

SCHOOL DISTRICT
OF
BLAIRSTOWN TOWNSHIP

Blairstown Township School District
Board of Education
Blairstown, Warren County
New Jersey

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

Comprehensive Annual

Financial Report

of the

Blairstown Township School District

Board of Education

Blairstown, New Jersey

For the Fiscal Year Ending June 30, 2018

Prepared by

Blairstown Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

Blairstown Board of Education

P.O. Box E
One Sunset Hill Road
Blairstown, New Jersey 07825

Phone (908) 362-8536 Fax (908) 362-9638

January 16, 2019

Honorable President and
Members of the Board of Education
Blairstown School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Blairstown School District (District) for the fiscal year ended 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 (Board). 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 general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*, and the state Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Blairstown School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statements No. 3. All funds and account groups of the District are included in this report. The Blairstown Board of Education and the Blairstown Elementary School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through Six and operates a full spectrum program for children with disabilities. These services include regular, as well as special education, for handicapped youngsters. The Pre-Kindergarten program will continue with the addition of another classroom in 2018-19, bringing additional students into the building now that the district has two classes. The District completed the 2017-2018 fiscal year with an average enrollment of 464 students. The following details the changes in the student enrollment of the District over the last five years.

Fiscal Year	Average Daily Student Enrollment	Percent Change
2011-2012	604	-4.7%
2012-2013	554	-8.2%
2013-2014	531	-4.3%
2014-2015	542	+2%
2015-2016	508	-6.3%
2016-2017	481	-5.3%
2017-2018	464	-3.7%

2) ECONOMIC CONDITION AND OUTLOOK: Enrollment has been decreasing over the last several years, as outlined above. Annual reductions in state aid are a concern for the future of this district, particularly if enrollment increases with the 2% cap in mind.

3) MAJOR INITIATIVES:

Summer curriculum updates have been completed for Social Studies, Science, and Physical Education/Health.

Technology updates continue with the purchase and installation of four new state-of-the-art SMART TVs, replacing outdated Mimio systems, all with front-line speaker systems installed.

Professional development planned for the coming year will focus on the appropriate implementation of technology, helping struggling learners, and classroom management/student behavior techniques.

Fountas & Pinnell intervention and remediation strategies will continue to be implemented.

Intervention and referral services (I&RS) will be integrated into the Basic Skills (BSI) program.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of

a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either 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 fund balance at June 30, 2015.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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

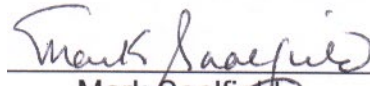
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

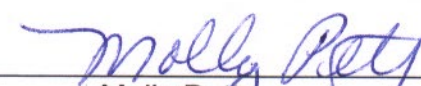
A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Blirstown School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Mark Saalfield
Superintendent

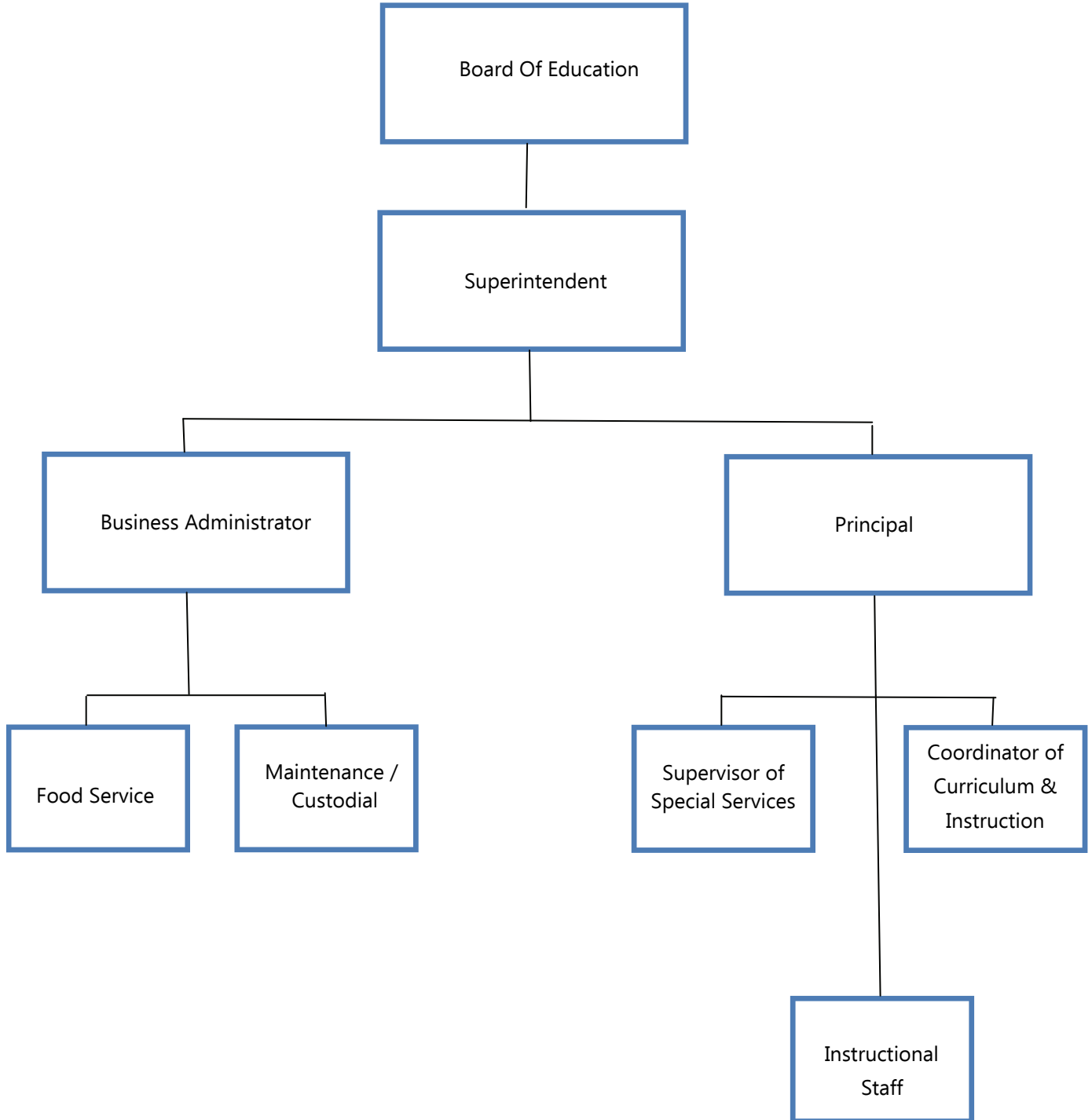


Molly Petty
School Business Administrator

BLAIRSTOWN ELEMENTARY SCHOOL

P.O. Box E
One Sunset Hill Road
Blairstown, N.J. 07825

ORGANIZATIONAL CHART



**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lauren Glory, President	2018
Jeremy Cook, Vice-President	2020
Kelly Hadden	2018
Donna Krauss	2019
John Karolchyk	2019
Michelle Gerhardt	2019
Shelly Mantegna	2018
Jennifer McElroy	2020
Jamie Shaffer	2020

Other Officials

Mark Saalfield, Superintendent

Bruce Leal, Principal

Molly P. Petty, Business Administrator/Board Secretary

Georgette Range, Treasurer

**BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

Design Resources Group
371 Hoes Lane
Piscataway, NJ 08854

AUDIT FIRM

Ardito & Co., LLP
Anthony Ardito
1110 Harrison Street, Suite C
Frenchtown, NJ 08825

ATTORNEY

Adams Gutierrez & Lattiboudere, LLC
Andrew Brown, Esquire
1037 Raymond Boulevard, Suite 900
Newark, NJ 07102

OFFICIAL DEPOSITORY

First Hope Bank
P.O. Box 296
Hope, NJ 07844

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Blairstown Township School District
County of Warren
Blairstown, New Jersey 07825

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Blairstown Township School District Board of Education, as of and for the 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 of 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.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Blairstown Township School District Board of Education, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as 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 Blairstown Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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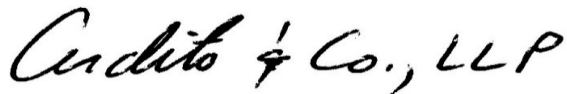
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, and schedule of state financial assistance, as required by New Jersey OMB's circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of the Blairstown Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
January 16, 2019



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The discussion and analysis of Blairstown Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ◆ In total, Net Position increased \$195,670 which represents a 9.7% increase from 2017.
- ◆ General revenues accounted for \$6,703,466 in revenue or 53.7% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,780,156 or 46.3% of total revenues of \$12,483,622.
- ◆ Total assets of governmental activities increased by \$268,218, as cash and cash equivalents increased by \$674,425, receivables decreased by \$287,519, and capital assets decreased by \$118,706.
- ◆ The School District had \$12,287,952 in expenses; only \$5,780,156 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,703,466 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,929,755 in revenues and \$9,557,222 in expenditures. The General Fund's surplus balance increased \$654,117 over 2017, which compares favorably to the budgeted decrease of \$525,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Blairstown Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Blairstown Township School District, the General Fund is by far the most significant fund.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2018 compared to 2017.

Table 1		
Net Position		
	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 1,600,000	\$ 1,213,076
Capital Assets	<u>2,486,892</u>	<u>2,605,598</u>
Total Assets	<u>4,086,892</u>	<u>3,818,674</u>
Deferred Outflows of Resources	<u>708,134</u>	<u>624,879</u>
Liabilities		
Long-Term Liabilities	2,080,020	2,297,026
Other Liabilities	<u>73,964</u>	<u>65,140</u>
Total Liabilities	<u>2,153,984</u>	<u>2,362,166</u>
Deferred Inflows of Resources	<u>427,918</u>	<u>63,933</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,486,892	2,605,598
Restricted	892,663	762,671
Unrestricted	<u>(1,166,431)</u>	<u>(1,350,815)</u>
Total Net Position	<u>\$ 2,213,124</u>	<u>\$ 2,017,454</u>

Total assets of governmental activities increased by \$268,218, as cash and cash equivalents increased by \$674,425, receivables decreased by \$287,519, and capital assets decreased by \$118,706.

The cash increase was mainly due to operational efficiency towards budget, net of capital addition spending, and the collection of prior year's SDA grant. Receivables decreased due to the collection of the SDA grant, and the decrease in capital assets was due to depreciation expense.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Table 2 shows the changes in Net Position from fiscal year 2017.

Table 2
Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 97,143	\$ 131,505
Operating Grants and Contributions	5,683,013	5,260,189
General Revenues:		
Property Taxes	6,650,000	6,520,000
Federal & State Aid on Capital Asset Projects	-	279,084
Investment Earnings	15,633	7,559
Other	<u>37,833</u>	<u>49,365</u>
Total Revenues	<u>12,483,622</u>	<u>12,247,702</u>
 Program Expenses		
Instruction	6,606,766	6,466,629
Support Services:		
Tuition	168,799	267,116
Pupils and Instructional Staff	2,160,203	2,015,117
General Administration, School Administration, Business	1,085,174	1,076,516
Operations and Maintenance of Facilities	1,061,480	1,172,209
Pupil Transportation	897,794	937,620
Business-Type Activities	123,524	125,416
Interest and Fiscal Charges	<u>184,212</u>	<u>167,443</u>
Total Expenses	<u>12,287,952</u>	<u>12,228,066</u>
 Increase in Net Position	 <u>\$ 195,670</u>	 <u>\$ 19,636</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 53.3% percent of revenues for governmental activities for the Blairstown Township School District for the fiscal year 2018.

