement of Net Position (see Exhibit G-5).</p>		
		8,911
<p>In the statement of activities, certain operating expenses, e.g., compensated absences 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.</p>		
		<u>5,810</u>
Change in net position of Governmental Activities	<u>\$</u>	<u>(504,495)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Funds	Totals FY 2018	
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 3,747	\$ 3,747	\$ 47,320
Accounts receivable:	\$ 2,171	140	2,311	
Inventory	1,463		1,463	
Total current assets	3,634	3,887	7,521	47,320
Noncurrent assets:				
Furniture, machinery & equipment	64,345		64,345	
Less: accumulated depreciation	(40,860)		(40,860)	
Total non-current assets	23,485		23,485	
Total assets	27,119	\$ 3,887	31,006	\$ 47,320
LIABILITIES				
Intergovernmental accounts payable				
Cash overdraft	5,865		5,865	
Compensated absences	4,320		4,320	
Total liabilities	10,185		10,185	
NET POSITION				
Invested in capital assets net of related debt	23,485		23,485	
Unrestricted	(6,551)	\$ 3,887	(2,664)	\$ 47,320
Total net position	\$ 16,934	\$ 3,887	\$ 20,821	\$ 47,320

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2018	
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$ 46,200		\$ 46,200	
Daily sales non-reimbursable programs	26,335		26,335	
Other charges and fees				\$ 342,000
Community service activities		\$ 49,393	49,393	
Total operating revenue	72,535	49,393	121,928	342,000
OPERATING EXPENSES:				
Salaries	60,868	40,664	101,532	259,627
Employee benefits	20,188	4,136	24,324	72,482
Purchased professional/technical services	5,382		5,382	
Other purchased services (400-500 series)		550	550	980
Supplies and materials	172	2,343	2,515	
Cost of sales - reimbursable	38,432		38,432	
Cost of sales - non-reimbursable	14,962		14,962	
Miscellaneous other expenses	173	1,005	1,178	
Depreciation	2,713		2,713	
Total operating expenses	142,890	48,698	191,588	333,089
Operating income (loss)	(70,355)	695	(69,660)	8,911
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,274		1,274	
Federal sources:				
National school lunch program	32,328		32,328	
Special milk program	136		136	
Food distribution program	10,414		10,414	
Total non-operating revenues (expenses)	44,152		44,152	
Income (loss) before operating transfers	(26,203)	695	(25,508)	8,911
Net income (loss) before operating transfers	(26,203)	695	(25,508)	8,911
Other financing sources:				
Board contribution	17,500		17,500	
Net income (loss)	(8,703)	695	(8,008)	8,911
Total net position - beginning	25,637	3,192	28,829	38,409
Total net position - ending	\$ 16,934	\$ 3,887	\$ 20,821	\$ 47,320

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2018	
Cash flows from operating activities:				
Receipts from customers	\$ 72,535	\$ 47,775	\$ 120,310	\$ 345,960
Payments to suppliers	(48,469)	(3,898)	(52,367)	(980)
Payments to employees	(60,598)	(40,664)	(101,262)	(259,627)
Payments for employee benefits	(20,188)	(4,136)	(24,324)	(72,482)
Net cash provided (used) by operating activities	(56,720)	(923)	(57,643)	12,871
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	33,214		33,214	
Board contribution	17,500		17,500	
Net cash provided by non-capital financing activities	50,714		50,714	
Net increase in cash & cash equivalents	(6,006)	(923)	(6,929)	12,871
Cash and cash equivalents - July 1	141	4,670	4,811	34,449
Cash and cash equivalents - June 30	\$ (5,865)	\$ 3,747	\$ (2,118)	\$ 47,320
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (70,355)	\$ 695	\$ (69,660)	\$ 8,911
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,713		2,713	
Food distribution program	10,414		10,414	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable		1,701	1,701	3,960
(Increase) decrease in inventory	238		238	
Increase (decrease) in deferred revenue		(3,319)	(3,319)	
Increase in compensated absences	270		270	
	\$ (56,720)	\$ (923)	\$ (57,643)	\$ 12,871

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents

\$ 47,228

Total assets

\$ 47,228

LIABILITIES

Current liabilities:

Due to student groups

\$ 23,278

Payroll deductions and withholdings

23,950

Total current liabilities

\$ 47,228

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Alloway 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 who are 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 of Alloway Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 Alloway Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

The 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.

B. Government-wide Statements

The School 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, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service and childcare programs are classified as Business-type Activities.

In the Government-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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

as well as long-term debt and obligations. The District's net position is 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 costs of each of the District's functions and Business-type Activities (food service and childcare). 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 revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or Business-type Activities. 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, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf of Teachers' Pensions and Annuity Fund (TPAF) Pension contributions, and 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. The Government-wide statements do not include fiduciary activity.

C. 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 District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change 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.

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

As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

General Fund (Continued) - outlays for long-lived improvements, as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

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

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

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net position. Changes in net position are reported using accounting principles similar to Proprietary Funds.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Fund Financial Statements (Continued)
FIDUCIARY FUNDS (CONTINUED)**

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 No. 34 sets forth minimum criteria (percentage of 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 District's Fiduciary Funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

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

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.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "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 fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, 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 agency obligations and

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents, the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (NJSA 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 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 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 of at least 5% 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.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in, first-out method. Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food - commodities	\$ 1,265
Food	198
	<u>\$ 1,463</u>

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

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on 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 computed using the straight-line method over the estimated useful lives:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Asset Class	Estimated Useful Lives
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey state statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." 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 recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. 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.

J. 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 in the period in which such services are rendered or in which such events take place.

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability, in the fund, that will pay for the compensated absences. The remainder of the compensated absence 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.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the enterprise fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year have the option to have their salaries evenly disbursed during the entire twelve month year.

M. 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 are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must 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. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

N. Encumbrances

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

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

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

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Extraordinary and Special Items

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

S. Use of Estimates

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

T. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

U. Fund Balance Reserves

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

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

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

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balances are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

V. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which 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, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement, which is effective for fiscal periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This statement, which is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective (Continued)

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This statement which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2018 and 2017, was \$1,234,391 and \$853,862. As of June 30, 2018 and 2017, \$0 of the District's bank balance of \$1,339,594 and \$924,612, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2018 and 2017, the District did not have any investments.

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

Credit Risk - NJSA 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.

NOTE 4: RECEIVABLES

Receivables at June 30, 2018, (see Exhibit B-1 and B-4) consisted of Intergovernmental receivables. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 300,796	\$ 82
Other	13,024	
Federal aid		2,089
	<u>\$ 313,820</u>	<u>\$ 2,171</u>

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$5,000 on September 28, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual

General Fund budget certified for taxes or by transfer by board resolution at year-end 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 June 30, 2018, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2017	\$ 547,726
Interest earnings	1,787
Withdrawals - Board resolution	<u>(35,600)</u>
Ending balance, June 30, 2018	<u><u>\$ 513,913</u></u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2018.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: CAPITAL ASSETS (CONTINUED)

	Balance <u>July 1, 2017</u>	<u>Additions</u>	Disposals/ <u>Adjustments</u>	Balance <u>June 30, 2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 153,751			\$ 153,751
Total capital assets not being depreciated	<u>153,751</u>			<u>153,751</u>
Site improvements	131,103			131,103
Building & building improvements	9,592,765	\$ 53,844		9,646,609
Machinery & equipment	549,525	7,848		557,373
Totals at historical cost	<u>10,273,393</u>	<u>61,692</u>		<u>10,335,085</u>
Less: accumulated depreciation for:				
Site improvements	(97,758)	(4,068)		(101,826)
Building & building improvements	(4,277,718)	(241,569)		(4,519,287)
Machinery & equipment	(453,743)	(16,445)		(470,188)
Total accumulated depreciation	<u>(4,829,219)</u>	<u>(262,082)</u>		<u>(5,091,301)</u>
Governmental activities capital assets, net	<u>\$ 5,597,925</u>	<u>\$ (200,390)</u>	<u>None</u>	<u>\$ 5,397,535</u>
Business-type activities:				
Machinery & equipment	\$ 64,345			\$ 64,345
Less: accumulated depreciation	(38,147)	\$ (2,713)		(40,860)
Business-type capital assets, net	<u>\$ 26,198</u>	<u>\$ (2,713)</u>	<u>None</u>	<u>\$ 23,485</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

Permanently funded debt as of June 30, 2018, consisted of the following:

\$2,075,000 Refunding Bonds of 2014 dated October 16, 2014, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance as of June 30, 2018, was \$1,430,000.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 114,823	\$ 2,245	\$ 8,055	\$ 109,013	
Bonds payable	1,645,000		215,000	1,430,000	\$ 210,000
	<u>\$ 1,759,823</u>	<u>\$ 2,245</u>	<u>\$ 223,055</u>	<u>\$ 1,539,013</u>	<u>\$ 210,000</u>

Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
2019	\$ 210,000	\$ 37,263	\$ 247,263
2020	215,000	28,863	243,863
2021	210,000	24,563	234,563
2022	205,000	20,363	225,363
2023	200,000	15,238	215,238
2024-2025	390,000	15,356	405,356
	<u>\$ 1,430,000</u>	<u>\$ 141,645</u>	<u>\$ 1,571,645</u>

Bonds Authorized But Not Issued

As of June 30, 2018, the Board has \$0 of bonds authorized but not issued.

Advanced Refunding

On October 16, 2014, the District issued Refunding School Bonds in the amount of \$2,075,000, with interest rates varying from 2% to 4% to advance refund the school bonds, term series 2005 in the amount of \$1,996,000, with interest rates varying from 4% to 4.25%. After paying issuance costs, the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The school bonds, term series 2005 were called for redemption on March 1, 2016. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the District's financial statements. As a result of the advance refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$107,798.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage. Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities, related to governmental debt, will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2018, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS/LIABILITY

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 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 titles.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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 defined benefit pension plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 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 7.34% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2018, 2017, and 2016, were \$69,170, \$63,148, and \$54,512, respectively, equal to the contributions requested for each year. The School District's share of TPAF for normal contributions, post-retirement medical benefits and life insurance premiums for the years ending June 30, 2018, 2017, and 2016, were \$633,449, \$581,144, and \$503,564, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2018, 2017, and 2016; \$185,035, \$178,539, and \$190,809, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2018, 2017, and 2016, was \$3,451,386, \$3,445,290, and \$3,647,613; covered payroll was \$2,599,616, \$2,523,551, and \$2,670,545 for TPAF and \$372,414, \$401,901, and \$510,579 for PERS.

