

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF DENVILLE**

**Denville Township Board of Education
Denville, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

DENVILLE TOWNSHIP SCHOOL DISTRICT

Denville, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Denville Township Board of Education
Finance Department**

DENVILLE TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION



Denville Township Schools

400 Morris Ave, Suite 279, Denville, New Jersey 07834

Mrs. Damaris Gurowsky
Business Administrator/Board Secretary
Ph. 973-983-6530
Fax: 973-784-4778
dgurowsky@denville.org

January 18, 2019

The Honorable President and Members of
the Board of Education
Denville Township School District
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Denville Township School District (the "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 (the "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 basic financial statements and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Denville Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Denville Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for classified youngsters with special needs. The District completed the 2017-2018 fiscal year with an enrollment of 1,639 students, which is a decrease of 11 students or 0.66% from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment numbers for the current year decreased slightly from prior years, primarily in the special education. Given the economic environment of the country as a whole, this may continue into the future. The Denville Township School District will continue to be affected by changes in state aid and regulations as it relates to employee salaries and health benefits.

3) MAJOR INITIATIVES:

Math - Budget priority includes updating the Math texts in grade 7. Additional professional development in the areas of modeling and problem solving will be provided. Geometry 1 will be offered to approximately 30 8th grade students. The final payment of three for elementary math texts is included in this budget.

English Language Arts - Professional development money is budgeted to further the implementation of K-5 Readers/Writers workshop and best practices in grades 6-8 to support the Common Core Standards and ensure PARCC preparation. The priority will be on the word work component of our balanced literacy program and expanding the middle school classroom libraries and book clubs. Additional classroom libraries will be purchased.

Science - Funding is provided to replenish consumable material for newly adopted Science programs K-8, and new texts will be purchased for grades 1, 4 & 5.

Life Careers - Funding is provided to replenish consumable materials and renovation of the Family and Consumer Science Lab.

World Languages - The World Language Program was expanded to include full year programs 6-8, and weekly programs K-5. A staffing increase from 2.5 FTE to 5 FTE is needed to meet the needs of the expanded program. Funding is also provided for additional texts and online language programs.

Technology - Budgetary expenditures to replace computer hardware & no longer supported software are included. The installation of replacement FM systems, Document Cameras and Smartboards continues, along with the expansion of a 1:1 Chromebook initiative to include 6th and 7th grades. Approximately 300 Chromebooks will be purchased. Work on enhancing the Wi-Fi at the two elementary schools is included in this budget.

Visual Performing Arts - Funding will be provided to support the revision of the Music and Art curriculum. Current materials will be reviewed, and purchases will be made for any new resources necessary to support the revisions.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2018.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's statistical section.

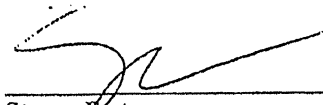
Honorable President and Members of
the Board of Education
Denville Township School District
Page 4
January 18, 2019

9) OTHER INFORMATION:

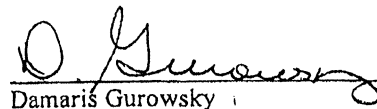
Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements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