Instruction comprises 53.8% of district expenses. Support services expenses make up 43.7% of the expenses.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 6,606,766	\$ 3,450,427	\$ 6,466,629	\$3,577,140
Support Services:				
Tuition	168,799	92,656	267,116	155,165
Pupils and Instructional Staff	2,160,203	1,110,846	2,015,117	1,090,737
General Admin., School Admin., Business	1,085,174	595,667	1,076,516	625,336
Operation and Maintenance of Facilities	1,061,480	582,660	1,172,209	680,922
Pupil Transportation	897,794	492,811	937,620	544,652
Business-Type Activities	123,524	(1,483)	125,416	(5,023)
Interest and Fiscal Charges	<u>184,212</u>	<u>184,212</u>	<u>167,443</u>	<u>167,443</u>
Total Expenses	<u>\$ 12,287,952</u>	<u>\$ 6,507,796</u>	<u>\$ 12,228,066</u>	<u>\$ 6,836,372</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

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

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 52.2% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 53.5%. The community, as a whole, is the primary support for the Blairstown Township School District.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$10,190,043 and expenditures of \$9,817,510. The General Fund's surplus balance increased \$654,117 over 2017, which compares favorably to the budgeted decrease of \$525,000.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2018 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,726,792, \$43,033 over original budgeted estimates of \$8,683,759. This difference was due primarily to increases in tuition based programs and other miscellaneous revenues.

General fund revenues exceeded expenditures by \$657,421. Again this surplus compares to a budgeted deficit of \$525,000, which was due to the budgeted use of surplus and capital reserve withdrawal needed to balance the 2017-2018 budget. The budgeted deficit was reduced due to revenue increases and cost savings in the areas of instruction, administration, and benefits.

Overall general fund balance (budget basis) was \$1,679,231, and amounts ear-marked and reserved for future purposes were \$1,422,572, creating a surplus in unreserved fund balance of \$256,659. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Capital Assets

At the end of the fiscal year 2018, the School District had \$2,479,187 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2018</u>	<u>2017</u>
Land	\$ 500,000	\$ 500,000
Land Improvements	2,221	3,108
Buildings and Improvements	1,887,461	1,984,487
Machinery and Equipment	<u>89,505</u>	<u>106,444</u>
 Totals	 <u>\$ 2,479,187</u>	 <u>\$ 2,594,039</u>

Overall capital assets decreased \$114,852 from fiscal year 2017 to fiscal year 2018. The decrease in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$83,847 were purchased during fiscal year 2018, which was for building exterior work and miscellaneous equipment.

Debt Administration

At June 30, 2018, the School District had \$187,857 as outstanding long term debt. Of this amount, \$187,857 is for compensated absences.

At June 30, 2018, the School District’s overall legal debt margin was \$17,664,186 and the unvoted debt margin was the same.

For the Future

In conclusion, the Blairstown Township School District has committed itself to financial excellence for many years. In addition, the School District’s system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Molly P. Petty, School Business Administrator/Board Secretary at Blairstown Township School District, PO Box E, One Sunset Hill Road, Blairstown, NJ 07825.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL BUSINESS-TYPE		
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,533,260	\$ 22,937	\$ 1,556,197
Receivables, Net	12,659	3,638	16,297
Interfund Receivables		23,788	23,788
Inventory		3,718	3,718
Capital Assets, Net (Note 5):	2,479,187	7,705	2,486,892
Total Assets	4,025,106	61,786	4,086,892
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows		708,134	708,134
LIABILITIES			
Accounts Payable	19,084	9,235	28,319
Unearned Revenue	20,744	1,113	21,857
Interfund Payables	23,788		23,788
Net Pension Liability (Note 7)	1,892,163		1,892,163
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	187,857		187,857
Total Liabilities	2,143,636	10,348	2,153,984
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows		427,918	427,918
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,479,187	7,705	2,486,892
Restricted for:			
Other Purposes	892,663		892,663
Unrestricted	(1,210,164)	43,733	(1,166,431)
Total Net Position	\$ 2,161,686	\$ 51,438	\$ 2,213,124

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 4,469,364	\$ 7,030	\$ 2,185,156		\$ (2,277,178)		\$ (2,277,178)
Special Education	1,586,673	2,496	713,231		(870,946)		(870,946)
Other Special Instruction	550,729	866	247,560		(302,303)		(302,303)
Support Services:							
Tuition	168,799	266	75,877		(92,656)		(92,656)
Student & Instruction Related Services	2,160,203	3,398	1,045,959		(1,110,846)		(1,110,846)
School Administrative Services	297,546	468	133,751		(163,327)		(163,327)
General and Business Admin. Services	787,628	1,239	354,049		(432,340)		(432,340)
Plant Operations and Maintenance	1,061,480	1,670	477,150		(582,660)		(582,660)
Pupil Transportation	897,794	1,412	403,571		(492,811)		(492,811)
Other Fiscal Charges	1,127				(1,127)		(1,127)
Unallocated Depreciation	183,085				(183,085)		(183,085)
Total Governmental Activities	12,164,428	18,845	5,636,304		(6,509,279)		(6,509,279)
Business-Type Activities:							
Food Service	123,524	78,298	46,709			\$ 1,483	1,483
Total Business-Type Activities	123,524	78,298	46,709	-		1,483	1,483
Total Primary Government	\$ 12,287,952	\$ 97,143	\$ 5,683,013	\$ -	\$ (6,509,279)	\$ 1,483	\$ (6,507,796)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 6,650,000		\$ 6,650,000
Investment Earnings					15,403	\$ 230	15,633
Miscellaneous Income					37,833		37,833
Total General Revenues, Special Items, Extraor. Items & Transfers					6,703,236	230	6,703,466
Change in Net Position					193,957	1,713	195,670
Net Position—Beginning (as restated)					1,967,729	49,725	2,017,454
Net Position—Ending					\$ 2,161,686	\$ 51,438	\$ 2,213,124

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

FUND FINANCIAL STATEMENTS

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,512,516	\$ 20,744	\$ 1,533,260
Receivables from Other Governments	12,659		12,659
TOTAL ASSETS	<u>\$ 1,525,175</u>	<u>\$ 20,744</u>	<u>\$ 1,545,919</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 19,084		\$ 19,084
Interfund Payable	23,788		23,788
Deferred Revenue		\$ 20,744	20,744
Total Liabilities	<u>42,872</u>	<u>20,744</u>	<u>63,616</u>
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve	519,255		519,255
Excess Surplus	109,572		109,572
<u>Assigned to:</u>			
Year-End Encumbrances	529,909		529,909
General Fund-Designated for Subsequent Year's Expend.	263,836		263,836
Capital Fund - Undesignated			-
<u>Unassigned:</u>			
General Fund - Undesignated	59,731		59,731
Total Fund Balances	<u>1,482,303</u>		<u>1,482,303</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,525,175</u>	<u>\$ 20,744</u>	<u>\$ 1,545,919</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,841,976 and the accumulated depreciation is \$2,362,789 (see Note 5).	\$	2,479,187
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)		708,134
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)		(427,918)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)		(1,892,163)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).		(187,857)
Net Position of governmental activities	<u>\$</u>	<u>2,161,686</u>

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 6,650,000			\$ 6,650,000
Tuition	18,845			18,845
Miscellaneous	43,980	\$ 9,256		53,236
Total - Local Sources	<u>6,712,825</u>	<u>9,256</u>		<u>6,722,081</u>
State Sources	3,179,128		-	3,179,128
Federal Sources	37,802	251,032		288,834
Total Revenues	<u>9,929,755</u>	<u>260,288</u>	<u>-</u>	<u>10,190,043</u>
EXPENDITURES				
Current:				
Regular Instruction	2,364,003	185,370		2,549,373
Special Education Instruction	906,318			906,318
Other Special Instruction	314,580			314,580
Support services and undistributed costs:				
Tuition	96,419			96,419
Student and Instruction Related Services	1,159,004	74,918		1,233,922
School Administrative Services	169,960			169,960
Other Administrative Services	445,159			445,159
Plant Operations and Maintenance	604,676			604,676
Pupil Transportation	507,156			507,156
Unallocated Benefits	2,564,194			2,564,194
Charter School	340,779			340,779
Capital Outlay	84,974		-	84,974
Total Expenditures	<u>9,557,222</u>	<u>260,288</u>	<u>-</u>	<u>9,817,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>372,533</u>		<u>-</u>	<u>372,533</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Projects Fund	281,584		\$ (281,584)	
Total Other Financing Sources and Uses	<u>281,584</u>		<u>(281,584)</u>	
Net Change in Fund Balances	654,117	-	(281,584)	372,533
Fund Balance—July 1	828,186		281,584	1,109,770
Fund Balance—June 30	<u>\$ 1,482,303</u>		<u>-</u>	<u>\$ 1,482,303</u>

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**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) **\$ 372,533**

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

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

Depreciation Expense	\$ (198,699)	
Capital Outlays	<u>83,847</u>	(114,852)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(76,624)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

12,900

Change in Net Position of Governmental Activities **\$ 193,957**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2018

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	22,937	\$ 22,937
Accounts Receivable		3,638	3,638
Interfund Receivable		23,788	23,788
Inventories		3,718	3,718
Total Current Assets		54,081	54,081
Noncurrent Assets:			
Furniture, Machinery and Equipment		93,713	93,713
Less Accumulated Depreciation		(86,008)	(86,008)
Total Noncurrent Assets		7,705	7,705
		61,786	61,786
LIABILITIES			
Current liabilities:			
Accounts Payable		9,235	9,235
Deferred Revenue		1,113	1,113
Total Current Liabilities		10,348	10,348
		10,348	10,348
NET POSITION			
Invested in Capital Assets Net of Related Debt		7,705	7,705
Unrestricted		43,733	43,733
Total Net Position	\$	51,438	\$ 51,438

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-	
	Food	Total
	Service	Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 72,589	\$ 72,589
Daily Sales - Non-Reimb. Programs	5,709	5,709
Miscellaneous	-	-
Total Operating Revenues	78,298	78,298
Operating Expenses:		
Cost of Sales - Reimbursable Programs	44,554	44,554
Cost of Sales - Non-reimbursable Programs	14,763	14,763
Salaries	33,642	33,642
Employee Benefits	6,891	6,891
Other Purchased Professional Services	7,213	7,213
Miscellaneous	12,608	12,608
Depreciation	3,853	3,853
Total Operating Expenses	123,524	123,524
Operating Income (Loss)	(45,226)	(45,226)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,495	1,495
Federal Sources:		
National School Lunch Program	38,148	38,148
Food Distribution Program	7,066	7,066
Interest Income	230	230
Total Nonoperating Revenues (Expenses)	46,939	46,939
Income (Loss)	1,713	1,713
Change in Net Position	1,713	1,713
Total Net Position—Beginning	49,725	49,725
Total Net Position—Ending	\$ 51,438	\$ 51,438

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 78,528	\$ 78,528
Payments to Employees	(33,642)	(33,642)
Payments for Employee Benefits	(6,891)	(6,891)
Payments to Suppliers	(68,071)	(68,071)
Net Cash Provided by (used for) Operating Activities	(30,076)	(30,076)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,462	1,462
Federal Sources	37,667	37,667
Operating Transfer from other Funds	(167)	(167)
Net Cash Provided by (used for) Non-Capital Financing Activities	38,962	38,962
Net Increase (Decrease) in Cash and Cash Equivalents	8,886	8,886
Balances—Beginning of Year	14,051	14,051
Balances—End of Year	\$ 22,937	\$ 22,937
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (45,226)	\$ (45,226)
Depreciation	3,853	3,853
Provided by (used for) Operating Activities:		
Federal Commodities	7,066	7,066
(Increase) Decrease in Accounts Receivable	(168)	(168)
(Increase) Decrease in Inventories	(19)	(19)
Increase (Decrease) in Accounts Payable	4,418	4,418
Total Adjustments	15,150	15,150
Net Cash Provided by (used for) Operating Activities	\$ (30,076)	\$ (30,076)

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2018

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 10,632	\$ 146,914
Total Assets	10,632	146,914
LIABILITIES		
Payroll Deductions and Withholdings		3,774
Summer Pay		137,246
Accounts Payable		4,965
Payable to Student Groups		929
Total Liabilities		\$ 146,914
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	\$ 10,632	-

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2018

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 8,688
Total Contributions	<u>22,188</u>
Investment Earnings:	
Interest	<u>108</u>
Net Investment Earnings	<u>108</u>
Total Additions	<u>22,296</u>
DEDUCTIONS	
Unemployment Claims	<u>22,391</u>
Total Deductions	<u>22,391</u>
Change in Net Position	(95)
Net Position—Beginning of the Year	<u>10,727</u>
Net Position—End of the Year	<u>\$ 10,632</u>

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

Notes to Financial Statements

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2017.