For the year ended June 30, 2018, the District recognized pension expense of \$277,064. At June 30, 2018, 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
Changes of assumptions		130,217
Net difference between expected and actual experience	25,401	
Net difference between projected and actual earnings on pension plan investments	15,113	
Changes in proportion and differences between District contributions and proportionate share of contributions	133,110	
District contributions subsequent to the measurement date	69,170	
	\$ 242,794	\$ 130,217

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - \$69,170 reported as deferred outflows of resources related to pensions, resulting from school district contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	Amount
2019	\$ 36,313
2020	53,939
2021	40,064
2022	(46,692)
2023	(40,217)
Thereafter	0
	\$ 43,407

Additional information – Collective balances at June 30, 2017 and 2016, are as follows:

	June 30, 2017	June 30, 2016
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's proportion	0.0074665919%	0.0071081737%

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). 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 provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2018, 2017, and 2016, were \$7,692, \$4,938, and \$3,625, for covered employees. The District also contributed for life and disability insurance.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: LABOR CONTRACTS

As of June 30, 2018, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Alloway Education Association collective bargaining unit which expired June 30, 2019.

NOTE 10: DEFERRED COMPENSATION

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

Voya	Lincoln Investment Planning, Inc.
Equitable Life Insurance	MetLife

NOTE 11: POST-EMPLOYMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or county college with 25 years of service. (GASB Cod. Sec. 2300.106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

- **TPAF Participant Retirees**
As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.
- **PERS Participant Retirees**
The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Board of Education/Board of Trustees. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.nj.gov/treasury/omb/publications/archives.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2017, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF). See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4.
Discount rate	3.58%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Mortality rates were based on the RP-2014 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

The actuarial assumptions used in the June 30, 2016, valuation were based on the result of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

Changes in the Total OPEB Liability reported by the State of New Jersey:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: POST-EMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance at 6/30/16	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(7,086,599,129)
Contributions - Member	45,748,749
Benefit payments	(1,242,412,566)
	(4,191,942,326)
Net changes	
Balance at 6/30/17	\$ 53,639,841,858

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate. The following represents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11: POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Board of Education/Board of Trustees recognized OPEB expense of \$679,189 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Alloway Township Board of Education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion		\$ 47,006
Changes of assumptions or other inputs		2,039,104
 Total	 None	 \$ 2,086,110

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30,	
2019	\$ (244,275)
2020	(244,275)
2021	(244,275)
2022	(244,275)
2023	(244,275)
Thereafter	(864,735)
	\$ (2,086,110)

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences 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.

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12: COMPENSATED ABSENCES (CONTINUED)

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components; (1) the amount due within one year and (2) the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2018, is \$109,013. The liability for compensated absences in the Food Service Fund at June 30, 2018, is \$4,320.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for tenured staff as of July 1, 2011, was \$1,000 and \$525 for non-tenured staff.

NOTE 14: 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. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2018, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15: FUND BALANCE APPROPRIATED (CONTINUED)

District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned, and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2018.

Restricted Fund Balance:

Capital Reserve Account - Of the \$513,913 balance in the capital reserve account at June 30, 2018, \$0 has been designated for utilization in the 2018-2019 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2018. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Excess Surplus - At June 30, 2018, excess surplus created in FY 2017 of \$233,315 will be utilized for expenditures in the 2018-2019 budget, while excess surplus created in FY 2018 of \$487,937 is restricted and will be utilized for budget expenditures in 2019-2020.

Debt Service Fund - At June 30, 2018, there was \$1 fund balance, \$1 will be utilized for expenditures in the 2018-2019 budget.

Committed Fund Balance - The District had no Committed Fund balance at June 30, 2018.

Assigned Fund Balance - At June 30, 2018, the District has assigned \$189,452 of General Fund balance to expenditures in the 2018-2019 budget.

Unassigned Fund Balance - At June 30, 2018, the District has (\$8,626) of Unassigned Fund balance in the General Fund.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. 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, 2018, is \$721,252.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$8,626 (Exhibit B-1) in the General Fund as of June 30, 2018, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For

intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one Government recognizes an asset, the other Government recognizes a liability.

Since the state is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$8,626 is less than the last state aid payments.

NOTE 18: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 50.4% of the District's 2017-2018 Governmental Fund revenue, while local tax levy accounted for approximately 45.2%.

NOTE 19: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$92-\$473 a month per machine. Total lease payments made during the year ended June 30, 2018, amounted to \$10,682. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2019	\$ 11,461
2020	5,243
2021	4,678
2022	780
	<u>\$ 22,162</u>

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2018.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 21: COMMITMENTS AND CONTINGENCIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. However, the Title I program was audited for FY 2016 and costs were disallowed requiring repayment which is required by June 30, 2019. It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Alloway Township School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 22: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Township of Alloway did not have any tax abatements for the year ended December 31, 2017.

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and January 21, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

NOTE 24: CHANGE IN ACCOUNTING PRINCIPLE

During the year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB).

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 24: CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OPEB.

The effect of this change was to decrease fiscal year ended June 30, 2017, net position by \$18,648,597 which is the prior period adjustment of net OPEB liability. Financial statements for the fiscal year ended June 30, 2017, have not been restated and the cumulative effect of the change totaling \$18,648,597 is shown as a one-time debit to net position in the fiscal year ended June 30, 2018, Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,877,636		\$ 3,877,636	\$ 3,877,636	
Tuition from LEA's				29,734	\$ 29,734
Tuition from others				11,748	11,748
Transportation from LEA's				15,434	15,434
Transportation from others				5,024	5,024
Interest on investments	1,500		1,500	1,864	364
Interest on capital reserve funds	500		500	1,787	1,287
Miscellaneous				54,232	54,232
Total - local sources	3,879,636		3,879,636	3,997,459	117,823
State sources:					
Equalization aid	3,016,688		3,016,688	3,016,688	
Transportation aid	290,690		290,690	290,690	
Special education aid	324,976		324,976	324,976	
Under adequacy aid	3,706		3,706	3,706	
Security aid	44,007		44,007	44,007	
PARCC readiness aid	5,170		5,170	5,170	
Per pupil growth aid	5,170		5,170	5,170	
Professional learning community aid	4,810		4,810	4,810	
Extraordinary aid				84,857	84,857
Nonpublic transportation costs				3,770	3,770
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				384,591	384,591
TPAF post-retirement medical (on-behalf non-budgeted)				248,399	248,399
TPAF long-term disability insurance (on-behalf non-budgeted)				459	459
Reimbursed TPAF social security contributions (non-budgeted)				185,035	185,035
Total - state sources	3,695,217		3,695,217	4,602,328	907,111
Total revenues	7,574,853		7,574,853	8,599,787	1,024,934

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	75,004		75,004	73,733	1,271
Kindergarten	188,002	(20,839)	167,163	164,910	2,253
Grades 1-5	826,754	(4,097)	822,657	821,998	659
Grades 6-8	530,235	(12,758)	517,477	509,199	8,278
Regular programs - home instruction:					
Salaries of teachers	2,000		2,000		2,000
Purchased professional - education services	3,900		3,900	624	3,276
Regular programs - undistributed instruction:					
Other salaries for instruction	20,650		20,650	19,042	1,608
Purchased technical services	16,050	1,800	17,850	17,427	423
Other purchased services (400-500 series)	46,632	4,000	50,632	47,948	2,684
General supplies	142,321	4,700	147,021	113,780	33,241
Textbooks	12,500	(10,500)	2,000	1,809	191
Miscellaneous expenditures	3,000		3,000	2,075	925
Total regular programs	1,867,048	(37,694)	1,829,354	1,772,545	56,809
Special education - instruction:					
Resource room					
Salaries of teachers	269,208	(800)	268,408	267,726	682
Other salaries for instruction	68,834	1,900	70,734	70,646	88
General supplies	2,817		2,817	2,172	645
Total resource room	340,859	1,100	341,959	340,544	1,415
Total special education	340,859	1,100	341,959	340,544	1,415
Basic skills/remedial					
Salaries of teachers	133,667	(1,100)	132,567	80,782	51,785
Other salaries for instruction	13,000		13,000	5,907	7,093
General supplies	1,279		1,279	398	881
Total basic skills/remedial	147,946	(1,100)	146,846	87,087	59,759
School sponsored co-curricular activities					
Salaries	31,000		31,000	10,746	20,254
Total school sponsored co-curricular activities	31,000		31,000	10,746	20,254
Total other instructional programs	178,946	(1,100)	177,846	97,833	80,013
Total - instruction	2,386,853	(37,694)	2,349,159	2,210,922	138,237

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within state - regular	1,706,202	16,000	1,722,202	1,708,484	13,718
Tuition to other LEA's within state - special	163,640		163,640	161,140	2,500
Tuition to county vocational school - regular	85,796		85,796	74,200	11,596
Tuition to county special services district/ regional day schools	241,099	35,000	276,099	275,061	1,038
Tuition to private schools for the handicapped - state	200,125	(67,000)	133,125	128,711	4,414
Total undistributed expenditures - instruction	2,396,862	(16,000)	2,380,862	2,347,596	33,266
Attendance and social work services					
Salaries	3,192		3,192	2,935	257
Purchased professional/technical services	1,000		1,000	300	700
Total attendance and social work services	4,192		4,192	3,235	957
Health services					
Salaries	62,320		62,320	61,140	1,180
Purchased professional/technical services	5,100		5,100	2,500	2,600
Supplies and materials	2,238		2,238	1,443	795
Total health services	69,658		69,658	65,083	4,575
Related services					
Purchased professional - education services	87,800		87,800	78,877	8,923
Supplies and materials	500		500	500	
Total related services	88,300		88,300	78,877	9,423
Extraordinary services					
Other salaries for instruction	8,704	7,100	15,804	15,760	44
Purchased educational services	269,850	(32,100)	237,750	191,391	46,359
Supplies and materials	500	2,000	2,500	2,183	317
Total extraordinary services	279,054	(23,000)	256,054	209,334	46,720
Other support services - guidance services					
Salaries of other professional staff	63,715		63,715	63,715	
Supplies and materials	1,024		1,024	992	32
Total other support services - guidance services	64,739		64,739	64,707	32