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

Respectfully submitted,

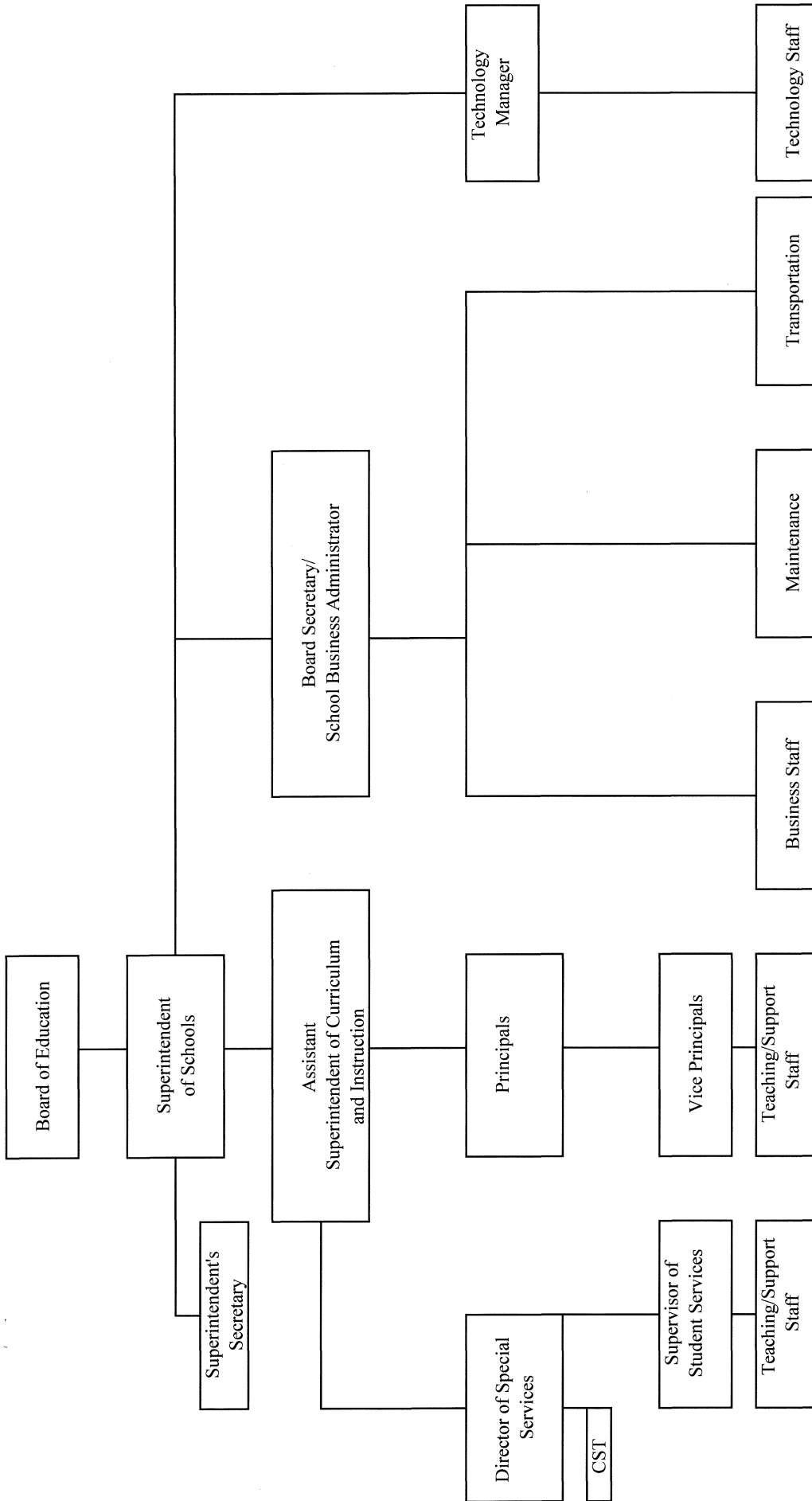


Steven Forte
Superintendent



Damaris Gurowsky
Business Administrator/Board Secretary

DENVILLE TOWNSHIP SCHOOL DISTRICT
Organizational Chart
 (Unit Control)



**DENVILLE TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Andersen, President	2020
Dino Cappello, Vice President	2020
James Kim	2020
David Luer	2018
Barbara DeLuna	2018
Laura Wagner	2019
Don Casse	2019

<u>Other Officials</u>	<u>Title</u>
Steven Forte	Superintendent of Schools
Damaris Gurowsky	Board Secretary/School Business Administrator
Paula Hatch	Treasurer of School Monies

DENVILLE TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Attorney

Cleary, Giacobbe, Alfieri, Jacobs, LLC
The Legal Center
1037 Raymond Blvd., Suite 900
Newark, NJ 07102