A. Reporting Entity:

The Blairstown Township School District is a Type II district located in the County of Warren, 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-6. The Blairstown Township School District had an approximate enrollment at June 30, 2018, of 466 students.

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or

function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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 District reports the following proprietary fund:

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts 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 fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

D. Encumbrance Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

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

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent 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.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

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.

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.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2018, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 1,556,197	\$ 157,546	\$ 1,713,743
	<u>\$ 1,556,197</u>	<u>\$ 157,546</u>	<u>\$ 1,713,743</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,713,743 and the bank balance was \$1,842,922. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,592,922 was covered by collateral pool.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3: RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 6,659	\$ 6,797
Federal Aid	-	3,500
Local School Tax Levy	6,000	6,000
Gross Receivable	<u>\$ 12,659</u>	<u>\$ 16,297</u>
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 12,659</u></u>	<u><u>\$ 16,297</u></u>

The local tax levy receivable was received in the subsequent year.

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	<u>\$3,718</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 500,000			\$ 500,000
Total Capital Assets Not Being Depreciated	<u>500,000</u>			<u>500,000</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	296,068			296,068
Buildings and Building Improvements	3,519,852	\$ 57,085		3,576,937
Machinery and Equipment	442,209	26,762		468,971
Total at Historical Cost	<u>4,758,129</u>	<u>83,847</u>		<u>4,841,976</u>
Less Accumulated Depreciation for:				
Land Improvements	(292,960)	(887)		(293,847)
Building and Improvements	(1,535,365)	(154,111)		(1,689,476)
Equipment	(335,765)	(43,701)		(379,466)
Total Accumulated Depreciation	<u>(2,164,090)</u>	<u>(198,699)</u>		<u>(2,362,789)</u>
	<u>2,594,039</u>	<u>(114,852)</u>		<u>2,479,187</u>
Government Activity Capital Assets, Net	<u>\$ 2,594,039</u>	<u>\$ (114,852)</u>		<u>\$ 2,479,187</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5: CAPITAL ASSETS -(Continued)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 3,557
School Administrative Services	4,739
Plant Operation and Maintenance	1,648
Pupil Transportation	5,670
Unallocated	183,085
Total	<u><u>\$ 198,699</u></u>

NOTE 6: LONG-TERM OBLIGATIONS

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.

A. Long-Term Obligation Activity:

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

	Balance <u>7/1/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/18</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$200,757		(\$12,900)	\$187,857	
Total	<u><u>\$200,757</u></u>		<u><u>(\$12,900)</u></u>	<u><u>\$187,857</u></u>	<u><u>-</u></u>

Compensated absences have been liquidated in the General Fund.

As of June 30, 2018, the District had no issued bonds or authorized but not issued bonds.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of 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.

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$25,444,435 as measured on June 30, 2017 and \$30,290,411 measured on June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,762,661 and revenue of \$1,762,661 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2016 and June 30, 2017.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$17,440,003,201	\$14,251,854,934
Collective deferred inflows of resources	\$195,027,919	\$11,807,233,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$78,666,367,052	\$67,423,605,859
State's portion of the net pension liability that was associated with the district	\$30,290,411	\$25,444,435
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.038505%	0.037738%

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.25%
Salary Increases:	
Through 2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return:	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigati	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2017, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.25%)</u>	<u>(4.25%)</u>	<u>(5.25%)</u>
State's Collective Net Pension Liability	\$ 80,394,331,171	\$ 67,670,209,171	\$ 57,188,022,171

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2017 was \$23,056,161,829.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2018	\$740,341,056
2019	1,175,650,200
2019	983,008,137
2020	551,152,948
2021	624,850,883
Thereafter	<u>(1,714,363,628)</u>
Total	<u>\$2,360,639,596</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$3,028,689,581
Interest on total pension liability	3,304,988,177
member contributions	(790,788,033)
Administrative expenses	11,923,787
Expected investment return net of investment expenses	(1,606,947,478)
employers	(357,659)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	53,331,240
Recognition of assumption changes or inputs	723,829,969
Recognition of investment gains/losses	<u>(36,820,154)</u>
Total pension expense	<u>\$4,687,849,430</u>

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

At June 30, 2018, the District reported a liability of \$1,892,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability 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 valuation was determined by an experience study for the period July 1, 2011 to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the District's proportion was 0.00813% which was an increase of 0.00105% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$165,244. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 23,872	-
Changes of assumptions	204,249	\$ 203,500
Net difference between projected and actual earnings on pension plan investments	6,903	
Changes in proportion and differences between District contributions and proportionate share of contributions	76,634	49,951
District contributions subsequent to the measurement date	76,197	
Total	<u>\$ 387,855</u>	<u>\$ 253,451</u>

\$76,197 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 measured as of 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:

	<u>Year Ended June 30:</u>
2018	\$44,067
2019	66,499
2020	40,295
2021	(53,592)
2022	<u>(39,061)</u>
Total	<u>\$58,207</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
District's portion of net pension liability	\$2,096,269	\$1,892,163
District's proportion %	0.00707789%	0.00812841%

Actuarial assumptions. The collective 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. This actuarial valuation used the following actuarial assumptions:

Inflation:	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%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitigati	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.0% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.0%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 2,347,357	\$1,892,163	\$ 1,512,930

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$106,857
Interest on total ension liability	193,907
Member contributions	(50,830)
Administrative expens	1,330
Expected investment return net of investment expenses	(138,448)
Pension expense related to specific liabilities of individual employers	(1,503)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	16,991
Recognition of assumption changes or inputs	39,593
Recognition of investment gains/losses	<u>(2,652)</u>
Total pension expense	<u>\$165,244</u>

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 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 current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) 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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
6/30/2018	\$76,198	100 %
6/30/2017	\$63,192	100 %
6/30/2016	\$68,996	100 %

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
6/30/2018	\$554,022	100 %
6/30/2017	\$425,796	100 %
6/30/2016	\$308,285	100 %

During the fiscal year ended June 30, 2018, the State of New Jersey did contribute \$911,182 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$295,085 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 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 Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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.

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 (APB) 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.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Employees covered by benefit terms. At June 30, 2017, 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.

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.

Actuarial assumptions and other imputes 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 Through 2026:	1.55-4.55% TPAI 2.15-4.18% PERS Based on years of service
Salary Increases Thereafter:	2.00-5.45% TPAI 3.15-5.15% PERS Based on years of service
Discount rate (2017)	3.58%
Discount rate (2016)	2.85%
Healthcare cost trend rates (PPO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Prescription Drug Benefits)	10.5% decreasing to 5.0% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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, July 1, 2010 -June 30, 2013, and July 1, 2011 -June 30, 2014 for TPAF , PFRS and PERS , respectively .

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2016	\$57,831,784,184
<u>Changes for the year:</u>	
Service Cost	2,391,878,884
Interest	1,699,441,736
Benefit Payments	(1,242,412,566)
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(\$7,086,599,129)
Net changes	<u>(\$4,191,942,326)</u>
The State's Total OPEB Liability Balance at 6/30/2017	<u>\$53,639,841,858</u>
The State's total OPEB liability attributable to the District:	\$25,652,341

There were no changes of benefit terms.

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents 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-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2017		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.58%</u>	<u>3.58%</u>	<u>4.58%</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953

	June 30, 2016		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.85%</u>	<u>2.85%</u>	<u>3.85%</u>
Total OPEB Liability (School Retirees)	\$69,283,705,084	\$57,831,784,184	\$48,817,654,566

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:

	June 30, 2017		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability (School Retirees)	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

	June 30, 2016		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability (School Retirees)	\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2017, the board of education recognized OPEB expense of \$1,316,863 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 GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in proportion	\$99,843,255	(\$99,843,255)
Changes of assumptions or other inputs		(\$6,343,769,032)
Total	<u>\$99,843,255</u>	<u>(\$6,443,612,287)</u>

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 June 30:	
2018	(\$742,830,097)
2019	(\$742,830,097)
2020	(\$742,830,097)
2021	(\$742,830,097)
2022	(\$742,830,097)
Thereafter	<u>(\$2,629,618,547)</u>
	<u>(\$6,343,769,032)</u>

NOTE 9: DEFERRED COMPENSATION

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

American United Life
The Equitable

NOTE 10: COMPENSATED ABSENCES

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10: COMPENSATED ABSENCES-(Continued)

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$60 per unused sick day accumulated up to a maximum of 200 total unused sick days.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

NOTE 11: 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$13,608	\$8,688	\$22,391	\$10,632
2016-2017	\$35	\$8,915	\$834	\$10,727
2015-2016	\$22,414	\$8,644	\$37,357	\$2,611

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any 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.

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13: FUND BALANCE APPROPRIATED

General Fund -(Exhibit B-1) Of the \$1,482,303 General Fund fund balance at June 30, 2018, \$529,909 is reserved for encumbrances; \$109,572 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, \$263,836 has been anticipated as revenue for the year ended June 30, 2019; \$519,255 is reserved for capital reserve, and \$59,731 is unreserved and undesignated.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 23,788
Enterprise Fund	\$ 23,788	-
Total	\$ 23,788	\$ 23,788

The general fund owes the enterprise fund state and federal free and reduced lunch subsidies received in the current fund cash account but not yet transferred to the enterprise fund.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 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 \$109,572.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District Board of Education on June 16, 2018, 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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16: CAPITAL RESERVE ACCOUNT-(Continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance June 30, 2018	\$ 512,671
Budgeted Withdrawal	(275,000)
Unspent balance of capital project returned to capital reserve	<u>281,584</u>
Ending balance June 30, 2018	<u>\$ 519,255</u>

NOTE 17: 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 N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,650,000		\$ 6,650,000	\$ 6,650,000	
Tuition	10,000		10,000	18,845	\$ 8,845
Miscellaneous	19,253		19,253	43,980	24,727
Total - Local Sources	<u>6,679,253</u>		<u>6,679,253</u>	<u>6,712,825</u>	<u>33,572</u>
State Sources:					
Equalization Aid	1,333,417		1,333,417	1,333,417	
Transportation Aid	70,649		70,649	70,649	
Special Education Aid	351,956		351,956	351,956	
Security Aid	52,071		52,071	52,071	
Adjustment Aid	155,204	\$ (48,819)	106,385	106,385	
Add'l Adjustment Aid		39,578	39,578	39,578	
PARCC Readiness Aid	5,230		5,230	5,230	
Per Pupil Growth Aid	5,230		5,230	5,230	
Professional Learning Comm Aid	4,990		4,990	4,990	
Other State Aid				6,659	6,659
TPAF Pension (On-Behalf - Non-Budgeted)				552,984	552,984
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				357,160	357,160
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,038	1,038
TPAF Social Security (Reimbursed - Non-Budgeted)				295,085	295,085
Total State Sources	<u>1,978,747</u>	<u>(9,241)</u>	<u>1,969,506</u>	<u>3,182,432</u>	<u>1,212,926</u>
Impact Aid	35,000		35,000	37,802	2,802
Total Federal Sources	<u>35,000</u>		<u>35,000</u>	<u>37,802</u>	<u>2,802</u>
TOTAL REVENUES	<u>8,693,000</u>	<u>(9,241)</u>	<u>8,683,759</u>	<u>9,933,059</u>	<u>1,249,300</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	230,000	460	230,460	230,431	29
Grades 1-5 - Salaries of Teachers	1,597,000	(60,460)	1,536,540	1,536,280	260
Grades 6-8 - Salaries of Teachers	288,000	14,600	302,600	301,847	753
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000		3,000	580	2,420
Purchased Professional - Educational Services	3,000		3,000		3,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	55,000	400	55,400	55,399	1
Other Purchased Services (400-500 series)	112,000	(21,365)	90,635	68,366	22,269
General Supplies	280,123	(35,450)	244,673	164,025	80,648
TOTAL REG. PROGRAMS - INSTRUCTION	2,568,123	(101,815)	2,466,308	2,356,928	109,380
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	146,000	(75,000)	71,000	68,473	2,527
General Supplies	5,000		5,000	3,493	1,507
Total Learning and/or Language Disabilities:	151,000	(75,000)	76,000	71,966	4,034
Behavioral Disabilities:					
Salaries of Teachers		52,000	52,000	44,566	7,434
General Supplies		500	500	361	139
Total Behavioral Disabilities		52,500	52,500	44,927	7,573
Multiple Disabilities:					
Salaries of Teachers	60,000	6,500	66,500	66,438	62
General Supplies	5,000		5,000	3,720	1,280
Total Multiple Disabilities	65,000	6,500	71,500	70,158	1,342
Resource Room/Resource Center:					
Salaries of Teachers	580,000	23,000	603,000	600,103	2,897
General Supplies	10,000	(500)	9,500	1,995	7,505
Total Resource Room/Resource Center	590,000	22,500	612,500	602,098	10,402