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - child study team					
Salaries of other professional staff	102,713		102,713	102,328	385
Salaries of secretarial and clerical	5,339	(1,500)	3,839	816	3,023
Other purchased professional-tech. services	4,500	1,500	6,000	5,581	419
Miscellaneous purchased services	250		250	143	107
Supplies and materials	2,489		2,489	2,291	198
Total other support services - child study team	115,291		115,291	111,159	4,132
Improvement of instructional services/other support services - instructional staff					
Salaries of supervisor instruction	35,000		35,000	35,000	
Salaries of professional staff	2,500		2,500		2,500
Total improvement of instructional services/ other support services - instructional staff	37,500		37,500	35,000	2,500
Educational media services/school library					
Salaries	38,534	39,294	77,828	77,647	181
Other purchased services	2,300		2,300	2,177	123
Supplies and materials	5,643	(1,600)	4,043	2,965	1,078
Total educational media services/school library	46,477	37,694	84,171	82,789	1,382
Instructional staff training					
Salaries of other professional staff	500		500	32	468
Purchased professional - education services	1,249		1,249	718	531
Other purchased services	1,645		1,645	594	1,051
Total instructional staff training	3,394		3,394	1,344	2,050
Support services general administration					
Salaries	171,000	(5,900)	165,100	165,041	59
Legal services	15,000	37,700	52,700	52,503	197
Audit services	12,500		12,500	11,800	700
Other professional services	8,500		8,500	7,587	913
Communications/telephone	13,400	(1,600)	11,800	11,274	526
Other purchased services (400-500 series)	33,582	(7,825)	25,757	24,076	1,681
Supplies and materials	800	500	1,300	923	377
BOE training/meeting supplies	500		500	270	230
Miscellaneous expenditures	1,100	3,100	4,200	3,966	234
BOE member dues	4,800		4,800	4,691	109
Total support services general administration	261,182	25,975	287,157	282,131	5,026
Support services school administration					
Salaries of principals/assistant principals	45,000		45,000	45,000	
Salaries of secretarial and clerical assistants	33,600	(1,950)	31,650	31,497	153
Other purchased services (400-500 series)	650		650	281	369
Supplies and materials	750	1,750	2,500	2,494	6
Other objects	1,000	2,600	3,600	3,594	6
Total support services school administration	81,000	2,400	83,400	82,866	534

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central services					
Salaries	138,728	640	139,368	139,340	28
Purchased technical services	11,575	4,125	15,700	15,222	478
Other purchased services (400-500 series)	2,600		2,600	2,183	417
Supplies and materials	1,500	400	1,900	1,754	146
Miscellaneous expenditures	1,300		1,300	1,215	85
Total central services	155,703	5,165	160,868	159,714	1,154
Administration information technology					
Salaries	430		430	420	10
Total information technology	430		430	420	10
Required maintenance for school facilities					
Salaries	18,500	60	18,560	18,270	290
Cleaning, repair, and maintenance services	35,300	(2,000)	33,300	17,530	15,770
Total required maintenance for school facilities	53,800	(1,940)	51,860	35,800	16,060
Custodial services					
Salaries non-instructional aides	3,430	600	4,030	4,000	30
Other salaries	98,096	(900)	97,196	90,309	6,887
Purchased professional and technical services	6,120	1,000	7,120	6,990	130
Cleaning, repair and maintenance services	20,200		20,200	10,951	9,249
Other purchased property services	35,000	(300)	34,700	31,990	2,710
Insurance	26,474	(1,000)	25,474	20,039	5,435
Miscellaneous purchased services	2,100		2,100	1,075	1,025
General supplies	22,000		22,000	16,875	5,125
Energy - electricity	88,000		88,000	73,732	14,268
Energy - oil	44,000		44,000	38,426	5,574
Total other operation and maintenance of plant services	345,420	(600)	344,820	294,387	50,433
Total operation and maintenance of plant services	399,220	(2,540)	396,680	330,187	66,493
Student transportation services					
Salaries - special	20,000	2,000	22,000	21,484	516
Aid in lieu - non-public	10,608	2,400	13,008	12,775	233
Aid in lieu - choice	2,652	2,000	4,652	4,439	213
Contracted services (between home and school) - vendors	270,824	(6,200)	264,624	248,171	16,453
Contracted services (other than between home and school) - vendors	22,000	(700)	21,300	7,035	14,265
Contracted services (regular students) - joint agreements	26,588	(8,900)	17,688	16,166	1,522
Contracted services (special education students) - joint agreements		4,000	4,000	3,833	167
Contracted services (regular students) - ESC and CTSA	8,800	10,250	19,050	19,020	30
Contracted services (special education students) - ESC and CTSA	77,400	(7,100)	70,300	70,283	17
Miscellaneous purchased services	2,500	200	2,700	2,663	37
Transportation supplies	4,500	1,700	6,200	5,375	825
Miscellaneous expenditures		350	350	135	215
Total student transportation services	445,872		445,872	411,379	34,493

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits					
Social security contributions	53,000	(7,500)	45,500	43,128	2,372
Other retirement contributions - regular	71,000	7,500	78,500	77,967	533
Unemployment compensation	15,000		15,000	13,257	1,743
Workers' compensation	43,576		43,576	37,641	5,935
Health benefits	734,582	(4,700)	729,882	649,356	80,526
Tuition reimbursement	8,000	(2,500)	5,500		5,500
Other employee benefits		4,700	4,700	4,692	8
Unused sick payments	19,969		19,969	16,140	3,829
Total unallocated benefits	945,127	(2,500)	942,627	842,181	100,446
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				384,591	(384,591)
TPAF post-retirement medical (on-behalf non-budgeted)				248,399	(248,399)
TPAF long-term disability insurance (on-behalf non-budgeted)				459	(459)
Reimbursed TPAF social security contributions (non-budgeted)				185,035	(185,035)
Total non-budgeted				818,484	(818,484)
Total undistributed expenditures	5,394,001	27,194	5,421,195	5,926,486	(505,291)
Total expenditures - current expense	7,780,854	(10,500)	7,770,354	8,137,408	(367,054)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures					
Required maintenance	21,000	35,600	56,600	53,844	2,756
Non-instructional equipment		8,000	8,000	7,848	152
Total equipment	21,000	43,600	64,600	61,692	2,908
Facilities acquisition and construction services					
Debt service assessment of SDA funding	35,593		35,593	35,593	
Total facilities acquisition and construction services	35,593		35,593	35,593	
Total capital outlay	56,593	43,600	100,193	97,285	2,908
Total expenditures	7,837,447	33,100	7,870,547	8,234,693	(364,146)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Operating transfers:					
Capital reserve to capital outlay		(35,600)	(35,600)		(35,600)
Transfer to food service - board contribution	(15,000)	(2,500)	(17,500)	(17,500)	
Total other financing sources (uses)	(15,000)	(33,100)	(53,100)	(17,500)	(35,600)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(277,594)		(348,794)	347,594	1,353,480
Fund balances - July 1	1,415,650		1,415,650	1,415,650	
Fund balances - June 30	<u>\$ 1,138,056</u>		<u>\$ 1,066,856</u>	<u>\$ 1,763,244</u>	<u>\$ 1,353,480</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 513,913	
Excess surplus - designated for subsequent year's expenditures				233,315	
Excess surplus - current year				487,937	
Assigned fund balance:					
Designated for subsequent year's expenditures - July 1, 2018 - August 1, 2018				82,937	
Designated for subsequent year's expenditures				106,515	
Unassigned fund balance				338,627	
				1,763,244	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				(347,253)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 1,415,991</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 242,968	\$ 29,910	\$ 272,878	\$ 272,878	
Local sources	3,072		3,072	3,072	
Total revenues	\$ 246,040	\$ 29,910	\$ 275,950	\$ 275,950	
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 45,782	\$ 9,310	\$ 55,092	\$ 55,092	
Other salaries for instruction	70,031	(24,318)	45,713	45,713	
Purchased professional - technical services	28,216		28,216	28,216	
Supplies and materials	33,165	29,910	63,075	63,075	
Total instruction	177,194	14,902	192,096	192,096	
Support services:					
Salaries of secretarial and clerical assistants	20,000		20,000	20,000	
Personal services - employee benefits	18,774	15,008	33,782	33,782	
Purchased professional - educational services	10,000		10,000	10,000	
Purchased professional - technical services	15,200		15,200	15,200	
Other purchased services (400-500 series)	3,000		3,000	3,000	
Supplies and materials	1,872		1,872	1,872	
Total support services	68,846	15,008	83,854	83,854	
Total expenditures	\$ 246,040	\$ 29,910	\$ 275,950	\$ 275,950	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation -
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

Note A: Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.

	<u>General Fund N-1</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 8,599,787	[C-2] \$ 275,950
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	357,444	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(347,253)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 8,609,978</u>	[B-2] <u>\$ 275,950</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] <u>\$ 8,234,693</u>	[C-2] <u>\$ 275,950</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] <u>\$ 8,234,693</u>	[B-2] <u>\$ 275,950</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Five Fiscal Years

	Fiscal Year Ended				
	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0074665919%	0.0071081737%	0.0063405820%	0.0063188878%	0.0070555330%
District's proportionate share of the net pension liability (asset)	\$ 1,738,103	\$ 2,105,237	\$ 1,423,334	\$ 1,183,069	\$ 1,348,453
District's covered-employee payroll	437,183	569,505	532,548	491,532	475,029
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	397.57%	369.66%	267.27%	240.69%	283.87%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Five Fiscal Years

	Fiscal Year Ended				
	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contribution	\$ 69,170	\$ 63,148	\$ 54,512	\$ 52,092	\$ 53,162
Contributions in relation to the contractually required contribution	(69,170)	(63,148)	(54,512)	(52,092)	(53,162)
Contribution deficiency (excess)	None	None	None	None	None
District's covered-employee payroll	\$ 437,183	\$ 569,505	\$ 532,548	\$ 491,532	\$ 475,029
Contributions as a percentage of covered-employee payroll	15.82%	11.09%	10.24%	10.60%	11.19%
Measurement date	6/30/17	6/30/16	06/30/15	06/30/14	06/30/13

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Five Fiscal Years

Teacher's Pension and Annuity Fund
 Special Funding Situation

	Fiscal Year Ended				
	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0281693501%	0.0287097668%	0.0301862655%	0.0298195343%	0.0297634005%
District's proportionate share of the net pension liability (asset)	\$ 18,992,792	\$ 22,584,934	\$ 19,079,009	\$ 15,937,571	\$ 15,042,189
District's covered-employee payroll	2,668,119	2,837,994	3,026,482	3,099,500	3,053,742
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	711.84%	795.81%	630.40%	514.20%	492.58%
Plan fiduciary net position as a percentage of the total pension liability.	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	6/30/17	6/30/16	06/30/15	06/30/14	06/30/13

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also, on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Fiscal Year

	<u>Fiscal Year Ended</u> <u>2018</u>
Total OPEB Liability	
Service cost	\$ 664,364
Interest	544,977
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(2,231,613)
Member contributions	14,705
Benefit payments	<u>(399,354)</u>
Net change in total OPEB liability	(1,406,921)
Total OPEB liability - beginning	<u>18,648,597</u>
Total OPEB liability - ending	<u>\$ 17,241,676</u>
Covered employee payroll	\$ 3,105,302
Total OPEB liability as a percentage of covered employee payroll	555.23%