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Architect

DiCara Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

French & Parrello Associates
1800 Route 34 Suite 101
Wall, NJ 07719

Official Depositories

Provident Bank
41 Broadway
Denville, NJ 07834

State of New Jersey Cash Management Fund
Division of Investment
Department of the Treasury
Trenton, NJ 08625

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Denville Township School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Denville School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. The required supplementary information schedule, Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios, is omitted from this report. This is due to the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, not providing the information necessary to implement Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* as of the date of this report. 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 available 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. Our opinion on the basic financial statements has not been affected for this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
January 18, 2019

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**DENVILLE TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

This section of the Denville Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the Denville Township School District's Financial Report

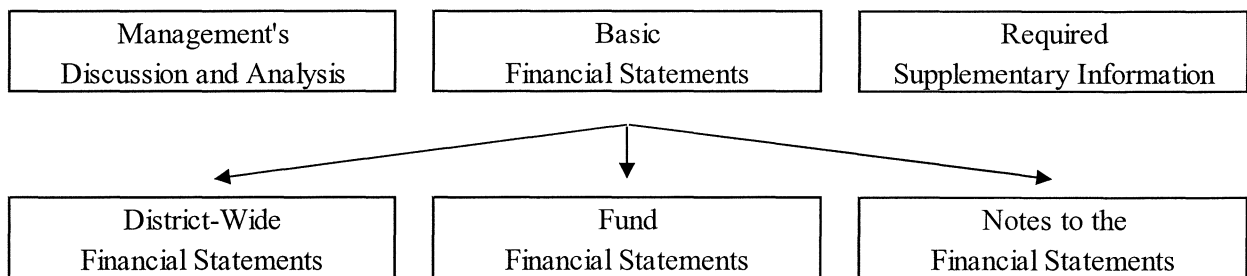


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private business: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

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

Notes to the Basic Financial Statements: The notes provide basic information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. Those notes to the basic financial statements can be found immediately following the Fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 15.79%. Net position from governmental activities increased \$1,174,363 while net position from business-type activities decreased \$1,928. Net investment in capital assets, increased \$655,687, restricted net position decreased by \$779,368 and unrestricted net position increased \$1,296,116.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Current and Other Assets	\$ 6,910,787	\$ 6,008,630	\$ 12,265	\$ 9,941	\$ 6,923,052	\$ 6,018,571	
Capital Assets, Net	14,983,540	15,044,421	48,855	52,898	15,032,395	15,097,319	
Total Assets	<u>21,894,327</u>	<u>21,053,051</u>	<u>61,120</u>	<u>62,839</u>	<u>21,955,447</u>	<u>21,115,890</u>	3.98%
Deferred Outflows of Resources	<u>3,585,194</u>	<u>5,022,216</u>			<u>3,585,194</u>	<u>5,022,216</u>	-28.61%
Long-Term Liabilities	13,606,269	18,034,279			13,606,269	18,034,279	
Other Liabilities	696,590	674,184	2,370	2,162	698,960	676,346	
Total Liabilities	<u>14,302,859</u>	<u>18,708,463</u>	<u>2,370</u>	<u>2,162</u>	<u>14,305,229</u>	<u>18,710,625</u>	-23.54%
Deferred Inflows of Resources	<u>2,635,495</u>				<u>2,635,495</u>		100.00%
Net Position:							
Net Investment in Capital Assets	12,945,891	12,286,161	48,855	52,898	12,994,746	12,339,059	
Restricted	3,853,965	4,633,333			3,853,965	4,633,333	
Unrestricted/(Deficit)	<u>(8,258,689)</u>	<u>(9,552,690)</u>	<u>9,895</u>	<u>7,780</u>	<u>(8,248,794)</u>	<u>(9,544,910)</u>	
Total Net Position	<u>\$ 8,541,167</u>	<u>\$ 7,366,804</u>	<u>\$ 58,750</u>	<u>\$ 60,678</u>	<u>\$ 8,599,917</u>	<u>\$ 7,427,482</u>	15.79%