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	36,000		36,000	31,480	4,520
Other Salaries for Instruction	18,000		18,000	17,128	872
General Supplies	1,000		1,000	287	713
Total Preschool Disabilities - Part-Time	55,000		55,000	48,895	6,105
Preschool Disabilities - Full-Time:					
Salaries of Teachers	62,800		62,800	61,655	1,145
Other Salaries for Instruction	17,000		17,000	6,186	10,814
General Supplies	3,000		3,000	433	2,567
Total Preschool Disabilities - Full-Time	82,800		82,800	68,274	14,526
TOTAL SPECIAL ED. - INSTRUCTION	943,800	6,500	950,300	906,318	43,982
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	172,000	46,500	218,500	200,174	18,326
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	172,500	46,500	219,000	200,174	18,826
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	31,000		31,000	30,246	754
Total School Sponsored Co/Extra Curricular Activities-Instr.	31,000		31,000	30,246	754
Before/After School Programs-Instruction:					
Salaries of Reading Specialists	87,400		87,400	84,160	3,240
Total Before/After School Programs-Instruction	87,400		87,400	84,160	3,240
TOTAL INSTRUCTION	3,802,823	(48,815)	3,754,008	3,577,826	176,182
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	52,500	(17,000)	35,500	35,228	272
Tuition to CSSD & Regional Day Schools	47,000	(18,041)	28,959	28,920	39
Tuition to Private Schools for the Disabled - Within State	8,000	25,700	33,700	32,271	1,429
Total Instruction	107,500	(9,341)	98,159	96,419	1,740

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	61,000	300	61,300	61,294	6
Purchased Professional and Technical Services	6,500		6,500	2,624	3,876
Other Purchased Services (400-500 series)	200		200		200
Supplies and Materials	3,000		3,000	1,251	1,749
Total Health Services	70,700	300	71,000	65,169	5,831
Other Supp. Services Students-Related Serv.:					
Salaries	74,000		74,000	72,374	1,626
Purchased Professional - Educational Services	123,000	(48,000)	75,000	73,404	1,596
Supplies and Materials	2,000		2,000	377	1,623
Total Other Supp. Serv. Students-Related Serv.	199,000	(48,000)	151,000	146,155	4,845
Other Supp. Services Students-Extra.Services:					
Salaries	259,000	20,000	279,000	261,310	17,690
Purchased Professional - Educational Services	42,000	10,600	52,600	52,553	47
Total Other Supp. Services Students-Extra.Services	301,000	30,600	331,600	313,863	17,737
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	49,800		49,800	48,279	1,521
Supplies and Materials	500	269	769	269	500
Total Other Supp. Services Students-Regular	50,300	269	50,569	48,548	2,021
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	365,000	(5,400)	359,600	353,879	5,721
Salaries of Secretarial and Clerical Assistants	35,000		35,000	34,642	358
Purchased Professional - Educational Services	7,000	7,500	14,500	13,591	909
Supplies and Materials	10,000	(500)	9,500	6,473	3,027
Other Objects	500		500	150	350
Total Other Supp. Services Students-Special	417,500	1,600	419,100	408,735	10,365
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	88,000	50	88,050	88,047	3
Salaries of Other Professional Staff	6,000		6,000	3,190	2,810
Total Improvement of Instruction Services	94,000	50	94,050	91,237	2,813

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Salaries	62,000		62,000	60,358	1,642
Purchased Professional - Technical Services	1,300		1,300	1,235	65
Supplies and Materials	8,000	6,000	14,000	8,277	5,723
Total Educational Media Services/School Library	71,300	6,000	77,300	69,870	7,430
Instructional Staff Training Services:					
Salaries of Other Professional Staff	500	1,500	2,000	2,000	
Other Purchased Services (400-500 series)	10,000	5,419	15,419	13,427	1,992
Supplies and Materials	250		250		250
Total Instructional Staff Training Services	10,750	6,919	17,669	15,427	2,242
Supp. Services - General Administration:					
Salaries	202,000		202,000	201,267	733
Legal Services	15,000	14,000	29,000	27,196	1,804
Audit Fees	16,000		16,000	14,774	1,226
Other Purchased Professional Services	3,000	6,000	9,000	6,010	2,990
Communications/Telephone	25,000	(2,000)	23,000	16,509	6,491
Other Purchased Services (400-500 series)	37,000	6,000	43,000	35,382	7,618
General Supplies	2,000		2,000	1,403	597
BOE In-House Training/Meeting Supplies	300		300	181	119
Miscellaneous Expenditures	3,600	500	4,100	4,071	29
BOE Membership Dues and Fees	4,800		4,800	4,688	112
Total Supp. Services - General Administration	308,700	24,500	333,200	311,481	21,719

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	130,500	150	130,650	130,634	16
Salaries of Secretarial and Clerical Assistants	37,200		37,200	37,074	126
Other Purchased Services (400-500 series)	1,000		1,000	344	656
Supplies and Materials	1,000	100	1,100	1,088	12
Other Objects	1,000		1,000	820	180
Total Support Services - School Administration	170,700	250	170,950	169,960	990
Central Services:					
Salaries	124,300		124,300	117,707	6,593
Purchased Technical Services	15,000		15,000	13,158	1,842
Miscellaneous Purchased Services (400-500 series)	600		600	509	91
Supplies and Materials	1,000	315	1,315	1,314	1
Miscellaneous Expenditures	1,300		1,300	990	310
Total Central Services	142,200	315	142,515	133,678	8,837
Required Maintenance for School Facilities:					
Salaries	58,800		58,800	57,279	1,521
Cleaning, Repair and Maintenance Services	100,000	66,465	166,465	115,507	50,958
Lead Testing of Drinking Water	3,000		3,000		3,000
General Supplies	30,000	(8,400)	21,600	15,393	6,207
Total Required Maintenance for School Facilities	191,800	58,065	249,865	188,179	61,686
Other Operations and Maintenance of Plant:					
Salaries	147,000		147,000	144,476	2,524
Purchased Professional and Technical Services	11,000		11,000	1,003	9,997
Cleaning, Repair and Maintenance Services	32,000		32,000	31,879	121
Rental of Land & Bldg Other than Lease Purch Agrmt		500	500	455	45
Insurance	74,000		74,000	67,396	6,604
General Supplies	37,000	(4,800)	32,200	30,744	1,456
Energy (Natural Gas)					
Energy (Electricity)	85,000	(7,000)	78,000	67,200	10,800
Energy (Oil)	115,000	(23,000)	92,000	59,949	32,051
Total Other Operations and Maintenance of Plant	501,000	(34,300)	466,700	403,102	63,598

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	7,000		7,000	5,548	1,452
Total Care and Upkeep of Grounds:	<u>7,000</u>		<u>7,000</u>	<u>5,548</u>	<u>1,452</u>
Security:					
General Supplies	5,000	2,945	7,945	7,847	98
Total Security	<u>5,000</u>	<u>2,945</u>	<u>7,945</u>	<u>7,847</u>	<u>98</u>
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	32,800		32,800	31,216	1,584
Salaries for Pupil Transpor.(Between Home & School)-Special	33,200		33,200	29,323	3,877
Management Fee - ESC & CTSA Trans. Program	5,000		5,000	2,232	2,768
Other Purchased Professional - Technical Services	600		600	295	305
Cleaning, Repair and Maintenance Services	8,000		8,000	3,675	4,325
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	18,000		18,000	17,592	408
Contracted Services (Between Home and Sch.)-Vendors	305,000		305,000	301,483	3,517
Contract Services (Other than Between Home & School)-Vendors	16,000	930	16,930	15,255	1,675
Contracted Services (Special Education Students)-Vendors	120,000	(14,400)	105,600	103,542	2,058
Supplies and Materials	6,000	(930)	5,070	2,543	2,527
Total Student Transportation Services	<u>544,600</u>	<u>(14,400)</u>	<u>530,200</u>	<u>507,156</u>	<u>23,044</u>
ALLOCATED BENEFITS					
Unused Sick Payments to Terminated/Retired Staff	20,000		20,000	7,075	12,925
TOTAL ALLOCATED BENEFITS	<u>20,000</u>		<u>20,000</u>	<u>7,075</u>	<u>12,925</u>
UNALLOCATED BENEFITS					
Social Security Contributions	115,000	(4,500)	110,500	105,871	4,629
Other Retirement Contributions-Regular	66,000	10,200	76,200	76,198	2
Workmen's Compensation	50,000		50,000	48,960	1,040
Health Benefits	1,206,000	(190,600)	1,015,400	1,014,888	512
Tuition Reimbursement	31,000		31,000	20,553	10,447
Other Employee Benefits	61,000	30,500	91,500	91,457	43
TOTAL UNALLOCATED BENEFITS	<u>1,529,000</u>	<u>(154,400)</u>	<u>1,374,600</u>	<u>1,357,927</u>	<u>16,673</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
On-behalf TPAF pension Contrib. (non-budgeted)				552,984	(552,984)
On-behalf TPAF PRM Contrib. (non-budgeted)				357,160	(357,160)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,038	(1,038)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				295,085	(295,085)
TOTAL ON-BEHALF CONTRIBUTIONS				1,206,267	(1,206,267)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,549,000	(154,400)	1,394,600	2,571,269	(1,176,669)
TOTAL UNDISTRIBUTED EXPENDITURES	4,742,050	(128,628)	4,613,422	5,553,643	(940,221)
TOTAL GENERAL CURRENT EXPENSE	8,544,873	(177,443)	8,367,430	9,131,469	(764,039)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction	16,000	5,300	21,300	21,243	
Undistributed Expenditures-Instr. Staff	6,000	200	6,200	5,519	
Undistributed Expenditures-General Admin.		4,600	4,600		
Undistributed Expenditures-Equip for Req. Maint. For Sch. Fac.		3,613	3,613		
School Buses - Special		71,300	71,300		
Total Equipment	22,000	85,013	107,013	26,762	
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000	36,492	61,492	49,865	11,627
Construction Services	250,000	67,000	317,000	7,220	309,780
Assessment for Debt Service on SDA Funding	1,127		1,127	1,127	
Total Facilities Acquisition and Construction Services	276,127	103,492	379,619	58,212	321,407
TOTAL CAPITAL OUTLAY	298,127	188,505	486,632	84,974	321,407

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Transfer of Funds to Charter Schools	375,000		375,000	340,779	34,221
TOTAL EXPENDITURES	9,218,000	11,062	9,229,062	9,557,222	(408,411)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(525,000)	(20,303)	(545,303)	375,837	921,140
Other Financing Sources:					
Operating Transfer In/(Out):					
Transfer Out - Capital Projects Fund		281,584	281,584	281,584	
Total Other Financing Sources:		281,584	281,584	281,584	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(525,000)	261,281	(263,719)	657,421	921,140
Fund Balance, July 1	1,021,810		1,021,810	1,021,810	
Fund Balance, June 30	\$ 496,810	\$ 261,281	\$ 758,091	\$ 1,679,231	\$ 921,140
Recapitulation:					
Restricted for:					
Capital Reserve				519,255	
Excess Surplus				109,572	
Assigned to:					
Year-End Encumbrances				529,909	
Designated for Subsequent Year's Expenditures				263,836	
Unassigned:					
Unrestricted Fund Balance				<u>256,659</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,679,231	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(196,928)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				\$ 1,482,303	