Notes to Schedule:

Changes of benefit terms:

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

2,018	3.58%
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO PENSIONS

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with NJSA 52:14-17.32f. According to NJSA 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in or retires on a disability pension from one or more of the following plans: the Teacher's Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

NOTE 4: ACTUARIAL ASSUMPTIONS

The total nonemployer OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016, was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014, for TPAF and PERS, respectively.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward Ex. E-1a	IDEA Basic Part B	IDEA Preschool	Totals	
				FY 2018	FY 2017
REVENUES:					
Federal sources	\$ 173,403	\$ 95,852	\$ 3,623	\$ 272,878	\$ 267,192
Local sources	3,072			3,072	2,555
Total revenues	176,475	95,852	3,623	275,950	269,747
EXPENDITURES:					
Instruction:					
Salaries of teachers	55,092			55,092	75,796
Other salaries for instruction	8,807	33,540	3,366	45,713	101,201
Purchased professional technical services		28,216		28,216	15,641
General supplies	63,075			63,075	1,935
Total instruction	126,974	61,756	3,366	192,096	194,573
Support services:					
Salaries of secretarial and clerical assistants		20,000		20,000	18,800
Personal services - employee benefits	29,429	4,096	257	33,782	28,231
Purchased professional - educational services		10,000		10,000	11,968
Purchased professional - technical services	15,200			15,200	3,500
Other purchased services (400-500 series)	3,000			3,000	11,120
Supplies and materials	1,872			1,872	1,555
Total support services	49,501	34,096	257	83,854	75,174
Total expenditures	\$ 176,475	\$ 95,852	\$ 3,623	\$ 275,950	\$ 269,747

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Title IV	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Rural Education Achievement Program	NJ School Business Administrator's Safety Grant	Total Carried Forward
REVENUES:						
Federal sources	\$ 10,000	\$ 113,718	\$ 19,775	\$ 29,910		\$ 173,403
Local sources					\$ 3,072	3,072
Total revenues	<u>10,000</u>	<u>113,718</u>	<u>19,775</u>	<u>29,910</u>	<u>3,072</u>	<u>176,475</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers		52,514	2,578			55,092
Other salaries for instruction		8,807				8,807
General supplies	10,000	23,165		29,910		63,075
Total instruction	<u>10,000</u>	<u>84,486</u>	<u>2,578</u>	<u>29,910</u>		<u>126,974</u>
Support services:						
Personal services - employee benefits		29,232	197			29,429
Purchased professional - technical services			14,000		1,200	15,200
Other purchased services (400-500 series)			3,000			3,000
Supplies and materials					1,872	1,872
Total support services		<u>29,232</u>	<u>17,197</u>		<u>3,072</u>	<u>49,501</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 113,718</u>	<u>\$ 19,775</u>	<u>\$ 29,910</u>	<u>\$ 3,072</u>	<u>\$ 176,475</u>

CAPITAL PROJECTS FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2018

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP Expenditures to Date		Unexpended Appropriation June 30, 2018
			Prior Years	Current Year	
Roof replacement	01/06/14	\$ 405,409	\$ 403,205		\$ 2,204
Security vestibule	06/21/14	65,525	43,972		21,553
		\$ 470,934	\$ 447,177	None	\$ 23,757

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

Fund balance - beginning	\$	23,757
Fund balance - ending	\$	23,757

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Roof Replacement
 from Inception and for the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 222,613		\$ 222,613	\$ 222,613
State Sources: SDA Grant	182,796		182,796	182,796
	<u>405,409</u>		<u>405,409</u>	<u>405,409</u>
Expenditures and other financing uses				
Purchased professional and technical services	24,351		24,351	28,575
Construction services	378,854		378,854	376,834
	<u>403,205</u>		<u>403,205</u>	<u>405,409</u>
Excess (deficiency) or revenues over (under) expenditures	<u>2,204</u>		<u>2,204</u>	
Additional project information:				
Project number		0060-020-14G2NF		
Grant date		01/06/14		
Bond authorization date		08/19/14		
Bonds authorized		None		
Bonds issued		None		
Original authorized cost	\$ 405,409			
Additional authorized cost		None		
Revised authorized cost		405,409		
Percentage increase over original authorized cost		0%		
Percentage completion		30%		
Original target completion date		6/30/2015		
Revised target completion date		7/31/2015		

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Security Vestibule
 from Inception and for the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 36,152		\$ 36,152	\$ 36,152
State Sources: SDA Grant	29,373		29,373	29,373
	<u>65,525</u>		<u>65,525</u>	<u>65,525</u>
Expenditures and other financing uses				
Purchased professional and technical services	10,298		10,298	10,298
Construction services	33,674		33,674	56,215
	<u>43,972</u>		<u>43,972</u>	<u>66,513</u>
Excess (deficiency) or revenues over (under) expenditures	<u>21,553</u>		<u>21,553</u>	
Additional project information:				
Project number		0060-020-141002-G04		
Grant date		06/21/14		
Bond authorization date		n/a		
Bonds authorized		n/a		
Bonds issued		n/a		
Original authorized cost	\$ 65,525			
Additional authorized cost		None		
Revised authorized cost		65,525		
Percentage increase over original authorized cost		0%		
Percentage completion		0%		
Original target completion date		8/31/2015		
Revised target completion date		8/31/2015		

PROPRIETARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2018

	Major Funds			
	Business-type Activities			
	Food Service Fund	Other Funds	Totals FY 2018	FY 2017
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 3,747	\$ 3,747	\$ 4,811
Accounts receivable:				
State	\$ 82		82	56
Federal	2,089		2,089	1,591
Other		140	140	1,841
Inventory	1,463		1,463	1,701
Total current assets	3,634	3,887	7,521	10,000
Noncurrent assets:				
Furniture, machinery & equipment	64,345		64,345	64,345
Less: accumulated depreciation	(40,860)		(40,860)	(38,147)
Total non-current assets	23,485		23,485	26,198
Total assets	27,119	\$ 3,887	31,006	36,198
LIABILITIES				
Cash overdraft	5,865		5,865	
Unearned income				3,319
Compensated absences	4,320		4,320	4,050
Total liabilities	10,185		10,185	4,050
NET POSITION				
Invested in capital assets net of related debt	23,485		23,485	26,198
Unrestricted	(6,551)	\$ 3,887	(2,664)	2,631
Total net position	\$ 16,934	\$ 3,887	\$ 20,821	\$ 28,829

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Major Funds		Totals	
	Business-type Activities		FY 2018	FY 2017
	Food Service Fund	Other Funds		
OPERATING REVENUES:				
Local sources:				
Daily sales - reimbursable programs	\$ 46,200		\$ 46,200	\$ 48,197
Daily sales non-reimbursable programs	26,335		26,335	28,522
Community service activities		\$ 49,393	49,393	59,752
Total operating revenue	72,535	49,393	121,928	136,471
OPERATING EXPENSES:				
Salaries	60,868	40,664	101,532	109,212
Employee benefits	20,188	4,136	24,324	21,031
Purchased professional - technical services	5,382		5,382	2,509
Other purchased services		550	550	800
Supplies and materials	172	2,343	2,515	5,514
Cost of sales - reimbursable	38,432		38,432	43,442
Cost of sales - non-reimbursable	14,962		14,962	16,603
Miscellaneous other expenses	173	1,005	1,178	2,090
Depreciation	2,713		2,713	2,300
Total operating expenses	142,890	48,698	191,588	203,501
Operating income (loss)	(70,355)	695	(69,660)	(67,030)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,274		1,274	1,162
Federal sources:				
National school lunch program	32,328		32,328	31,183
Special milk program	136		136	147
Food distribution program	10,414		10,414	11,996
Capital asset contribution				8,750
Total non-operating revenues (expenses)	44,152		44,152	53,238
Income (loss) before operating transfers	(26,203)	695	(25,508)	(13,792)
Board contribution	17,500		17,500	29,000
Net income (loss)	(8,703)	695	(8,008)	15,208
Total net position - July 1	25,637	3,192	28,829	13,621
Total net position - June 30	\$ 16,934	\$ 3,887	\$ 20,821	\$ 28,829

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Major Funds		Totals	
	Business-type Activities		FY 2018	FY 2017
	Food Service Fund	Other Funds		
Cash flows from operating activities:				
Receipts from customers	\$ 72,535	\$ 47,775	\$ 120,310	\$ 134,731
Payments to suppliers	(48,469)	(3,898)	(52,367)	(59,296)
Payments to employees	(60,598)	(40,664)	(101,262)	(109,017)
Payments for employee benefits	(20,188)	(4,136)	(24,324)	(21,031)
Net cash provided (used) by operating activities	(56,720)	(923)	(57,643)	(54,613)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	33,214		33,214	32,211
Board contribution	17,500		17,500	29,000
Net cash provided by non-capital financing activities	50,714		50,714	61,211
Net increase in cash and cash equivalents	(6,006)	(923)	(6,929)	6,598
Cash and cash equivalents - July 1	141	4,670	4,811	(1,787)
Cash and cash equivalents - June 30	\$ (5,865)	\$ 3,747	\$ (2,118)	\$ 4,811
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (70,355)	\$ 695	\$ (69,660)	\$ (67,030)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,713		2,713	2,300
Food distribution program	10,414		10,414	11,996
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		1,701	1,701	(1,508)
(Increase) decrease in inventory	238		238	(334)
Increase (decrease) in deferred revenue		(3,319)	(3,319)	(232)
Increase (decrease) in compensated absences	270		270	195
	\$ (56,720)	\$ (923)	\$ (57,643)	\$ (54,613)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Position
 For the Fiscal Year Ended June 30, 2018

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/Transportation Services	Child Study Team Consortium	FY 2018	FY 2017
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 139	\$ 15,718	\$ 15,548	\$ 15,915	\$ 47,320	\$ 34,449
Intergovernmental accounts receivable						3,960
Total assets	<u>\$ 139</u>	<u>\$ 15,718</u>	<u>\$ 15,548</u>	<u>\$ 15,915</u>	<u>\$ 47,320</u>	<u>\$ 38,409</u>
LIABILITIES AND NET POSITION						
Net position						
Unrestricted	\$ 139	\$ 15,718	\$ 15,548	\$ 15,915	\$ 47,320	\$ 38,409
Total liabilities and net position	<u>\$ 139</u>	<u>\$ 15,718</u>	<u>\$ 15,548</u>	<u>\$ 15,915</u>	<u>\$ 47,320</u>	<u>\$ 38,409</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2018	FY 2017
OPERATING REVENUES:						
Local sources:						
Other charges and fees		\$ 206,000		\$ 136,000	\$ 342,000	\$ 377,957
Total operating revenue		206,000		136,000	342,000	377,957
OPERATING EXPENSES:						
Salaries		157,990		101,637	259,627	255,334
Employee benefits		44,537		27,945	72,482	86,425
Other purchased services (400-500 series)		790		190	980	1,300
Contracted services (special education students) - ESC and CTSA						6,172
Total operating expenses		203,317		129,772	333,089	349,231
Net changes in net position		2,683		6,228	8,911	28,726
Total net position - July 1	\$ 139	13,035	\$ 15,548	9,687	38,409	9,683
Total net position - June 30	\$ 139	\$ 15,718	\$ 15,548	\$ 15,915	\$ 47,320	\$ 38,409