Changes in Net Position. The District's combined net position was \$8,599,917 on June 30, 2018, \$1,172,435 or 15.79% more than it was the year before (See Figure A-3). Net investment in capital assets increased by \$655,687 due to the \$531,642 in capital assets additions, \$334,525 in construction in process, the payment of \$485,000 in bond principal, and \$241,692 in capital lease principal payments, less \$909,186 in depreciation, \$21,905 in net capital asset deletions and the \$6,081 for the amortization on the deferred amount of the refunding. Restricted net position decreased by \$779,368 as a result of a decrease in excess surplus of \$870,539, an increase in the capital reserve account of \$163,266 and a decrease in maintenance reserve of \$72,095. Unrestricted net position increased by \$1,296,116 as a result of normal operations, changes in accrued interest, changes in pension liability and changes in compensated absences payable (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total</u>
	<u>2017/2018</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>Percentage</u> <u>Change</u> <u>2017/2018</u>
Revenue:							
Program Revenue:							
Charges for Services	\$ 239,715	\$ 118,287	\$ 14,805	\$ 12,280	\$ 254,520	\$ 130,567	
Grants and Contributions:							
Operating	12,195,834	10,602,542	19,050	19,441	12,214,884	10,621,983	
General Revenue:							
Property Taxes	29,777,860	28,787,724			29,777,860	28,787,724	
Federal and State Aid Not Restricted	193,701	198,421			193,701	198,421	
Other	107,552	325,164	35,797	10,064	143,349	335,228	
Total Revenue	<u>42,514,662</u>	<u>40,032,138</u>	<u>69,652</u>	<u>41,785</u>	<u>42,584,314</u>	<u>40,073,923</u>	6.26%
Expenses:							
Instruction	26,989,995	25,586,518			26,989,995	25,586,518	
Pupil and Instruction Services	4,784,982	4,823,965			4,784,982	4,823,965	
Administrative and Business	4,059,881	3,851,403			4,059,881	3,851,403	
Maintenance and Operations	2,619,201	2,754,553			2,619,201	2,754,553	
Transportation	2,557,365	2,673,210			2,557,365	2,673,210	
Other	328,875	567,563	71,580	42,877	400,455	610,440	
Total Expenses	<u>41,340,299</u>	<u>40,257,212</u>	<u>71,580</u>	<u>42,877</u>	<u>41,411,879</u>	<u>40,300,089</u>	2.76%
Increase/(Decrease) in Net Position	<u>\$ 1,174,363</u>	<u>\$ (225,074)</u>	<u>\$ (1,928)</u>	<u>\$ (1,092)</u>	<u>\$ 1,172,435</u>	<u>\$ (226,166)</u>	<u>618.40%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has increased by \$1.17 million. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because state aid has remained relatively flat over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017/2018	2016/2017	2017/2018	2016/2017
Instruction	\$ 26,989,995	\$ 25,586,518	\$ 15,237,355	\$ 15,077,546
Pupil and Instruction Services	4,784,982	4,823,965	4,784,982	4,823,965
Administrative and Business	4,059,881	3,851,403	3,398,367	3,651,030
Maintenance and Operations	2,619,201	2,754,553	2,619,201	2,754,553
Transportation	2,557,365	2,673,210	2,535,970	2,661,726
Other	328,875	567,563	328,875	528,519
	<u>\$ 41,340,299</u>	<u>\$ 40,257,212</u>	<u>\$ 28,904,750</u>	<u>\$ 29,497,339</u>

- The cost of all governmental activities this year was \$41.3 million.
- The federal and state governments subsidized certain programs with grants and contributions
- Most of the District’s costs, however, were financed by District taxpayers (\$29.78 million).
- A portion of governmental activities was financed with state aid based on the SFRA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

Business-Type Activities

Net position from the District’s business-type activities, food service, decreased by \$1,928 due to normal expenses exceeding revenues for the year primarily due to an increase in the cost of sales. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s General Fund financial status improved despite difficult economic times which have had a direct impact upon the District’s revenue sources. Interest from investments remained favorable as compared to years past.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

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

- Changes made within budgetary line items were in school-based needs for programs, textbooks, and teachers’ salaries, increased utilities costs and legal and other professional services.