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources		\$ 49,338	\$ 49,338	\$ 29,297	\$ (20,041)
Federal Sources	\$ 182,000	69,032	251,032	251,032	-
Total Revenues	182,000	118,370	300,370	280,329	(20,041)
EXPENDITURES:					
Instruction					
Salaries of Teachers	52,000	17,077	69,077	58,379	10,698
Tuition	130,000	7,387	137,387	137,387	
General Supplies	-	302	302	302	
Total Instruction	182,000	24,766	206,766	196,068	10,698
Support Services					
Salaries of Other Professional Staff		11,718	11,718	11,718	
Personal Services-Employee Bene.		15,916	15,916	15,916	
Purchased Profess. & Tech Svcs		65,970	65,970	56,627	9,343
Total Support Services	-	93,604	93,604	84,261	9,343
Total Expenditures	182,000	118,370	300,370	280,329	20,041
Total Outflows	182,000	118,370	300,370	280,329	20,041
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				<u>None</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>None</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>None</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,933,059	\$ 280,329
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(20,041)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	193,624	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(196,928)	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	\$ 9,929,755	\$ 260,288
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,557,222	\$ 280,329
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	(20,041)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 9,557,222	\$ 260,288

Blairstown School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years *

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 25,444,435</u>	<u>\$ 30,290,411</u>	<u>\$ 25,764,460</u>	<u>\$ 22,838,525</u>	<u>\$ 20,728,844</u>					
Total	<u>\$ 25,444,435</u>	<u>\$ 30,290,411</u>	<u>\$ 25,764,460</u>	<u>\$ 22,838,525</u>	<u>\$ 20,728,844</u>					
District's covered employee payroll	\$ 4,102,804	\$ 3,946,077	\$ 3,932,605	\$ 4,070,098	\$ 4,240,856					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A					
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%					

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Public Employees' Retirement System (PERS)

Exhibit L-1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.0081284%	0.00707789%	0.00724517%	0.00753810%	0.00745448%					
District's proportionate share of the net pension liability (asset)	<u>\$ 1,892,163</u>	<u>\$ 2,096,269</u>	<u>\$ 1,626,395</u>	<u>\$ 1,411,338</u>	<u>\$ 1,424,700</u>					
District's covered employee payroll	\$ 588,394	\$ 586,836	\$ 1,105,311	\$ 991,562	\$ 1,029,125					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	321.58%	357.22%	147.14%	142.33%	138.44%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.18%	40.14%	47.92%	52.08%	48.72%					

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Blairstown School District
 Required Supplementary Information - Part III
 Schedule of District Contributions
 Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A					
District's covered employee payroll	\$ 4,102,804	\$ 3,946,077	\$ 3,932,605	\$ 4,070,098	\$ 4,240,856					
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A					

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$76,198	\$63,192	\$68,996	\$ 63,696	\$ 66,238					
Contributions in relation to the contractually required contribution	(76,198)	(63,192)	(68,996)	(63,696)	(66,238)					
Contribution deficiency (excess)	-	-	-	-	-					
District's covered employee payroll	\$ 588,394	\$ 586,836	\$ 1,105,311	\$ 991,562	\$ 1,029,125					
Contributions as a percentage of covered-employee payroll	12.95%	10.77%	6.24%	6.42%	6.44%					

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Blairstown School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service Cost	\$ 2,391,878,884	\$ 1,723,999,319								
Interest	1,699,441,736	1,823,643,792								
Benefit Payments	(1,242,412,566)	(1,223,298,019)								
Contributions from Members	45,748,749	46,273,747								
Changes of Assumptions or other inputs	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>								
Net change in total OPEB liability	(4,191,942,326)	10,982,132,360								
Total OPEB Liability - Beginning	<u>\$ 57,831,784,184</u>	<u>\$46,849,651,824</u>								
Total OPEB Liability - Ending	<u>\$ 53,639,841,858</u>	<u>\$57,831,784,184</u>								
The State of New Jersey's total OPEB liability **	\$ 53,639,841,858	\$57,831,784,184								
The State of New Jersey's OPEB liability attributable to the District **	\$ 25,652,341	\$ 27,922,912								
The District's proportionate share of the total OPEB liability	Zero	Zero								
District's covered employee payroll	\$ 4,691,198	\$ 4,532,913								
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%								
District's contribution	None	None								
State's covered employee payroll ***	\$ 13,493,400,208	\$13,493,400,208								
Total State's OPEB liability as a percentage of its covered-employee payroll	397.53%	428.59%								

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Based on payroll on the June 30, 2016 census data

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

BLAIRSTOWN SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2018

	Title I Part A	IDEA Basic	IDEA Preschool	REAP	Local	Totals
REVENUES						
Local Sources					\$ 29,297	\$ 29,297
Federal Sources	\$ 64,971	\$137,387	\$ 12,614	\$36,060		251,032
TOTAL REVENUES	64,971	137,387	12,614	36,060	29,297	280,329
EXPENDITURES:						
Instruction:						
Salaries of Teachers	47,681				10,698	58,379
Tuition		137,387				137,387
Geneal Supplies					302	302
Total Instruction	47,681	137,387	-	-	11,000	196,068
Support Services:						
Salaries of Other Professional Staff			11,718			11,718
Personal Services-Employee Bene.	15,020		896			15,916
Purchased Profess. & Tech Svcs	2,270			36,060	18,297	56,627
Total Support Services	17,290	-	12,614	36,060	18,297	84,261
TOTAL EXPENDITURES	64,971	137,387	12,614	36,060	29,297	280,329
Total Outflows	64,971	137,387	12,614	36,060	29,297	280,329
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2018

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior Years *</u>	<u>Current Year</u>	
Window Replacement Project	2/10/14					
- State Share		\$ 448,656	\$ 279,084	\$ 279,084		-
- Board of Education			68,528	68,528		-
- Board of Education		<u>672,983</u>	<u>350,098</u>	<u>350,098</u>	-	-
		1,121,639	697,710	697,710	-	-
Totals		<u>\$ 1,121,639</u>	<u>\$ 697,710</u>	<u>\$ 697,710</u>	-	-
Fund Balance, June 30, 2018						<u>-</u>

* - \$68,528 in Prior Year Amounts Expended from General Fund in Fiscal Year Ended June 30, 2016 (Fund 12)

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2018

Revenues and Other Financing

Sources

Transfer from capital reserve-Out

\$ (281,584)

Total Revenues

(281,584)

Excess(deficiency) of revenues over(under)
expenditures

(281,584)

Fund Balance - Beginning

281,584

Fund Balance - Ending

-

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
WINDOW REPLACEMENT PROJECT

From Inception and for the Fiscal Year Ended June 30, 2018

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 279,084		\$ 279,084	\$ 279,084
Transfer from capital reserve	631,682	\$ (281,584)	350,098	350,098
Total Revenues	<u>910,766</u>	<u>(281,584)</u>	<u>629,182</u>	<u>629,182</u>
Expenditures and Other Financing Sources				
Construction Services	\$ 629,182		\$ 629,182	\$ 629,182
Purchased Professional Services			-	-
Total Expenditures	<u>629,182</u>	<u>-</u>	<u>629,182</u>	<u>629,182</u>
Excess(deficiency) of revenues over(under) expenditures	<u>281,584</u>	<u>\$ (281,584)</u>	<u>\$ -</u>	

Project Fund Balance, 6/30/18 \$ -

Additional project information:

DOE Project Number	0400-030-13-3001
SDA Project Number	0400-030-13-G2TM
Grant Date	2/10/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$1,121,639
Additional Authorized Cost	-\$492,457
Revised Authorized Cost	\$629,182

Percentage Increase over Original

Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

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

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

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

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

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	UNEMPLOYMENT COMPENSATION		AGENCY FUNDS		TOTALS
	INSURANCE TRUST	STUDENT ACTIVITY	PAYROLL AGENCY		
ASSETS:					
Cash and Cash Equivalents	\$10,632	\$ 929	\$ 145,985	\$	157,546
TOTAL ASSETS	10,632	929	145,985		157,546
LIABILITIES:					
Liabilities:					
Payroll Deductions and Withholdings			3,774		3,774
Summer Pay			137,246		137,246
Accounts Payable			4,965		4,965
Payable to Student Groups		929			929
Total Liabilities		929	145,985		146,914
NET POSITION					
Held in Trust for Unemployment					
Claims and Other Purposes	10,632				10,632
TOTAL LIABILITIES AND NET POSITION	\$10,632	\$ 929	\$ 145,985	\$	157,546

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Employer	\$ 13,500	\$ 13,500
Plan Member	<u>8,688</u>	<u>8,688</u>
Total Contributions	<u>22,188</u>	<u>22,188</u>
Investment Earnings:		
Interest	<u>108</u>	<u>108</u>
Net Investment Earnings	<u>108</u>	<u>108</u>
Total Additions	<u>22,296</u>	<u>22,296</u>
DEDUCTIONS		
Unemployment Claims	<u>22,391</u>	<u>22,391</u>
Total Deductions	<u>22,391</u>	<u>22,391</u>
Change in Net Position	<u>(95)</u>	<u>(95)</u>
Net Position—Beginning of the Year	<u>10,727</u>	<u>10,727</u>
Net Position—End of the Year	<u>\$ 10,632</u>	<u>\$ 10,632</u>

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>ACTIVITY</u>	<u>BALANCE JULY 1, 2017</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2018</u>
Class Activities	\$ 4,150		\$ 15,659	\$ 18,880	\$ 929
Totals	\$ 4,150	-	\$ 15,659	\$ 18,880	\$ 929

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 136,878	\$ 5,968,052	\$ 5,958,945	\$ 145,985
Total Assets	<u>\$ 136,878</u>	<u>\$ 5,968,052</u>	<u>\$ 5,958,945</u>	<u>\$ 145,985</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 4,249	\$ 2,536,323	\$ 2,536,798	\$ 3,774
Accrued Net Payroll	-	3,289,640	3,289,640	-
Accounts Payable	(711)	1,772		1,061
Summer Pay	128,900	137,251	128,905	137,246
Flexible Spending	4,440	3,066	3,602	3,904
Total Liabilities	<u>\$ 136,878</u>	<u>\$ 5,968,052</u>	<u>\$ 5,958,945</u>	<u>\$ 145,985</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

N/A

Blairstown Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	93-98
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	99-105
Debt Capacity (J-10 thru J-13) 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.	106-109
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	110-111
Operating Information (J-16 thru J-20) 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.	112-116

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**Blairstown Township School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,496,454	\$ 1,694,639	\$ 1,356,802	\$ 1,568,598	\$ 1,673,328	\$ 1,824,786	\$ 2,160,655	\$ 2,123,767	\$ 2,594,039	\$ 2,479,187
Restricted	555,868	372,258	676,311	590,273	613,408	617,148	701,353	1,176,353	762,671	892,663
Unrestricted	31,601	149,829	144,582	(16,204)	29,740	161,749	(1,178,208)	(1,369,886)	(1,388,981)	(1,210,164)
Total governmental activities net position	<u>\$ 2,083,923</u>	<u>\$ 2,216,726</u>	<u>\$ 2,177,695</u>	<u>\$ 2,142,667</u>	<u>\$ 2,316,476</u>	<u>\$ 2,603,683</u>	<u>\$ 1,683,800</u>	<u>\$ 1,930,234</u>	<u>\$ 1,967,729</u>	<u>\$ 2,161,686</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 25,948	22,241	\$ 18,534	\$ 14,827	\$ 11,120	\$ 7,414	\$ 3,707	\$ 15,412	\$ 11,559	\$ 7,705
Restricted						-	-	-	-	-
Unrestricted	7,448	\$ 8,842	11,615	9,181	5,582	12,586	28,934	29,152	38,166	43,733
Total business-type activities net position	<u>\$ 33,396</u>	<u>\$ 31,083</u>	<u>\$ 30,149</u>	<u>\$ 24,008</u>	<u>\$ 16,702</u>	<u>\$ 20,000</u>	<u>\$ 32,641</u>	<u>\$ 44,564</u>	<u>\$ 49,725</u>	<u>\$ 51,438</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,716,880	\$ 1,375,336	\$ 1,583,425	\$ 1,684,448	\$ 1,832,200	\$ 1,832,200	\$ 2,164,362	\$ 2,139,179	\$ 2,605,598	\$ 2,486,892
Restricted	372,258	676,311	590,273	613,408	617,148	617,148	701,353	1,176,353	762,671	892,663
Unrestricted	158,671	156,197	(7,023)	35,322	174,335	174,335	(1,149,274)	(1,340,734)	(1,350,815)	(1,166,431)
Total district net position	<u>\$ 2,247,809</u>	<u>\$ 2,207,844</u>	<u>\$ 2,166,675</u>	<u>\$ 2,333,178</u>	<u>\$ 2,623,683</u>	<u>\$ 2,623,683</u>	<u>\$ 1,716,441</u>	<u>\$ 1,974,798</u>	<u>\$ 2,017,454</u>	<u>\$ 2,213,124</u>