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Cash Flows
 For the Fiscal Year Ended June 30, 2018

	Business-type Activities				Total	
	Food Services	Business Services	Tuition/Transportation Services	Child Study Team Consortium	FY 2018	FY 2017
Cash flows from operating activities:						
Receipts from customers		\$ 206,000	\$ 3,960	\$ 136,000	\$ 345,960	\$ 373,997
Payments to suppliers		(790)		(190)	(980)	(7,472)
Payments to employees		(157,990)		(101,637)	(259,627)	(255,334)
Payments for employee benefits		(44,537)		(27,945)	(72,482)	(86,425)
Net cash provided (used) by operating activities		2,683	3,960	6,228	12,871	24,766
Net increase in cash and cash equivalents		2,683	3,960	6,228	12,871	24,766
Cash and cash equivalents - July 1	\$ 139	13,035	11,588	9,687	34,449	9,683
Cash and cash equivalents - June 30	\$ 139	\$ 15,718	\$ 15,548	\$ 15,915	\$ 47,320	\$ 34,449
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)		\$ 2,683		\$ 6,228	\$ 8,911	\$ 28,726
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:						
Change in assets & liabilities:						
Increase (decrease) in accounts receivable			\$ 3,960		3,960	(3,960)
	\$ 2,683	\$ 3,960	\$ 6,228	\$ 12,871	\$ 24,766	

FIDUCIARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Agency Funds	Total	
		FY 2018	FY 2017
ASSETS			
Cash and cash equivalents	\$ 47,228	\$ 47,228	\$ 41,017
Total assets	<u>\$ 47,228</u>	<u>\$ 47,228</u>	<u>\$ 41,017</u>
LIABILITIES			
Due to student groups	\$ 23,278	\$ 23,278	\$ 21,945
Payroll deductions and withholdings	23,950	23,950	19,072
Total liabilities	<u>\$ 47,228</u>	<u>\$ 47,228</u>	<u>\$ 41,017</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

ACTIVITIES	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Alloway School	\$ 21,945	\$ 27,379	\$ 26,046	\$ 23,278

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 19,072	\$ 3,839,384	\$ 3,834,506	\$ 23,950
Total assets	<u>\$ 19,072</u>	<u>\$ 3,839,384</u>	<u>\$ 3,834,506</u>	<u>\$ 23,950</u>
LIABILITIES				
Employees' net pay		\$ 2,063,855	\$ 2,063,855	
Payroll deductions and withholdings	\$ 19,072	1,775,467	1,770,589	\$ 23,950
Interfund payable		62	62	
Total liabilities	<u>\$ 19,072</u>	<u>\$ 3,839,384</u>	<u>\$ 3,834,506</u>	<u>\$ 23,950</u>

LONG-TERM DEBT

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
			Date	Amount					
Refunding Bonds of 2014	10/16/14	\$ 2,075,000	03/01/19	\$ 210,000	4.000%				
			03/01/20	215,000	2.000%				
			03/01/21	210,000	2.000%				
			03/01/22	205,000	2.500%				
			03/01/23	200,000	2.500%				
			03/01/24	195,000	2.625%				
			03/01/25	195,000	2.625%				
					\$ 1,645,000	None	\$ 215,000	\$ 1,430,000	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Debt Service Fund Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 258,713		\$ 258,713	\$ 258,713	
Total revenues	<u>258,713</u>		<u>258,713</u>	<u>258,713</u>	
EXPENDITURES:					
Regular debt service:					
Interest	43,713		43,713	43,713	
Redemption of principal	215,000		215,000	215,000	
Total regular debt service	<u>258,713</u>		<u>258,713</u>	<u>258,713</u>	
Total expenditures	<u>258,713</u>		<u>258,713</u>	<u>258,713</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures					
Fund balance - July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund balance - June 30	<u>\$ 1</u>		<u>\$ 1</u>	<u>\$ 1</u>	

**STATISTICAL SECTION
(Unaudited)**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	109-115
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	116-119
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120-123
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	124-125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	126-130

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Net Position By Component
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 3,864,183	\$ 3,832,720	\$ 3,774,163	\$ 3,725,471	\$ 3,655,357	\$ 3,655,252	\$ 3,641,137	\$ 4,013,234	\$ 3,989,593	\$ 3,999,675
Restricted	1,187,631	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754	1,082,893	1,448,375
Unrestricted	(181,742)	(188,600)	(122,723)	(105,632)	(156,338)	(182,804)	(1,482,420)	(1,430,774)	(20,143,711)	(21,023,770)
Total governmental activities net position	\$ 4,870,072	\$ 4,646,815	\$ 4,778,511	\$ 4,769,531	\$ 4,437,273	\$ 4,856,953	\$ 3,595,088	\$ 3,555,214	\$ (15,071,225)	\$ (15,575,720)
Business-type activities:										
Invested in capital assets, net of related debt	\$ 7,223	\$ 5,698	\$ 4,884	\$ 4,710	\$ 4,537	\$ 4,363	\$ 11,879	\$ 19,748	\$ 26,198	\$ 23,485
Unrestricted	20,774	29,732	18,616	16,648	11,390	13,005	3,740	(6,062)	2,770	(2,525)
Total business-type activities net position	\$ 27,997	\$ 35,430	\$ 23,500	\$ 21,358	\$ 15,927	\$ 17,368	\$ 15,619	\$ 13,686	\$ 28,968	\$ 20,960
District-wide:										
Invested in capital assets, net of related debt	\$ 3,871,406	\$ 3,838,418	\$ 3,779,047	\$ 3,730,181	\$ 3,659,894	\$ 3,659,615	\$ 3,653,016	\$ 4,032,982	\$ 4,015,791	\$ 4,023,160
Restricted	1,187,631	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754	1,082,893	1,448,375
Unrestricted	(160,968)	(158,868)	(104,107)	(88,984)	(144,948)	(169,799)	(1,478,680)	(1,436,836)	(20,140,941)	(21,026,295)
Total district-wide net position	\$ 4,898,069	\$ 4,682,245	\$ 4,802,011	\$ 4,790,889	\$ 4,453,200	\$ 4,874,321	\$ 3,610,707	\$ 3,568,900	\$ (15,042,257)	\$ (15,554,760)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Changes In Net Position
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2018
 Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES:										
Governmental activities:										
Instruction										
Regular	\$ 1,795,248	\$ 1,898,691	\$ 1,883,236	\$ 1,842,196	\$ 1,998,727	\$ 1,816,724	\$ 1,770,651	\$ 1,724,878	\$ 1,725,547	\$ 1,769,342
Special education	497,980	505,573	505,399	469,372	504,953	515,937	464,598	551,878	494,389	532,888
Other special education	100,500	98,670	86,247	104,039	164,465	169,305	158,520	128,394	62,833	82,339
Other instruction	25,375	28,881	30,701	29,050	30,215	31,489	30,985	29,269	29,825	10,746
Support services										
Student & instruction and related services	2,813,083	2,846,545	2,537,300	2,829,270	2,747,944	2,630,605	3,079,536	3,167,978	3,413,852	3,179,336
General administration	247,425	245,370	244,751	268,006	270,797	248,738	275,712	281,273	201,192	282,131
School administrative services	135,929	141,964	146,887	152,487	132,697	142,917	124,732	143,006	135,563	82,866
Central services	322,796	347,006	349,543	371,392	368,003	365,370	391,976	323,862	346,851	364,556
Administrative information technology	1,680	2,215	599	242	588	2,378	1,697	2,575	578	420
Plant operations and maintenance	462,664	400,333	427,586	404,053	399,613	457,900	419,411	402,302	350,435	330,187
Pupil transportation	350,322	344,806	336,347	381,786	421,885	410,698	497,998	546,707	447,606	411,379
Unallocated benefits	1,225,247	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,459,652	1,513,749	1,714,725	2,581,530
Interest on long-term debt	126,640	121,640	115,640	109,640	103,640	97,640	92,128	59,708	54,689	48,241
Capital outlay	2,533		27,620	16,819	23,083	12,593	43,768	47,530	44,343	35,593
Unallocated depreciation	239,731	230,219	232,016	232,902	236,764	234,426	234,875	247,034	259,795	262,082
Total Governmental activities expenses	8,347,153	8,451,156	8,213,429	8,607,199	9,004,128	8,462,906	9,046,239	9,170,143	9,282,223	9,973,636
Business-type activities:										
Food service	210,494	163,777	157,558	143,559	148,094	152,100	146,010	148,862	150,420	142,890
Child care	86,966	76,174	80,461	78,370	77,362	81,306	92,080	78,280	60,707	48,698
Total business-type activities expense	297,460	239,951	238,019	221,929	225,456	233,406	238,090	227,142	211,127	191,588
Total District expenses	\$ 8,644,613	\$ 8,691,107	\$ 8,451,448	\$ 8,829,128	\$ 9,229,584	\$ 8,696,312	\$ 9,284,329	\$ 9,397,285	\$ 9,493,350	\$10,165,224