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
	Land	\$ 105,150	\$ 105,150			\$ 105,150	\$ 105,150
Construction in Progress	334,525	1,887,975			334,525	1,887,975	
Buildings and Building Improvements	13,405,026	11,809,036			13,405,026	11,809,036	
Machinery and Equipment	1,138,839	1,242,260	\$ 48,855	\$ 52,898	1,187,694	1,295,158	
Total Capital Assets, Net of Depreciation	<u>\$ 14,983,540</u>	<u>\$ 15,044,421</u>	<u>\$ 48,855</u>	<u>\$ 52,898</u>	<u>\$ 15,032,395</u>	<u>\$ 15,097,319</u>	<u>-0.43%</u>

The District's overall capital assets decreased due to normal depreciation amounts offset by additions. (More detailed information about the District's capital assets is presented in Note 7 to the financial statements.)

Long-term Liabilities

At year-end, the District had \$315,000 in general obligation bonds – a reduction of \$485,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2017/2018	2016/2017	2017/2018
	General Obligation Bonds, (Financed with Property Taxes)	\$ 315,000	\$ 800,000
Net Pension Liability	11,315,185	15,001,565	
Other Long-Term Liabilities	1,976,084	2,232,714	
	<u>\$ 13,606,269</u>	<u>\$ 18,034,279</u>	<u>-24.55%</u>

- The District continued to pay down its debt, retiring \$485,000 of outstanding bonds.
- Net Pension Liability decreased by \$3,686,380.
- The District's other long-term liabilities increased as a result of the repayment of capital leases and the decrease in compensated absence liability, offset by the issuance of new capital leases.