Source: CAFR Schedule A-1

Blairstown Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2009	2010	2011	2012	Fiscal Year Ending June 30,		2015	2016	2017	2018
					2013	2014				
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,199,640	\$ 4,434,790	\$ 3,850,889	\$ 3,762,055	\$ 3,841,629	\$ 3,558,683	\$ 4,129,910	\$ 4,129,910	\$ 4,492,062	\$ 4,469,364
Special education	1,241,410	1,242,276	1,292,245	1,409,716	1,245,936	1,136,443	1,405,663	1,405,663	1,433,918	1,586,673
Other special education	254,691	203,929	136,677	153,189	237,923	293,634	369,183	369,183	540,649	550,729
Support Services:										
Tuition	102,105	72,863	78,585	164,448	66,271	54,276	125,854	125,854	267,116	168,799
Student & instruction related services	1,214,859	1,382,647	1,314,515	1,640,246	1,627,553	1,561,155	1,761,178	1,761,178	2,015,117	2,160,203
School administrative services	208,749	208,883	232,409	219,886	188,601	210,238	234,315	234,315	277,690	297,546
General administrative services	545,828	518,487	547,487	536,348	568,275	685,877	748,301	748,301	798,826	787,628
Plant operations and maintenance	689,982	653,025	732,576	795,897	821,287	1,048,296	1,053,076	1,053,076	1,172,209	1,061,480
Pupil transportation	386,703	569,972	550,033	561,477	704,797	693,633	753,359	753,359	937,620	897,794
Other Support Services										
Non-Budgeted Contributions										
Charter Schools										
Interest and other fiscal charges	-	-	-	-		1,127	1,127	1,127	1,127	1,127
Unallocated depreciation	55,156	55,156	51,119	55,889	61,212	93,608	147,817	147,817	166,316	183,085
Total governmental activities expenses	<u>8,899,123</u>	<u>9,342,028</u>	<u>8,786,535</u>	<u>9,299,151</u>	<u>9,363,484</u>	<u>9,336,970</u>	<u>10,729,783</u>	<u>10,729,783</u>	<u>12,102,650</u>	<u>12,164,428</u>
Business-type activities:										
Food service	124,629	118,739	120,893	128,915	118,307	97,444	95,210	95,210	125,416	123,524
Child Care										
Total business-type activities expense	<u>124,629</u>	<u>118,739</u>	<u>120,893</u>	<u>128,915</u>	<u>118,307</u>	<u>97,444</u>	<u>95,210</u>	<u>95,210</u>	<u>125,416</u>	<u>123,524</u>
Total district expenses	<u>\$ 9,023,752</u>	<u>\$ 9,460,767</u>	<u>\$ 8,907,428</u>	<u>\$ 9,428,066</u>	<u>\$ 9,481,791</u>	<u>\$ 9,434,414</u>	<u>\$ 10,824,993</u>	<u>\$ 10,824,993</u>	<u>\$ 12,228,066</u>	<u>\$ 12,287,952</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (Tuition)	\$ 1,601,125	\$ 3,808	\$ 14,155	\$ 27,598	\$ 26,075	\$ 21,028	\$ 66,780	\$ 66,780	\$ 52,828	\$ 18,845
Business and other support services										
Operating grants and contributions	\$ 2,390,947	\$ 3,190,181	\$ 2,622,602	\$ 2,918,732	\$ 3,014,416	\$ 2,973,399	\$ 4,257,078	\$ 4,257,078	\$ 5,208,427	5,636,304
Capital grants and contributions							-	-	-	-
Total governmental activities program revenues	<u>3,992,072</u>	<u>3,193,989</u>	<u>2,636,757</u>	<u>2,946,330</u>	<u>3,040,491</u>	<u>2,994,427</u>	<u>4,323,858</u>	<u>4,323,858</u>	<u>5,261,255</u>	<u>5,655,149</u>
Business-type activities:										
Charges for services										
Food service	88,564	78,651	79,902	77,852	67,884	62,466	64,228	64,228	78,677	78,298
Child care										
Operating grants and contributions	38,052	37,741	40,049	44,798	43,089	38,253	43,582	43,582	51,762	46,709
Capital grants and contributions	25,948	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>152,564</u>	<u>116,392</u>	<u>119,951</u>	<u>122,650</u>	<u>110,973</u>	<u>100,719</u>	<u>107,810</u>	<u>107,810</u>	<u>130,439</u>	<u>125,007</u>
Total district program revenues	<u>\$ 4,144,636</u>	<u>\$ 3,310,381</u>	<u>\$ 2,756,708</u>	<u>\$ 3,068,980</u>	<u>\$ 3,151,464</u>	<u>\$ 3,095,146</u>	<u>\$ 4,431,668</u>	<u>\$ 4,431,668</u>	<u>\$ 5,391,694</u>	<u>\$ 5,780,156</u>
Net (Expense)/Revenue										
Governmental activities	\$ (6,148,039)	\$ (6,149,778)	\$ (6,352,821)	\$ (6,322,993)	\$ (6,342,543)	\$ (6,342,543)	\$ (6,405,925)	\$ (6,405,925)	\$ (6,841,395)	\$ (6,509,279)
Business-type activities	(2,347)	(942)	(6,265)	(7,334)	3,275	3,275	12,600	12,600	5,023	1,483
Total district-wide net expense	<u>\$ (6,150,386)</u>	<u>\$ (6,150,720)</u>	<u>\$ (6,359,086)</u>	<u>\$ (6,330,327)</u>	<u>\$ (6,339,268)</u>	<u>\$ (6,339,268)</u>	<u>\$ (6,393,325)</u>	<u>\$ (6,393,325)</u>	<u>\$ (6,836,372)</u>	<u>\$ (6,507,796)</u>

Blairstown Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2009		2010		2011		2012		Fiscal Year Ending June 30,		2013		2014		2015		2016		2017		2018	
General Revenues and Other Changes in Net Position																						
Governmental activities:																						
Property taxes levied for general purposes, net	\$	4,636,549	\$	6,002,019	\$	6,242,100	\$	6,238,000	\$	6,362,000	\$	6,489,000	\$	6,618,000	\$	6,618,000	\$	6,520,000	\$	6,650,000	\$	6,650,000
Taxes levied for debt service																						
Restricted grants and contributions		267,397		125,495		-		-		-		-		51,321		51,321		279,084		-		-
Other Aid		-		-		-		-		-		-		-		-		-		-		-
Investment earnings		11,714		3,584		10,321		10,830		4,018		3,984		4,725		4,725		7,421		15,403		15,403
Miscellaneous income		123,467		149,744		153,112		129,348		127,204		136,766		34,741		34,741		49,365		37,833		37,833
Transfers		-		-		-		-		-		-		-		-		-		-		-
Total governmental activities		<u>5,039,127</u>		<u>6,280,842</u>		<u>6,405,533</u>		<u>6,378,178</u>		<u>6,493,222</u>		<u>6,629,750</u>		<u>6,708,787</u>		<u>6,708,787</u>		<u>6,855,870</u>		<u>6,703,236</u>		<u>6,703,236</u>
Business-type activities:																						
Investment earnings		37		34		8		124		28		23		41		41		138		230		230
Transfers		-		-		-		-		-		-		-		-		-		-		-
Total business-type activities		<u>37</u>		<u>34</u>		<u>8</u>		<u>124</u>		<u>28</u>		<u>23</u>		<u>41</u>		<u>41</u>		<u>138</u>		<u>230</u>		<u>230</u>
Total district-wide		<u>\$ 5,039,164</u>		<u>\$ 6,280,876</u>		<u>\$ 6,405,541</u>		<u>\$ 6,378,302</u>		<u>\$ 6,493,250</u>		<u>\$ 6,629,773</u>		<u>\$ 6,708,828</u>		<u>\$ 6,708,828</u>		<u>\$ 6,856,008</u>		<u>\$ 6,703,466</u>		<u>\$ 6,703,466</u>
Change in Net Position																						
Governmental activities	\$	(1,108,912)	\$	131,064	\$	52,712	\$	55,185	\$	150,679	\$	287,207	\$	302,862	\$	302,862	\$	14,475	\$	193,957	\$	193,957
Business-type activities		(2,310)		(908)		(6,257)		(7,210)		3,303		3,298		12,641		12,641		5,161		1,713		1,713
Total district		<u>\$ (1,111,222)</u>		<u>\$ 130,156</u>		<u>\$ 46,455</u>		<u>\$ 47,975</u>		<u>\$ 153,982</u>		<u>\$ 290,505</u>		<u>\$ 315,503</u>		<u>\$ 315,503</u>		<u>\$ 19,636</u>		<u>\$ 195,670</u>		<u>\$ 195,670</u>

Source: CAFR Schedule A-2

**Blairstown Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	<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>
General Fund										
Reserved	\$ 665,958	\$ 434,835	\$ 739,850	\$ 618,974	\$ 667,296	\$ 731,395	\$ 1,087,700	\$ 1,267,456	\$ 782,974	\$ 1,422,572
Unreserved	99,637	64,057	133,515	75,790	84,845	75,535	52,757	57,531	45,212	59,731
Total general fund	<u>\$ 765,595</u>	<u>\$ 498,892</u>	<u>\$ 873,365</u>	<u>\$ 694,764</u>	<u>\$ 752,141</u>	<u>\$ 806,930</u>	<u>\$ 1,140,457</u>	<u>\$ 1,324,987</u>	<u>\$ 828,186</u>	<u>\$ 1,482,303</u>
All Other Governmental Funds										
Reserved						-	-	-	-	-
Unreserved, reported in:										
Special revenue fund						-	-	-	-	-
Capital projects fund		163,100	163,100	\$ 62,737	\$ 61,782	\$ 61,782	-	-	\$ 281,584	-
Debt service fund							-			
Trust and agency fund	-	-	-	-	-	-				
Total all other governmental funds	<u>-</u>	<u>163,100</u>	<u>163,100</u>	<u>\$ 62,737</u>	<u>\$ 61,782</u>	<u>\$ 61,782</u>	<u>-</u>	<u>-</u>	<u>\$ 281,584</u>	<u>-</u>