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
PROGRAM REVENUES:										
Governmental activities:										
Charges for services										
Instruction (tuition)	\$ 62,287	\$ 76,200	\$ 81,500	\$ 129,476	\$ 121,000	\$ 123,500	\$ 126,000	\$ 126,000	\$ 129,000	\$ 136,000
General administration	76,587	77,956	78,966	81,243	81,165	79,685	78,625	80,023	28,537	
Business administration & central services	182,436	194,354	203,362	210,000	224,300	217,316	229,000	172,000	191,000	206,000
Plant operations & maintenance	38,600									
Pupil transportation							53,039	57,062	21,720	
Operating grants and contributions	223,363	260,757	301,125	219,628	217,698	192,382	179,826	249,856	269,747	275,950
Total governmental activities program revenues	<u>583,273</u>	<u>609,267</u>	<u>664,953</u>	<u>640,347</u>	<u>644,163</u>	<u>612,883</u>	<u>666,490</u>	<u>684,941</u>	<u>640,004</u>	<u>617,950</u>
Business-type activities:										
Charges for services										
Food service	166,346	117,739	111,148	103,879	95,786	92,532	81,429	83,990	84,419	72,535
Child care	81,195	81,171	77,871	80,491	71,264	85,298	84,938	77,309	59,752	49,393
Operating grants and contributions	41,569	38,474	37,070	35,417	40,838	46,217	47,474	44,490	44,488	44,152
Total business-type activities program revenues	<u>289,110</u>	<u>237,384</u>	<u>226,089</u>	<u>219,787</u>	<u>207,888</u>	<u>224,047</u>	<u>213,841</u>	<u>205,789</u>	<u>188,659</u>	<u>166,080</u>
Total District program revenue	<u>\$ 872,383</u>	<u>\$ 846,651</u>	<u>\$ 891,042</u>	<u>\$ 860,134</u>	<u>\$ 852,051</u>	<u>\$ 836,930</u>	<u>\$ 880,331</u>	<u>\$ 890,730</u>	<u>\$ 828,663</u>	<u>\$ 784,030</u>
Net (expense) revenue										
Governmental activities	\$ (7,763,880)	\$ (7,841,889)	\$ (7,548,476)	\$ (7,966,852)	\$ (8,359,965)	\$ (7,850,023)	\$ (8,379,749)	\$ (8,485,202)	\$ (8,642,219)	\$ (9,355,686)
Business-type activities	(8,350)	(2,567)	(11,930)	(2,142)	(17,568)	(9,359)	(24,249)	(21,353)	(22,468)	(25,508)
Total District-wide net expense	<u>\$ (7,772,230)</u>	<u>\$ (7,844,456)</u>	<u>\$ (7,560,406)</u>	<u>\$ (7,968,994)</u>	<u>\$ (8,377,533)</u>	<u>\$ (7,859,382)</u>	<u>\$ (8,403,998)</u>	<u>\$ (8,506,555)</u>	<u>\$ (8,664,687)</u>	<u>\$ (9,381,194)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2018
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 3,299,020	\$ 3,325,440	\$ 3,325,480	\$ 3,325,480	\$ 3,325,480	\$ 3,390,760	\$ 3,525,085	\$ 3,595,502	\$ 3,698,284	\$ 3,877,636
Taxes levied for debt service	256,640	251,640	271,640	265,640	259,640	253,640	282,640	275,240	248,467	258,713
Unrestricted grants and contributions	3,719,437	4,045,455	3,377,230	3,982,331	4,310,771	4,365,143	4,456,919	4,491,334	4,483,990	4,612,519
Federal aid restricted			617,008							
Tuition charges				29,339	24,413				12,393	41,482
Transportation fees				10,310					1,722	20,458
Investment earnings	47,753	21,951	12,961	24,696	26,709	26,882	21,590	22,315	6,229	3,651
Gain (loss) on disposal of assets					(1,140)		(5,946)		(788)	
Transfers	(12,000)	8,941	(10,000)			(12,137)	(10,800)	(22,500)	(10,040)	(17,500)
Miscellaneous income	4,916	7,531	24,313	42,376	11,999	3,419	215	51,283	5,071	54,232
Total governmental activities	<u>7,315,766</u>	<u>7,660,958</u>	<u>7,618,632</u>	<u>7,680,172</u>	<u>7,957,872</u>	<u>8,027,707</u>	<u>8,269,703</u>	<u>8,413,174</u>	<u>8,445,328</u>	<u>8,851,191</u>
Business-type activities:										
Transfers	12,000	(8,941)	10,000			12,137	10,800	22,500	10,040	17,500
Gain (loss) on disposal of assets									(1,220)	
Miscellaneous income	2,741								10,600	
Total business-type activities	<u>14,741</u>	<u>(8,941)</u>	<u>10,000</u>			<u>12,137</u>	<u>10,800</u>	<u>22,500</u>	<u>19,420</u>	<u>17,500</u>
Total District-wide	<u>\$ 7,330,507</u>	<u>\$ 7,652,017</u>	<u>\$ 7,628,632</u>	<u>\$ 7,680,172</u>	<u>\$ 7,957,872</u>	<u>\$ 8,039,844</u>	<u>\$ 8,280,503</u>	<u>\$ 8,435,674</u>	<u>\$ 8,464,748</u>	<u>\$ 8,868,691</u>
Change in net position										
Governmental activities	\$ (448,114)	\$ (180,931)	\$ 70,156	\$ (286,680)	\$ (402,093)	\$ 177,684	\$ (110,046)	\$ (72,028)	\$ (196,891)	\$ (504,495)
Business-type activities	6,391	(11,508)	(1,930)	(2,142)	(17,568)	2,778	(13,449)	1,147	(3,048)	(8,008)
Total District	<u>\$ (441,723)</u>	<u>\$ (192,439)</u>	<u>\$ 68,226</u>	<u>\$ (288,822)</u>	<u>\$ (419,661)</u>	<u>\$ 180,462</u>	<u>\$ (123,495)</u>	<u>\$ (70,881)</u>	<u>\$ (199,939)</u>	<u>\$ (512,503)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2018
 Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Restricted			\$ 1,033,776	\$ 1,070,929	\$ 725,273	\$ 783,296	\$ 690,750	\$ 721,591	\$ 951,733	\$ 1,235,165
Assigned			96,938	78,763	212,981	195,800	296,985	217,731	107,402	189,452
Unassigned			(45,360)	(26,190)	(35,752)	(87,844)	(144,165)	(28,010)	(929)	(8,626)
Reserved	\$ 1,122,786	\$ 982,956								
Unreserved	(87,474)	(107,980)								
Total general fund	<u>\$ 1,035,312</u>	<u>\$ 874,976</u>	<u>\$ 1,085,354</u>	<u>\$ 1,123,502</u>	<u>\$ 902,502</u>	<u>\$ 891,252</u>	<u>\$ 843,570</u>	<u>\$ 911,312</u>	<u>\$ 1,058,206</u>	<u>\$ 1,415,991</u>
All other governmental funds:										
Reserved	\$ 12,977									
Unreserved, reported in:										
Capital projects fund	51,868	\$ 19,739	\$ 19,739			\$ 405,409	\$ 417,965	\$ 23,757	\$ 23,757	\$ 23,757
Debt service fund							30,671	9,675	1	1
Total all other governmental funds	<u>\$ 64,845</u>	<u>\$ 19,739</u>	<u>\$ 19,739</u>			<u>\$ 405,409</u>	<u>\$ 448,636</u>	<u>\$ 33,432</u>	<u>\$ 23,758</u>	<u>\$ 23,758</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
Tax levy	\$ 3,577,080	\$ 3,597,120	\$ 3,591,120	\$ 3,585,120	\$ 3,644,400	\$ 3,807,725	\$ 3,870,742	\$ 3,946,751	\$ 4,057,092	\$ 4,136,349
Tuition charges			29,339	24,413				12,393	35,229	41,482
Transportation charges			10,310					1,722	3,208	20,458
Interest earnings	21,951	12,961	24,696	26,709	26,882	21,590	22,315	6,229	3,205	3,651
Miscellaneous	9,060	28,312	48,452	16,269	7,541	215	55,855	7,546	7,815	57,304
State sources	4,053,095	3,380,675	3,984,775	4,182,543	4,365,143	4,456,919	4,491,334	4,483,990	4,589,383	4,612,519
Federal sources	214,194	870,321	292,605	343,586	213,576	192,382	175,254	247,381	267,192	272,878
Total revenue	7,875,380	7,889,389	7,981,297	8,178,640	8,257,542	8,478,831	8,615,500	8,706,012	8,963,124	9,144,641
EXPENDITURES:										
Instruction:										
Regular	1,795,306	1,899,191	1,871,789	1,842,686	1,978,639	1,822,096	1,781,326	1,719,679	1,737,060	1,772,545
Special	498,080	505,933	505,419	469,652	504,481	515,239	467,230	551,541	494,321	532,640
Other	97,300	105,590	85,507	103,799	162,795	168,810	158,273	128,101	62,518	87,087
School sponsored/other instructional	25,375	28,881	30,701	29,050	30,215	31,489	31,165	29,899	28,295	10,746
Undistributed:										
Student & instruction related services	2,764,228	2,781,570	2,463,489	2,714,991	2,640,558	2,522,911	2,958,403	3,047,189	3,287,423	3,049,196
General administration	170,663	167,452	165,785	186,763	189,632	169,053	197,087	184,250	192,655	282,131
School administration	135,779	141,901	146,887	146,637	138,547	132,617	135,032	141,006	135,563	82,866
Central administration	144,287	147,320	150,023	156,029	158,738	163,830	173,268	163,754	164,144	159,714
Administration information technology	1,680	2,215	599	242	588	2,378	1,697	2,575	578	420
Plant operations & maintenance	426,058	400,333	427,836	401,103	402,373	458,065	419,231	398,922	354,770	330,187
Student transportation	350,322	344,806	336,347	381,786	421,885	410,698	446,350	489,645	441,434	411,379
Unallocated benefits	1,225,247	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,471,737	1,531,090	1,562,956	1,694,447
Debt service expenditures										
Principal	125,000	150,000	150,000	150,000	150,000	185,000	185,000	215,000	215,000	215,000
Interest	126,640	121,640	115,640	109,640	103,640	97,640	69,244	54,463	50,162	43,713
Capital outlay	19,358	48,756	51,079	52,169	39,733	67,860	112,087	457,694	70,025	97,285
Total expenditures	7,905,323	8,084,831	7,790,658	8,140,492	8,522,578	8,073,872	8,607,130	9,114,808	8,796,904	8,769,356
Excess (deficiency) of revenues over (under) expenditures	(29,943)	(195,442)	190,639	38,148	(265,036)	404,959	8,370	(408,796)	166,220	375,285
Other financing sources (uses)										
Refund of bond issuance costs							9,675	73,334		
Transfers from internal service fund	60,817				56,536					
Transfers out - food service fund		(10,000)			(12,500)	(10,800)	(22,500)	(12,000)	(29,000)	(17,500)
Total other financing sources (uses)	60,817	(10,000)			44,036	(10,800)	(12,825)	61,334	(29,000)	(17,500)
Net change in fund balance	\$ 30,874	\$ (205,442)	\$ 190,639	\$ 38,148	\$ (221,000)	\$ 394,159	\$ (4,455)	\$ (347,462)	\$ 137,220	\$ 357,785
Debt service as a percentage of noncapital expenditures	3.19%	3.38%	3.43%	3.21%	2.99%	3.53%	2.99%	3.11%	3.04%	2.98%