Factors Bearing on the District's Future Revenue/Expense Changes

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

- Changes in regulations by the State of New Jersey, inclusive of limits on revenues and fluctuations in aid, will affect the services offered to the students of the Denville Township School District.
- Maintenance issues within the schools will continue to be a concern for the District. The District will have to dedicate its financial resources towards solving major capital issues within the schools.
- Readiness for Partnership for Assessment of Readiness for College and Careers (PARCC) testing continues to require investment in technology.
- Alignment to the New Jersey Student Learning Standards will require additional professional development expenses and purchase of supporting teacher resources.
- State Adoption of the Next Generation of Science Standards in 2014 continues to require additional teacher professional development, and purchase of new student science textbooks and/or inquiry kits.
- The Denville Board of Education has adopted a strategic curriculum plan to regularly review and update subject area curriculum. Some funding is needed to compensate staff for participation in curriculum review and writing committees.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 1 Saint Mary's Place, 2nd Floor, Denville, New Jersey 07834.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,120,684	\$ 10,761	\$ 3,131,445
Interfund Receivable	1,128		1,128
Receivables from Other Governments	283,786	1,504	285,290
Receivables - Other	151,225		151,225
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	2,472,695		2,472,695
Maintenance Reserve - Cash and Cash Equivalents	881,269		881,269
Capital Assets:			
Sites (Land)	105,150		105,150
Construction in Progress	334,525		334,525
Depreciable Buildings and Building Improvements and Machinery and Equipment	14,543,865	48,855	14,592,720
Total Assets	<u>21,894,327</u>	<u>61,120</u>	<u>21,955,447</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on the Refunding	6,084		6,084
Deferred Outflows Related to Pensions	3,579,110		3,579,110
Total Deferred Outflows of Resources	<u>3,585,194</u>		<u>3,585,194</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	648,137	2,370	650,507
Accrued Interest Payable	4,725		4,725
Payable to Federal Government	2,382		2,382
Payable to State Government	3,802		3,802
Unearned Revenue	37,544		37,544
Noncurrent Liabilities:			
Due Within One Year	572,635		572,635
Due Beyond one Year	13,033,634		13,033,634
Total Liabilities	<u>14,302,859</u>	<u>2,370</u>	<u>14,305,229</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	2,635,495		2,635,495
Total Deferred Outflows of Resources	<u>2,635,495</u>		<u>2,635,495</u>
NET POSITION			
Net Investment in Capital Assets	12,945,891	48,855	12,994,746
Restricted for:			
Capital Projects	2,472,695		2,472,695
Debt Service	1		1
Maintenance Reserve Account	881,269		881,269
Excess Surplus	500,000		500,000
Unrestricted/(Deficit)	(8,258,689)	9,895	(8,248,794)
Total Net Position	<u>\$ 8,541,167</u>	<u>\$ 58,750</u>	<u>\$ 8,599,917</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 18,492,272	\$ 239,715	\$ 7,318,328	\$ (10,934,229)		\$ (10,934,229)
Special Education	7,304,815		3,723,016	(3,581,799)		(3,581,799)
Other Special Instruction	858,522		125,306	(733,216)		(733,216)
Other Instruction	334,386		346,275	11,889		11,889
Support Services:						
Tuition	819,361			(819,361)		(819,361)
Student & Instruction Related Services	3,965,621			(3,965,621)		(3,965,621)
General Administrative Services	905,336			(905,336)		(905,336)
School Administrative Services	2,251,688		661,514	(1,590,174)		(1,590,174)
Central Services	456,972			(456,972)		(456,972)
Administration Information Technology	445,885			(445,885)		(445,885)
Plant Operations and Maintenance	2,619,201			(2,619,201)		(2,619,201)
Pupil Transportation	2,557,365		21,395	(2,535,970)		(2,535,970)
Transfer to Charter Schools	77,596			(77,596)		(77,596)
Interest on Long-Term Debt	14,176			(14,176)		(14,176)
Capital Outlay	237,103			(237,103)		(237,103)
Total Governmental Activities	41,340,299	239,715	12,195,834	(28,904,750)		(28,904,750)

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 71,580	\$ 14,805	\$ 19,050		\$ (37,725)	\$ (37,725)
Total Business-Type Activities	71,580	14,805	19,050		(37,725)	(37,725)
Total Primary Government	\$ 41,411,879	\$ 254,520	\$ 12,214,884	\$ (28,904,750)	(37,725)	(28,942,475)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				29,398,723		29,398,723
Taxes Levied for Debt Service				379,137		379,137
Federal and State Aid not Restricted				193,701		193,701
Interest and Unrestricted Miscellaneous Revenue				116,945	86	117,031
Restricted Miscellaneous Revenue				26,318		26,318
Transfers				(35,711)	35,711	
Total General Revenues and Transfers				30,079,113	35,797	30,114,910
Change in Net Position				1,174,363	(1,928)	1,172,435
Net Position - Beginning				7,366,804	60,678	7,427,482
Net Position - Ending				\$ 8,541,167	\$ 58,750	\$ 8,599,917

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

DENVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,100,281	\$ 20,402	\$ 1	\$ 3,120,684
Interfund Receivables	1,128			1,128
Receivables from State Government	282,165			282,165
Receivables from Federal Government		1,621		1,621
Other Accounts Receivable	151,225			151,225
Restricted Cash and Cash Equivalents	3,353,964			3,353,964
Total Assets	<u>\$ 6,888,763</u>	<u>\$ 22,023</u>	<u>\$ 1</u>	<u>\$ 6,910,787</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 119,397	\$ 825		\$ 120,222
Payable to Federal Government		2,382		2,382
Payable to State Government		3,802		3,802
Unearned Revenue	22,530	15,014		37,544
Total Liabilities	<u>141,927</u>	<u>22,023</u>		<u>163,950</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	2,472,695			2,472,695
Maintenance Reserve Account	881,269			881,269
Excess Surplus	200,000			200,000
Excess Surplus - Designated for Subsequent Year's Expenditures	300,000			300,000
Debt Service			\$ 1	1
Assigned:				
Year-End Encumbrances	2,304,337			2,304,337