Source: CAFR Schedule B-1

**Blairstown Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2018</u>
Revenues										
Tax levy	\$ 4,636,549	\$ 6,002,019	\$ 6,242,100	\$ 6,238,000	\$ 6,362,000	\$ 6,489,000	\$ 6,618,000	\$ 6,520,000	\$ 6,520,000	\$ 6,650,000
Tuition charges	1,601,125	3,808	14,155	27,598	26,075	21,028	66,780	59,727	52,828	18,845
Miscellaneous	135,181	153,328	163,433	140,178	131,222	140,750	39,466	69,338	56,786	53,236
State sources	2,125,925	2,635,155	2,383,967	2,607,284	2,799,623	2,753,827	2,899,946	2,940,062	3,340,529	3,179,128
Federal sources	265,022	680,521	238,635	311,448	214,793	219,572	399,910	307,747	296,875	288,834
Total revenue	8,763,802	9,474,831	9,042,290	9,324,508	9,533,713	9,624,177	10,024,102	9,896,874	10,267,018	10,190,043
Expenditures										
Instruction										
Regular Instruction	3,726,231	3,900,705	3,335,151	3,229,134	2,821,904	2,671,994	2,718,085	2,785,241	2,671,506	2,549,373
Special education instruction	1,102,134	1,099,253	1,120,847	1,211,990	916,367	854,420	926,342	860,090	853,911	906,318
Other special instruction	226,117	180,451	118,549	131,703	174,989	220,765	243,294	225,397	321,961	314,580
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	90,650	64,474	68,162	141,383	48,741	40,807	82,939	49,369	159,070	96,419
Student & instruction related services	1,078,562	1,223,463	1,140,163	1,410,186	1,197,041	1,173,735	1,160,629	1,130,048	1,200,020	1,233,922
General administrative services	464,671	438,874	470,131	456,381	413,219	448,555	447,082	443,114	446,345	445,159
School administrative services	185,329	184,834	201,883	189,045	138,713	158,065	154,415	163,325	165,367	169,960
Plant operations and maintenance	607,114	572,384	633,762	682,617	602,396	786,500	692,337	854,055	696,413	604,676
Pupil transportation	342,491	503,524	471,409	477,055	512,698	515,829	490,799	462,494	552,691	507,156
Other Support Services	-	-	-	-	-	-	-	-	-	-
Unallocated employee benefits	862,205	875,013	847,938	1,009,173	2,140,665	1,985,614	2,061,356	2,261,881	2,415,855	2,564,194
Charter Schools	112,782	232,406	235,027	290,993	361,010	388,923	373,117	335,600	344,163	340,779
Capital Outlay	83,961	303,053	25,095	345,384	177,976	324,181	401,962	141,730	654,933	84,974
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,882,247	9,578,434	8,668,117	9,575,044	9,505,719	9,569,388	9,752,357	9,712,344	10,482,235	9,817,510
Excess (Deficiency) of revenues over (under) expenditures	(103,603)	374,173	(250,536)	27,994	54,789	54,789	271,745	184,530	(215,217)	372,533
Other Financing Sources (uses)										
Note Proceeds	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Transfers in	267,397	296,959	-	201,978	62,538	-	15,301	-	-	-
Transfers out	-	(296,959)	-	(201,978)	(62,538)	-	(15,301)	-	-	-
Total other financing sources (uses)	267,397	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 163,794	\$ 374,173	\$ (250,536)	\$ 27,994	\$ 54,789	\$ 54,789	\$ 271,745	\$ 184,530	\$ (215,217)	\$ 372,533
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Cost</u> <u>Share</u>	<u>Tuition</u>	<u>Sale of</u> <u>Assets</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 11,714	\$ 15,086	\$ 68,580	\$ 1,601,125		\$ 34,854	\$ 1,731,359
2010	3,584	45,236	72,058	3,808		28,392	153,078
2011	10,321	12,852	90,600	14,155		39,386	167,314
2012	10,830	264	78,340	27,598		42,422	159,454
2013	4,018			26,075		117,128	147,221
2014	3,984	5,000	44,655	21,028		79,958	154,625
2015	4,725	500		66,780		34,241	106,246
2016	5,399	7,948		59,727	\$ 30,000	20,412	123,486
2017	7,421	29,596		52,828		19,769	109,614
2018	15,403			18,845		28,577	62,825

SOURCE: District Records

Blairstown Township School District
 Assessed Value and Actual Value of Taxable Property-**Blairstown Township**,
 Last Nine Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2009	\$25,805,300	\$694,003,300	\$93,679,000	\$2,071,225	\$79,884,700	\$15,768,000	\$ 1,031,656,704	\$118,011,242	\$2,433,937	\$913,645,462	\$0.507	\$893,383,234
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	1,030,112,649	120,340,142	2,143,182	909,772,507	0.520	961,480,469
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	1,032,598,182	122,932,042	2,235,765	909,666,140	0.537	944,965,252
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	825,492,860	96,699,303	2,245,157	728,793,557	0.657	920,100,839
2013	17,560,200	552,802,300	76,294,600	2,133,400	61,280,500	7,526,200	815,607,689	95,982,717	2,027,772	719,624,972	0.714	870,135,402
2014	17,324,800	554,018,900	74,566,200	2,146,300	60,606,200	7,426,000	814,057,450	95,984,317	1,984,733	718,073,133	0.720	786,160,323
2015	17,534,500	553,802,200	73,824,500	2,129,800	59,922,200	7,506,300	812,711,502	95,881,017	2,110,985	716,830,485	0.742	747,038,890
2016	16,459,000	553,436,700	74,089,900	2,161,200	58,825,700	7,506,300	810,249,679	95,338,017	2,432,862	714,911,662	0.755	712,612,284
2017	16,383,200	554,080,200	73,348,600	2,154,600	58,811,400	7,406,800	811,128,643	96,664,417	2,279,426	714,464,226	0.758	721,829,604
2018	16,149,900	554,611,400	72,389,300	2,117,000	58,729,300	7,406,800	808,683,577	94,990,933	2,288,944	713,692,644	0.758	709,362,651

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Blairstown Township School District
 Assessed Value and Actual Value of Taxable Property-**Hardwick Township**,
 Last Ten Fiscal Years

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	\$7,008,700	\$108,637,000	\$32,495,200	\$1,074,150	\$1,506,200	\$627,000	\$197,703,048	\$45,976,800	\$377,998	\$151,726,248	\$0.909	\$214,452,259
2009	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	200,788,726	46,633,300	323,226	154,155,426	0.849	235,659,901
2010	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	203,139,974	47,093,500	305,074	156,046,474	0.808	254,599,556
2011	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	226,476,500	68,766,400	289,400	157,710,100	0.862	245,506,935
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	226,584,341	68,822,600	403,591	157,761,741	0.916	226,265,738
2013	5,660,800	110,017,450	39,201,100	1,050,100	705,700	627,000	227,338,257	69,620,400	455,707	157,717,857	0.778	210,701,695
2014	5,640,900	111,075,050	38,132,600	1,040,900	705,700	627,000	227,339,808	69,638,300	479,358	157,701,508	0.836	194,779,597
2016	5,555,700	112,159,350	37,735,800	1,005,600	705,700	627,000	228,217,999	69,938,800	490,049	158,279,199	0.822	186,361,299
2017	5,894,900	113,171,150	37,252,000	916,650	705,700	627,000	229,741,582	70,571,100	603,082	159,170,482	0.705	187,209,847
2018	5,384,300	112,005,350	37,710,800	1,002,050	705,700	627,000	228,536,194	70,571,100	529,894	157,965,094	0.608	185,060,822

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Blairstown Township**
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Blairstown Township Board of Education						Total Direct and Overlapping Tax Rate
	General	Obligation		North Warren			
	Basic Rate ^a	Debt Service ^b	Total Direct	Regional School District	Blairstown Township	Warren County	
2009	\$0.507	-0-	\$0.507	\$0.507	\$0.035	\$0.639	\$1.688
2010	\$0.520	-0-	\$0.520	\$0.541	\$0.035	\$0.626	\$1.722
2011	\$0.537	-0-	\$0.537	\$0.576	\$0.035	\$0.619	\$1.767
2012	\$0.657	-0-	\$0.657	\$0.713	\$0.035	\$0.758	\$2.163
2013	\$0.714	-0-	\$0.714	\$0.672	\$0.035	\$0.739	\$2.160
2014	\$0.720	-0-	\$0.720	\$0.693	\$0.015	\$0.739	\$2.167
2015	\$0.742	-0-	\$0.742	\$0.703	\$0.020	\$0.766	\$2.231
2016	\$0.755	-0-	\$0.755	\$0.720	\$0.020	\$0.781	\$2.276
2017	\$0.778	-0-	\$0.778	\$0.747	\$0.020	\$0.770	\$2.315
2018	\$0.758	-0-	\$0.758	\$0.769	\$0.020	\$0.760	\$2.307

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Blairstown Township School District
 Direct and Overlapping Property Tax Rates - **Hardwick Township**
 Last Ten Fiscal Years

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Blairstown Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation			Hardwick Township	North Warren Regional School District	Warren County	
	Basic Rate ^a	Debt Service ^b	Total Direct				
2008	\$0.909	-0-	\$0.909	\$0.184	\$0.902	\$0.935	\$2.930
2009	\$0.849	-0-	\$0.849	\$0.203	\$0.894	\$0.992	\$2.938
2010	\$0.808	*	\$0.808	\$0.209	\$0.805	\$0.946	\$2.768
2011	\$0.862	*	\$0.862	\$0.245	\$0.786	\$0.904	\$2.797
2012	\$0.916	*	\$0.916	\$0.232	\$0.684	\$0.913	\$2.745
2013	\$0.778	*	\$0.778	\$0.277	\$0.847	\$0.893	\$2.795
2014	\$0.836	*	\$0.836	\$0.324	\$0.866	\$0.880	\$2.906
2016	\$0.822	*	\$0.822	\$0.330	\$0.911	\$0.906	\$2.969
2017	\$0.705	*	\$0.705	\$0.417	\$1.019	\$0.913	\$3.054
2018	\$0.608	*	\$0.608	\$0.458	\$1.133	\$0.895	\$3.094

* - The Hardwick Township Board of Education (Non-operating district) Was merged with Blairstown School District effective June 30, 2009.

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Blairstown Township School District
Principal Property Tax Payers-**Blairstown Township**,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2014			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	\$ 9,195,500	1	1.29%	2,078,500	2	0.71%
Blairstown Realty Associates, LLC	8,826,700	2	1.24%			
JD Air, Inc.	2,865,700	3	0.40%			
First National Bank of Hope	2,707,100	4	0.38%	1,360,600	6	0.46%
Rite Aid	2,486,200	5	0.35%			
Blair Academy	2,044,600	6	0.29%			
Embarq	1,984,733	7	0.28%			
Grater, LLC	1,963,500	8	0.28%	1,392,400	5	0.47%
Individual Taxpayer #1	1,705,000	9	0.24%	1,265,446	7	0.43%
Individual Taxpayer #2	1,693,700	10	0.24%	789,900	10	0.27%
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
Total	<u>\$ 35,472,733</u>		<u>4.97%</u>	<u>\$ 19,040,346</u>		<u>6.47%</u>

Source: District CAFR & Municipal Tax Assessor

Blairstown Township School District
Principal Property Tax Payers- **Hardwick Township**,
Current Year and Nine Years Ago

Exhibit J-8

Taxpayer	2014			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
JCP&L	\$ 996,100	1	0.63%			
PSE&G	996,100	2	0.63%			
Individual Taxpayer #1	782,500	3	0.50%	859,400	2	0.65%
Individual Taxpayer #2	706,300	4	0.45%	612,500	6	0.46%
Individual Taxpayer #3	690,700	5	0.44%	519,000	7	0.39%
Individual Taxpayer #4	633,000	6	0.40%			
Individual Taxpayer #5	627,000	7	0.40%			
Individual Taxpayer #6	608,300	8	0.39%	802,700	3	0.60%
Individual Taxpayer #7	603,700	9	0.38%	462,900	9	0.35%
Individual Taxpayer #8	603,700	10	0.38%	424,600	10	0.32%
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
Total	<u>\$ 7,247,400</u>		<u>4.59%</u>	<u>\$ 6,559,992</u>		<u>4.94%</u>

Source: District CAFR & Municipal Tax Assessor

**Blairstown Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$4,636,549	\$4,636,549	100.00%	-
2010	\$6,002,019	\$6,002,019	100.00%	-
2011	\$6,242,100	\$6,242,100	100.00%	-
2012	\$6,238,000	\$6,238,000	100.00%	-
2013	\$6,362,000	\$6,362,000	100.00%	-
2014	\$6,489,000	\$6,489,000	100.00%	-
2015	\$6,618,000	\$6,618,000	100.00%	-
2016	\$6,520,000	\$6,520,000	100.00%	-
2017	\$6,520,000	\$6,520,000	100.00%	-
2018	\$6,650,000	\$6,650,000	100.00%	-

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

Note:

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

**Blairstown Township School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Blairstown Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	Bond Anticipation Notes (BANs)	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-
2016	-0-	-0-	-0-	-0-	-0-
2017	-0-	-0-	-0-	-0-	-0-
2018	-0-	-0-	-0-	-0-	-0-

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Blairstown Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Blairstown Township	\$ 2,395,800	100.000%	\$ 2,395,800
Hardwick Township	437,200	100.000%	437,200
North Warren Regional School District	-	0.000%	-
Other debt			
Warren County (Includes apportionment for Blairstown and Hardwick Townships)	3,040,000	9.425%	<u>286,527</u>
Subtotal, overlapping debt			3,119,527
Blairstown School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 3,119,527</u></u>

Sources: Township Finance Officer, Warren County Finance Office and Utility Authorities

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

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

**Blairstown Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2015 718,441,868
	2016 706,462,454
	2017 694,798,027
	[A] <u>\$ 2,119,702,349</u>
	Average equalized valuation of taxable property [A/3] \$ 706,567,450
	Debt limit (2 1/2 % of average equalization value) [B] 17,664,186
	Net bonded school debt [C] -
	[B-C] <u>\$ 17,664,186</u>

	Fiscal Year									
	<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	\$23,098,152	\$29,489,866	\$28,534,756	\$26,996,258	\$25,247,472	\$23,634,225	\$22,810,083	\$22,518,575	\$22,482,614	\$17,664,186
Total net debt applicable to limit	-									
Legal debt margin	<u>\$23,098,152</u>	<u>\$29,489,866</u>	<u>\$28,534,756</u>	<u>\$26,996,258</u>	<u>\$25,247,472</u>	<u>\$23,634,225</u>	<u>\$22,810,083</u>	<u>\$22,518,575</u>	<u>\$22,482,614</u>	<u>\$17,664,186</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

* Effective for fiscal year 2010 and forward, the legal debt margin includes Hardwick Township to reflect the Non-operating Hardwick Township Board of Education merger into Blairstown Township School District.