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

Fiscal Year Ended June 30,	DuPont Grant	Donations	Miscellaneous	Refunds	Other Local Grant	Rentals	Annual Totals
2009	\$ 1,529		\$ 5,237	\$ 2,294			\$ 9,060
2010			534	7,779		\$ 16,000	24,313
2011			5,429	20,947		16,000	42,376
2012			6,132	5,867			11,999
2013			260	3,159			3,419
2014			215				215
2015			1,747	49,536			51,283
2016		\$ 2,570	2,501		\$ 2,475		7,546
2017			2,248	3,012			5,260
2018			9,357	44,875			54,232
	<u>\$ 1,529</u>	<u>\$ 2,570</u>	<u>\$ 33,660</u>	<u>\$ 137,469</u>	<u>\$ 2,475</u>	<u>\$ 32,000</u>	<u>\$ 209,703</u>

Source: District records

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2009	8,050,700	142,951,300	33,825,300	4,815,800	8,107,900	0	0	197,751,000	538,700	198,289,700	282,723,774	1.803
2010	7,355,300	148,666,100	33,703,600	5,855,800	5,878,700	0	0	201,459,500	562,108	202,021,608	304,743,165	1.781
2011	12,314,300	209,234,800	44,541,200	6,405,000	15,496,600	0	0	287,991,900	841,247	288,833,147	344,735,336	1.243
2012	12,231,900	208,335,300	44,590,500	5,992,900	15,191,000	0	0	286,341,600	614,413	286,956,013	308,742,510	1.250
2013	10,955,100	207,289,200	44,768,800	5,826,100	15,384,500	0	0	284,223,700	627,629	284,851,329	290,561,112	1.280
2014	10,219,000	207,215,300	45,486,900	5,872,700	16,141,800	0	0	284,935,700	569,261	285,504,961	282,175,294	1.334
2015	9,975,700	206,966,300	45,870,600	6,047,000	11,919,200	0	0	280,778,800	414,575	281,193,375	289,929,202	1.377
2016	8,489,100	207,582,200	45,833,000	6,009,900	11,604,300	0	0	279,518,500	406,893	279,925,393	296,158,778	1.410
2017	7,829,300	208,100,500	45,516,800	6,000,300	11,604,300	0	0	279,051,200	399,169	279,450,369	285,661,657	1.452
2018	7,661,700	209,389,800	45,151,700	5,925,200	11,708,000	0	0	279,836,400	385,714	280,222,114	292,718,815	1.478

Source: Tax Assessor

n/a = Not available at time of completion of CAFR

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Alloway	Township Open Space	Salem County	
2009	1.676	0.127	1.803	0.192	0.020	1.322	3.337
2010	1.647	0.134	1.781	0.214	0.019	1.339	3.353
2011	1.151	0.092	1.243	0.180	0.019	1.060	2.502
2012	1.159	0.091	1.250	0.190	0.002	0.961	2.403
2013	1.191	0.089	1.280	0.181	0.010	0.959	2.430
2014	1.235	0.099	1.334	0.186	0.005	0.954	2.479
2015	1.279	0.098	1.377	0.225	0.005	0.985	2.592
2016	1.321	0.089	1.410	0.244	0.005	1.059	2.718
2017	1.361	0.091	1.452	0.250	0.005	1.109	2.816
2018	1.386	0.092	1.478	0.250	0.005	1.109	2.842

Source: Municipal Tax Collector

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
T/P Campground Inc.	3,000,000	1.07%		
Angelo Massari, Inc.	2,521,500	0.90%	1,589,300	0.80%
Taxpayer #1	835,200	0.30%		
Tall Pines Campground Inc.			788,600	0.40%
Taxpayer #2	787,300	0.28%	748,600	0.38%
Taxpayer #3	723,900	0.26%	672,200	0.34%
Fulton Bank (The Bank)	528,900	0.19%	528,900	0.27%
Taxpayer #4	645,000	0.23%	626,600	0.32%
Heritage-Cobb Mill Estates LP			1,222,200	0.62%
Taxpayer #5	580,400	0.21%		
Taxpayer #6	578,800	0.21%	560,400	0.28%
Taxpayer #7	559,100	0.20%		
Verizon Communications			562,108	0.28%
Taxpayer #8			528,800	0.27%
	<u>7,760,100</u>	<u>2.77%</u>	<u>7,827,708</u>	<u>3.95%</u>

Source: Municipal Tax Assessor

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2009	\$ 3,577,080	\$ 3,577,080	100.00%	
2010	3,597,120	3,597,120	100.00%	
2011	3,591,120	3,591,120	100.00%	
2012	3,585,120	3,585,120	100.00%	
2013	3,644,400	3,644,400	100.00%	
2014	3,807,725	3,807,725	100.00%	
2015	3,870,742	3,870,742	100.00%	
2016	3,946,751	3,946,751	100.00%	
2017	4,057,092	4,057,092	100.00%	
2018	4,136,349	4,136,349	100.00%	

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases				
2009	\$ 2,966,000					\$ 2,966,000	2.47%
2010	2,816,000					2,816,000	2.31%
2011	2,666,000					2,666,000	1.92%
2012	2,516,000					2,516,000	1.76%
2013	2,366,000					2,366,000	1.67%
2014	2,181,000					2,181,000	1.54%
2015	2,075,000					2,075,000	1.44%
2016	1,860,000					1,860,000	1.25%
2017	1,645,000					1,645,000	1.10%
2018	1,430,000					1,430,000	n/a

Note: Not available at the time of CAFR completion.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2009	\$ 2,966,000		\$ 2,966,000	1.50%	967
2010	2,816,000		2,816,000	1.40%	912
2011	2,666,000		2,666,000	0.93%	770
2012	2,516,000		2,516,000	0.88%	731
2013	2,366,000		2,366,000	0.83%	687
2014	2,181,000		2,181,000	0.77%	640
2015	2,075,000		2,075,000	0.74%	613
2016	1,860,000		1,860,000	0.67%	554
2017	1,645,000		1,645,000	0.59%	495
2018	1,430,000		1,430,000	0.51%	430

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Alloway	\$ 4,050,828	100%	\$ 4,050,828
Salem County General Obligation Debt (5.62%)	43,364,364	5.93%	2,572,226
Subtotal, overlapping debt			6,623,054
Township of Alloway School District			1,430,000
Total direct and overlapping debt			<u>\$ 8,053,054</u>

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Year		Equalized Valuation Basis							
	2017		\$ 290,980,971							
	2016		290,466,535							
	2015		284,613,074							
			<u>\$ 866,060,580</u>							
Average equalized valuation of taxable property			\$ 288,686,860							
Debt limit (3% of average equalized value)			8,660,606							
Total net debt applicable to limit			<u>1,430,000</u>							
Legal debt margin			<u>\$ 7,230,606</u>							
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 8,391,972	\$ 9,162,104	\$ 9,448,068	\$ 9,382,275	\$ 8,789,910	\$ 8,631,153	\$ 8,682,550	\$ 8,731,754	\$ 8,710,100	\$ 8,660,606
Total net debt applicable to limit	<u>2,966,000</u>	<u>2,816,000</u>	<u>2,666,000</u>	<u>2,516,000</u>	<u>2,366,000</u>	<u>2,181,000</u>	<u>2,075,000</u>	<u>1,860,000</u>	<u>1,645,000</u>	<u>1,430,000</u>
Legal debt margin	<u>\$ 5,425,972</u>	<u>\$ 6,346,104</u>	<u>\$ 6,782,068</u>	<u>\$ 6,866,275</u>	<u>\$ 6,423,910</u>	<u>\$ 6,450,153</u>	<u>\$ 6,607,550</u>	<u>\$ 6,871,754</u>	<u>\$ 7,065,100</u>	<u>\$ 7,230,606</u>
Total net debt applicable to the limit as a percentage of debt limit	35.34%	30.74%	28.22%	26.82%	26.92%	25.27%	23.90%	21.30%	18.89%	16.51%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	3,067	\$ 120,066,916	\$ 39,148	11.60%
2010	3,089	121,845,605	39,445	12.30%
2011	3,464	138,889,080	40,095	11.60%
2012	3,444	142,846,788	41,477	11.90%
2013	3,443	141,827,499	41,193	5.90%
2014	3,410	141,767,340	41,574	8.20%
2015	3,386	143,654,436	42,426	7.10%
2016	3,355	148,522,495	44,269	5.10%
2017	3,320	150,020,840	45,187	5.00%
2018	3,327	n/a	n/a	n/a

Source: State of New Jersey, Department of Labor and Workforce Development.

n/a = Not available at time of completion of CAFR.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Ranch Hope	145	9.35%	145	11.27%
Alloway Township Board of Education	70	4.52%	75	5.83%
B.R. Williams	215	13.87%	50	3.89%
Alloway Township	28	1.81%	30	2.33%
Edgar Joyce Nursery	19	1.23%	20	1.55%
	<u>477</u>	<u>30.77%</u>	<u>320</u>	<u>7.77%</u>

Source: Alloway School District

n/a - Not available

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	36.0	36.0	35.0	34.0	32.0	32.0	30.0	30.0	24.8	24.8
Special education	8.5	9.0	8.0	7.4	13.0	11.0	12.0	12.0	13.4	14.2
Support services:										
Student & instruction related services	5.7	6.5	5.5	3.8	2.5	2.5	4.0	4.0	4.3	4.3
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	2.5	2.5	2.5	2.5	1.5	2.0	2.0	2.0	2.5	2.5
Plants operations and maintenance	5.6	5.6	5.5	5.2	5.0	4.1	4.1	3.9	3.5	3.5
Food service	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.4	3.3
Child care	4.0	4.0	4.0	4.0	4.0	3.5	3.5	2.0	2.0	2.0
Total	<u>69.8</u>	<u>71.1</u>	<u>68.0</u>	<u>64.4</u>	<u>65.5</u>	<u>62.1</u>	<u>62.6</u>	<u>60.9</u>	<u>57.4</u>	<u>58.1</u>

Source: District personnel records and budget book.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2009	666	\$ 7,634,325	\$ 11,463	0.70%	35.0	1:13	460.70	441.90	-3.92%	95.92%
2010	646	7,764,435	12,019	4.85%	36.0	1:13	462.30	442.40	0.35%	95.70%
2011	618	7,473,939	12,094	0.62%	35.0	1:12	431.00	412.90	-6.77%	95.80%
2012	603	7,828,683	12,983	7.35%	34.0	1:12	419.00	401.50	-2.78%	95.82%
2013	586	8,229,205	14,043	8.17%	36.0	1:11	401.90	384.80	-4.08%	95.75%
2014	532	7,723,372	14,518	3.38%	34.0	1:11	388.90	372.50	-3.23%	95.78%
2015	504	8,240,799	16,351	12.63%	35.5	1:11	376.92	358.14	-3.08%	95.02%
2016	501	8,387,651	16,742	2.39%	33.0	1:12	383.00	358.98	1.61%	93.73%
2017	494	8,461,717	17,129	2.31%	30.0	1:12	374.60	354.60	-2.19%	94.66%
2018	495	8,413,358	16,997	-0.77%	30.0	1:12	368.06	348.70	-1.75%	94.74%

Source: District records, ASSA, and schedules J-4, J-12, J-14.
- Enrollment includes Woodstown High School enrollment.