DENVILLE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Fund Balances (Cont'd):				
Unassigned:				
General Fund	\$ 588,535			\$ 588,535
Total Fund Balances	6,746,836		1	6,746,837
Total Liabilities and Fund Balances	<u>\$ 6,888,763</u>	<u>\$ 22,023</u>	<u>1</u>	<u>6,910,817</u>

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) is 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 \$31,080,003 and the accumulated depreciation is \$14,983,540.

Interest on Long-Term Debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (4,725)

The deferred amount on a bond refunding is not reported as an expenditure in the governmental funds in the year of the expenditure. 6,084

Bond issuance Premiums are reported as revenue in the governmental funds in the year the bonds are sold. (16,634)

The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds (11,315,185)

Certain amounts related to the Net Pension Liability and Deferred and Amortized in the Statement of Actives are not reported in the Governmental Funds:

Changes in Assumptions - Pensions	8,358
Changes in Proportions - Pensions	63,859
Difference Between Expected and Actual Experience - Pensions	266,434
Investment Gains - Pensions	77,049

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 8) (2,274,450)

Net Position of Governmental Activities \$ 8,541,167

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 29,398,723			\$ 379,137	\$ 29,777,860
Tuition	239,715				239,715
Interest Earned on Maintenance Reserve Funds	100				100
Interest on Capital Reserve Funds	100				100
Other Restricted Miscellaneous	26,318				26,318
Unrestricted Miscellaneous	116,621	\$ 2,865	\$ 124		119,610
Total - Local Sources	29,781,577	2,865	124	379,137	30,163,703
State Sources	5,206,690	80,141		137,863	5,424,694
Federal Sources	6,408	460,950			467,358
Total Revenues	34,994,675	543,956	124	517,000	36,055,755
EXPENDITURES					
Current:					
Regular Instruction	8,435,118	451,658			8,886,776
Special Education Instruction	3,617,303	92,298			3,709,601
Other Special Instruction	377,620				377,620
Other Instruction	159,400				159,400
Support Services and Undistributed Costs:					
Tuition	819,361				819,361
Student & Instruction Related Services	3,103,727				3,103,727
General Administrative Services	685,524				685,524
School Administrative Services	1,121,381				1,121,381
Central Services	324,909				324,909
Administration Information Technology	222,470				222,470
Plant Operations and Maintenance	2,201,036				2,201,036
Pupil Transportation	1,659,262				1,659,262
Allocated and Unallocated Benefits	10,128,679				10,128,679

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 485,000	\$ 485,000
Interest and Other Charges				32,000	32,000
Capital Outlay	1,103,270				1,103,270
Transfer of Funds to Charter Schools	77,596				77,596
Total Expenditures	34,036,656	\$ 543,956		517,000	35,097,612
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	958,019	-0-	\$ 124	-0-	958,143
OTHER FINANCING SOURCES/(USES)					
Transfers In/(Out)	(28,134)		(7,577)		(35,711)
Total Other Financing Sources/(Uses)	(28,134)	-0-	(7,577)	-0-	(35,711)
Net Change in Fund Balances	929,885		(7,453)		922,432
Fund Balance—July 1	5,816,951	-0-	7,453	1	5,824,405
Fund Balance—June 30	\$ 6,746,836	\$ -0-	\$ -0-	\$ 1	\$ 6,746,837

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 922,432

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 depreciation and net capital adjustments differ from capital outlays in the period.