**Blairstown Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	7,560	\$ 322,759,080	\$43,622 R	9.3%
2010	7,545	\$ 325,845,915	\$44,023 R	9.5%
2011	7,629	\$ 343,749,801	\$45,657 R	8.8%
2012	7,595	\$ 351,276,576	\$46,829 R	8.6%
2013	7,547	\$ 351,083,745	\$47,264 R	8.0%
2014	7,494	\$ 363,961,890	\$48,598 R	5.9%
2015	7,503	\$ 381,001,470	\$50,376 R	5.0%
2016	7,497	\$ 381,052,372	\$51,454 P	4.2%
2017	7,464	\$ 379,474,410	\$51,454 *	3.9%
2018	7,451	\$ 383,383,754	\$51,454 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development;

Includes Blairstown and Hardwick Townships

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

* Current data unavailable

**Blairstown Township School District
Principal Employers,
Current Year and Nine Years Ago**

**Exhibit J-15
N/A**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information is available at the local or county level.

**Blairstown Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</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>
Instruction										
Regular	42.0	36.2	36.0	37.1	36.8	33.0	33.0	34.0	33.0	32.0
Special education	11.0	10.5	10.5	11.5	11.7	12.4	12.3	11.5	12.9	12.5
Other instruction	6.5	3.8	5.0	8.0	2.0	6.0	6.0	6.5	6.6	6.5
Support Services:										
Tuition										
Student & instruction related services	28.0	37.0	28.7	27.0	35.7	28.8	27.5	23.2	24.1	25.4
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	3.0	3.0	2.5	2.2	3.2	3.2	3.2	3.2	3.2	3.2
Business administrative services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Plant operations and maintenance	5.2	5.2	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Pupil transportation	1.2	1.2	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total	100.4	100.4	92.1	95.3	99.0	93.0	91.6	88.0	89.4	88.7

Source: District Personnel Records

**Blairstown Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2009	734	\$ 8,685,504	\$ 11,833	4.89%	61	12.0:1		701.7	673.7	-7.15%	96.0%
2010	632	\$ 9,042,975	\$ 14,309	20.92%	61	10.4:1		631.8	605.2	-9.96%	95.8%
2011	634	\$ 8,407,695	\$ 13,261	-7.32%	57	11.1:1		637.1	604.6	0.84%	94.9%
2012	604	\$ 8,938,668	\$ 14,799	11.60%	56	10.8:1		598.8	570.3	-6.01%	95.2%
2013	554	\$ 8,966,733	\$ 16,185	9.37%	50	10.8:1		554.8	524.7	-7.35%	94.6%
2014	532	\$ 8,856,284	\$ 16,647	2.85%	51	10.4:1		532.6	505.8	-4.00%	95.0%
2015	542	\$ 8,977,278	\$ 16,563	-0.50%	51	10.6:1		541.7	516.3	1.71%	95.3%
2016	508	\$ 9,235,014	\$ 18,179	9.76%	49	10.4:1		508.4	486.6	-6.15%	95.7%
2017	481	\$ 9,483,139	\$ 19,715	8.45%	53	9.1:1		481.3	463.3	-5.33%	96.3%
2018	466	\$ 9,391,757	\$ 20,154	2.22%	51	9.1:1		463.9	446.5	-3.62%	96.2%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff. Prior to 2017, amount include aides.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Blairstown Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

<u>District Building</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>
<u>Elementary</u>										
Blairstown Elementary (1929)										
Square Feet	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762	78,762
Capacity (students)	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Enrollment	734.0	632.0	634.0	604.0	554.0	532.0	541.7	508.4	481.0	466.0

Number of Schools at June 30, 2018

Source: District records, ASSA

Elementary = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2018

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2,015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
Blairstown Elementary	040	\$92,066	\$130,221	\$186,450	\$285,555	\$198,270	\$282,710	\$268,546	\$470,948	\$270,672	\$188,179	\$2,281,551
Total School Facilities		92,066	130,221	186,450	285,555	198,270	282,710	268,546	470,948	270,672	188,179	602,226
Other Facilities												
Grand Total		\$92,066	\$130,221	\$186,450	\$285,555	\$198,270	\$282,710	\$268,546	\$470,948	\$270,672	\$188,179	\$2,281,551

BLAIRSTOWN TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
6/30/2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	\$ 1,000
Accounts Receivable	250,000	1,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	250,000	1,000
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
<u>CRIME:</u>		
Blanket Employee Dishonesty	50,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
Computer Fraud	50,000	500
<u>SCHOOL BOARD LEGAL LIABILITY - NJSIG</u>	11,000,000	5,000
Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENTAL IMPAIRMENT LIABILITY: (Site Pollution)</u>		
Limit of Liability:		
Incident	1,000,000	100,000
Fund Annual Aggregate	11,000,000	
<u>UNDERGROUND STORAGE TANK LIABILITY: (Chubb)</u>		
Claims & Remedation Costs Per Incident/Aggregate	1,000,000	5,000
Aggregate Limit for Defense Costs	1,000,000	
Total Policy Aggregate	2,000,000	
<u>PRIMARY FLOOD: (Selective)</u>		
Building	500,000	2,000
Contents	500,000	2,000
<u>WORKERS' COMPENSATION (NJSIG):</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
Selective Insurance Company		
Public Employees' Faithful Performance Blanket Position Bond -		
Board Secretary - M Petty	25,000	
Treasurer - G Range	200,000	
Secretary - C Kampf	25,000	

Single Audit Section



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

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

Honorable President and
 Members of the Board of Education
 Blairstown Township School District
 County of Warren
 Blairstown, New Jersey 07825

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 Blairstown Township School District Board of Education in the County of Warren, 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 Blairstown Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control Over Financial Reporting

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

-Continued-

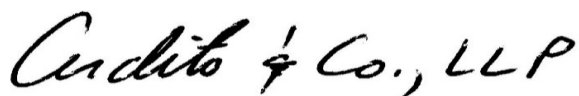
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

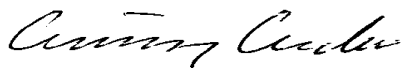
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, 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.



ARDITO & CO., LLP
January 16, 2019



Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Blairstown Township School District
 County of Warren
 Blairstown, New Jersey 07825

Report on Compliance for Each Major State Program

We have audited the Blairstown Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The Blairstown Township School District Board of Education'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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 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 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 District's compliance.

Opinion on Each Major State Program

In our opinion, the Blirstown Township School District Board of Education 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 Blirstown Township School District Board of Education 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 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 New Jersey OMB Circulars 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 Blirstown Township School District Board of Education's internal control over compliance.

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

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

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

ARDITO & Co., LLP

ARDITO & CO., LLP
January 16, 2019

Anthony Ardito

Licensed Public School Accountant No.2369

BLAIRSTOWN TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2018

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2017	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2018			MEMO				
									REPAYMENT OF PRIOR YEARS' BALANCES	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.			
State Department of Education													*			
General Fund													*			
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 1,333,417			\$ 1,333,417	\$ (1,333,417)							*	\$ 133,326	\$ 1,333,417
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	70,649			70,649	(70,649)							*	7,064	70,649
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	351,956			351,956	(351,956)							*	35,192	351,956
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	52,071			52,071	(52,071)							*	5,207	52,071
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	106,385			106,385	(106,385)							*	10,637	106,385
Add'l Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	39,578			39,578	(39,578)							*	3,957	39,578
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	5,230			5,230	(5,230)							*	523	5,230
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	5,230			5,230	(5,230)							*	523	5,230
Professional Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	4,990			4,990	(4,990)							*	499	4,990
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	5,037				(5,037)			\$ (5,037)				*		5,037
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	21,103	\$ (21,103)		21,103								*		-
Non-Public Transportation Aid	18-100-034-5120-068	7/1/17-6/30/18	1,622				(1,622)			(1,622)				*		1,622
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	674	(674)		674								*		-
On Behalf TPAF Pension	18-495-034-5094-002	7/1/17-6/30/18	552,984			552,984	(552,984)							*		552,984
On Behalf TPAF Pension PMR	18-495-034-5094-001	7/1/17-6/30/18	357,160			357,160	(357,160)							*		357,160
On Behalf TPAF Pension LTD Ins	18-495-034-5094-004	7/1/17-6/30/18	1,038			1,038	(1,038)							*		1,038
Reimb. TPAF Soc.Secur.Contrib.	18-495-034-5094-003	7/1/17-6/30/18	295,085			295,085	(295,085)							*		295,085
Total General Fund				(21,777)		3,197,550	(3,182,432)			(6,659)				*	196,928	3,182,432
Capital Projects Fund:													*			
SDA Grant - Window Replacement Project	SP#0400-030-13-G2TM	2/10/14-6/30/18	279,084	(279,084)		279,084								*		279,084
Total Capital Projects Fund				(279,084)		279,084								*		279,084
State Department of Agriculture													*			
Enterprise Fund:													*			
Nat.School Lunch Prog.(State Share)	17-100-034-5120-122	7/1/16-6/30/17		104		(104)								*		
Nat.School Lunch Prog.(State Share)	18-100-034-5120-122	7/1/17-6/30/18	1,495			1,357	(1,495)			(138)				*		1,495
Total Enterprise Fund				104		1,253	(1,495)			(138)				*		1,495
Total State Financial Assistance													*			
				\$ (300,757)		\$ 3,477,887	\$ (3,183,927)			\$ (6,797)				*	\$ 196,928	\$ 3,463,011
							Less: On-behalf TPAF Pension Amounts	911,182								
							Total State Expenditures Subject to Major Program Determination	\$ (2,272,745)								

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

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Blairstown Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from federal and state agencies, as well as state financial assistance passed through other government agencies is included on the schedules of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. 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 GENERAL PURPOSE 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 last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 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 last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,304) for the general fund and (\$20,041) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 37,802	\$ 3,179,128	\$ 3,216,930
Special Revenue Fund	251,032	-	251,032
Food Service Fund	<u>45,214</u>	<u>1,495</u>	<u>46,709</u>
Total Financial Assistance	<u>\$ 334,048</u>	<u>\$ 3,180,623</u>	<u>\$ 3,514,671</u>

NOTE 4. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF 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 employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes __x__ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Financial Assistance Section

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) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

18-495-034-5120-078
18-495-034-5094-003

Equalization Aid (State Aid Cluster)
Reimbursed TPAF Soc. Security

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

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

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year recommendations.