Note: Enrollment based on annual October district count.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

Elementary	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Alloway Elementary										
Square feet	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	466	461	430	419	401	384	376	384	375	361

Number of schools at June 30, 2018
 Elementary = 1

Source: District office

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2018
 Unaudited

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

* School Facilities	Gross Square Footage	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Alloway School	55,760	\$ 80,219	\$ 49,900	\$ 51,747	\$ 57,585	\$ 54,877	\$ 87,505	\$ 72,823	\$ 70,781	\$ 48,461	\$ 35,800	\$ 609,698

* School facilities as defined under EFCA.
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School package policy - NJ School Board Association Insurance Group		
Property - blanket buildings & contents	\$ 15,382,878	\$ 5,000
Electronic data processing	150,000	1,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/money & securities in/out	25,000	500
Employee blanket bond/money orders & counterfeit paper	25,000	500
Employee blanket bond/forgery & alteration per occurrence	100,000	1,000
Employee blanket bond/computer fraud per occurrence	100,000	500
General liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	6,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	None
Terrorism	1,000,000	None
Commercial automobile liability		
Bodily injury & property damage	6,000,000	None
Errors & omissions liability policy		
Coverage A	6,000,000	5,000
Coverage B	100,000	5,000
Workmen's compensation - NJ School Board Association Insurance Group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Rebecca S. Joyce, Business Administrator/ Board Secretary	200,000	None

Source: District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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EXHIBIT K-1

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

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

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 Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Alloway Township School District's basic financial statements, and have issued our report thereon dated January 21, 2019.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

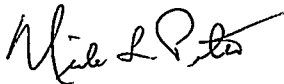
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Alloway Township School District's financial statements are free of 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.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

PETRONI & ASSOCIATES LLC

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EXHIBIT K-2

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

Independent Auditor's Report

The Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Report on Compliance for Each Major State Program

We have audited the Alloway Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Alloway Township School District's major state programs for the year ended June 30, 2018. The Alloway Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Alloway Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal

Grants, State Grants, and State Aid. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Alloway Township 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 state program. However, our audit does not provide a legal determination of the Alloway Township School District's compliance.

Opinion on Each Major State Program

In our opinion, the Alloway Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Alloway Township 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 Alloway Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Alloway Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements Alloway Township School District as of and for the year ended June 30, 2018, and have issued our report thereon dated January 21, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

January 21, 2019

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017	Carryover/ (Waikover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018			Memo Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010A	S010A170030	ESEA006018	\$113,718	07/1/17-	06/30/18			\$ 113,718	\$ (113,718)						\$ 113,718
Title II-A - Teacher & Principal Training	84.367	S367A170029	ESEA006018	19,775	07/1/17-	06/30/18			19,775	(19,775)						19,775
Title IV - Student Support and Academic Enrichment	84.424	S424A170031	ESEA006018	10,000	07/1/17-	06/30/18			10,000	(10,000)						10,000
Rural Education Achievement Program	84.358	S358B170030	S358A172551	29,910	07/1/17-	09/30/18			29,910	(29,910)						29,910
Special Education Cluster																
IDEA Part B, Basic Regular	84.027A	H027A170100	IDEA006018	95,852	07/1/17-	06/30/18			95,852	(95,852)						95,852
IDEA Part B, Preschool	84.173	H173A170114	IDEA006018	3,623	07/1/17-	06/30/18			3,623	(3,623)						3,623
Total Special Education Cluster									99,475	(99,475)						99,475
Total Special Revenue Fund									272,878	(272,878)						272,878
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	171NJ304N1099	n/a	10,414	07/1/17-	06/30/18			10,414	(9,149)			\$ 1,265			9,149
Food Distribution Program	10.555	171NJ304N1099	n/a	11,996	07/1/16-	06/30/17	\$ 1,927			(1,927)						11,996
National School Lunch Program	10.555	171NJ304N1099	n/a	32,328	07/1/17-	06/30/18			30,247	(32,328)			\$ (2,081)			32,328
National School Lunch Program	10.555	171NJ304N1099	n/a	31,183	07/1/16-	06/30/17	(1,583)		1,583							31,183
Special Milk Program for Children	10.556	171NJ304N1099	n/a	136	07/1/17-	06/30/18			128	(136)			(8)			136
Special Milk Program for Children	10.556	171NJ304N1099	n/a	147	07/1/16-	06/30/17	(8)		8							147
Total Enterprise Fund/Child Nutrition Cluster							336		42,380	(43,540)			(2,089)	1,265		84,656
Total Federal Financial Awards							\$ 336		\$ 315,258	\$ (316,418)			\$ (2,089)	\$ 1,265		\$ 357,534

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2018			Memo	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	18-495-034-5120-078	\$ 3,016,688	07/1/17-	06/30/18				\$ 3,016,688	\$ (3,016,688)					\$ 283,490	\$ 3,016,688
Special Education Categorical Aid	18-495-034-5120-089	324,976	07/1/17-	06/30/18				324,976	(324,976)					30,539	324,976
Security Aid	18-495-034-5120-084	44,007	07/1/17-	06/30/18				44,007	(44,007)					4,135	44,007
Under Adequacy Aid	18-495-034-5120-096	3,706	07/1/17-	06/30/18				3,706	(3,706)					348	3,706
PARCC Readiness Aid	18-495-034-5120-098	5,170	07/1/17-	06/30/18				5,170	(5,170)					486	5,170
Per Pupil Growth Aid	18-495-034-5120-097	5,170	07/1/17-	06/30/18				5,170	(5,170)					486	5,170
Professional Learning Community Aid	18-495-034-5120-101	4,810	07/1/17-	06/30/18				4,810	(4,810)					452	4,810
Transportation Aid	18-495-034-5120-014	290,690	07/1/17-	06/30/18				290,690	(290,690)					27,317	290,690
Extraordinary Aid	18-495-034-5120-044	84,857	07/1/17-	06/30/18					(84,857)		\$ (84,857)				84,857
Extraordinary Aid	17-495-034-5120-044	105,123	07/1/16-	06/30/17	\$ (105,123)			105,123							105,123
Nonpublic Transportation Costs	n/a	3,770	07/1/17-	06/30/18					(3,770)			(3,770)			3,770
Nonpublic Transportation Costs	n/a	1,392	07/1/16-	06/30/17	(1,392)			1,392							1,392
Lead Testing for Schools Aid	18-495-034-5120-104	1,132	07/1/16-	06/30/17				1,132		\$ (1,132)					1,132
Reimbursed TPAF Social Security Contributions	18-100-034-5094-003	185,035	07/1/17-	06/30/18				185,035	(185,035)						185,035
On-Behalf TPAF Post-retirement Contribution	18-100-034-5094-001	248,399	07/1/17-	06/30/18				248,399	(248,399)						248,399
On-Behalf TPAF Pension Contribution	18-100-034-5094-002	384,591	07/1/17-	06/30/18				384,591	(384,591)						384,591
On-Behalf TPAF Long Term Disability	18-100-034-5094-004	459	07/1/17-	06/30/18				459	(459)						459
Total General Fund					<u>(106,515)</u>			<u>4,621,348</u>	<u>(4,602,328)</u>		<u>(1,132)</u>	<u>(88,627)</u>		<u>347,253</u>	<u>4,709,975</u>
Capital Projects Fund:															
SDA Grant	0060-020-14G2NF	182,796	01/06/14	-complete	(182,796)							(182,796)			182,796
SDA Grant	0060-020-141002-G04	29,373	06/21/14	-complete	(29,373)							(29,373)			29,373
Total Capital Projects Fund					<u>(212,169)</u>							<u>(212,169)</u>			<u>212,169</u>
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	18-100-010-3350-023	1,274	07/1/17-	06/30/18				1,192	(1,274)			(82)			1,274
National School Lunch Program (State Share)	17-100-010-3350-023	1,162	07/1/16-	06/30/17	(56)			56							1,162
Total Enterprise Fund					<u>(56)</u>			<u>1,248</u>	<u>(1,274)</u>			<u>(82)</u>			<u>2,436</u>
Total State Financial Assistance					<u>\$ (318,740)</u>			<u>\$ 4,622,596</u>	<u>\$ (4,603,602)</u>	<u>\$ (1,132)</u>	<u>\$ (300,878)</u>			<u>\$ 347,253</u>	<u>\$ 4,924,580</u>
Less: On-Behalf TPAF Pension System Contributions															
Total for State Financial Assistance - Major Program Determination															
									<u>\$ (633,449)</u>						
									<u>\$ (3,970,153)</u>						

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2018**

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200-*Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, New Jersey OMB's Circular 15-08, *Audits of States, Local Governments, and Non-Profit Organizations* and the *New Jersey State Aid/Grant Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,191 for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	Federal	State	Total
General fund		\$ 4,612,519	\$ 4,612,519
Special revenue fund	\$ 272,878		272,878
Food service fund	42,878	1,274	44,152
Total financial assistance	<u>\$ 315,756</u>	<u>\$ 4,613,793</u>	<u>\$ 4,929,549</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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2018, Alloway Township School District has food commodities totaling \$1,265 in inventory.

NOTE 6: OTHER

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, 2018. 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, 2018.

NOTE 7: INDIRECT COST RATE

The Alloway Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018**

NOTE 8: ADJUSTMENTS TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

The adjustment for Lead testing for school's aid in the amount of \$1,132 is to realize the amount expended in the prior fiscal year.

NOTE 9: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial Assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

N/A

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X No

Identification of major programs:

GMIS Numbers

Name of State Program

495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-085
495-034-5120-096

State Aid Public:
Equalization Aid
Special Education Categorical Aid
Security Aid
Adjustment Aid
Under Adequacy Aid

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results (Continued)

<u>GMIS Numbers</u>	<u>Name of State Program</u>
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid

Section II – Financial Statement Findings

None

Section III – State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

N/A

STATE AWARDS

None

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Status of Prior Year Findings:

Corrective action has been taken.

Finding: 2017-001:

Condition: The testing of expenditures (sample size 40) disclosed (100%) were paid without certification of acknowledgement of receipt.

Current status: N/A