Depreciation expense	\$ (905,143)
Capital outlays	866,167
Capital Asset Adjustments, net of depreciation expense	(21,905)
	(60,881)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Also, the governmental funds report the effect of the deferred amount on a refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (6,081)

Finally, the governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 16,630

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 7,275

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 241,692

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Change in Net Pension Liability 3,686,380

Deferred Outflows:	
Changes in Assumptions	(827,903)
Changes in Proportion	(145,470)
Difference Between Expected and Actual Experience - Pensions	(12,550)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(494,974)
Deferred Inflows:	
Changes in Assumptions	(2,271,262)
Changes in Proportion	(364,233)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Change in Net Position of Governmental Activities (A-2) \$ 1,174,363

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 10,761
Accounts Receivable:	
Federal	1,504
Total Current Assets	12,265
Non-Current Assets:	
Capital Assets	65,786
Less: Accumulated Depreciation	(16,931)
Total Non-Current Assets	48,855
Total Assets	61,120
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	2,370
Total Current Liabilities	2,370
Total Liabilities	2,370
NET POSITION:	
Investment in Capital Assets	48,855
Unrestricted	9,895
Total Net Position	\$ 58,750

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Fund
	Food Service
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 14,805
Total Operating Revenue	14,805
Operating Expenses:	
Cost of Sales - Reimbursable Programs	31,742
Cost of Sales - Non-Reimbursable Programs	35,711
Depreciation	4,043
Miscellaneous Expenses	84
Total Operating Expenses	71,580
Operating (Loss)	(56,775)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	19,050
Local Sources:	
Interest Revenue	86
Total Non-Operating Revenue	19,136
Change in Net Position Before Transfer	(37,639)
Transfer - General Fund	35,711
Change in Net Position After Transfer	(1,928)
Net Position - Beginning of Year	60,678
Net Position - End of Year	\$ 58,750

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,805
Payments to Suppliers	(67,329)
Net Cash (Used for) Operating Activities	(52,524)
Cash Flows from Investing Activities:	
Interest Revenue	86
Net Cash Provided by Investing Activities	86
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	21,340
Transfer - General Fund	35,711
Net Cash Provided by Noncapital Financing Activities	57,051
Net Increase in Cash and Cash Equivalents	4,613
Cash and Cash Equivalents, July 1	6,148
Cash and Cash Equivalents, June 30	\$ 10,761
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (56,775)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	4,043
Changes in Assets and Liabilities:	
Increase in Accounts Payable	208
Net Cash (Used for) Operating Activities	\$ (52,524)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 47,474	\$ 17,531	\$ 237,776
Total Assets	<u>47,474</u>	<u>17,531</u>	<u>237,776</u>
LIABILITIES:			
Interfund Payable - General Fund	1,128		
Due to Student Groups	<u>46,346</u>		
Total Liabilities	<u>47,474</u>		
NET POSITION:			
Held in Trust for Unemployment Claims			237,776
Held in Trust for Flexible Spending Claims		<u>17,531</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ 17,531</u>	<u>\$ 237,776</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Board Contributions		\$ 100,000	\$ 100,000
Plan Member	58,598	56,574	115,172
Interest		1,017	1,017
Total Contributions	<u>58,598</u>	<u>157,591</u>	<u>216,189</u>
Total Additions	<u>58,598</u>	<u>157,591</u>	<u>216,189</u>
DEDUCTIONS:			
Unemployment Benefit Claims		81,137	81,137
Flexible Spending Claims	64,773		64,773
Total Deductions	<u>64,773</u>	<u>81,137</u>	<u>145,910</u>
Change in Net Position	(6,175)	76,454	70,279
Net Position - Beginning of the Year	<u>23,706</u>	<u>161,322</u>	<u>185,028</u>
Net Position - End of the Year	<u>\$ 17,531</u>	<u>\$ 237,776</u>	<u>\$ 255,307</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of Denville Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the 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.

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 expenses by board resolution.

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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, Flexible Spending Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting 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 budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,997,358	\$ 556,491
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		(12,535)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	117,354	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(120,037)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,994,675</u>	<u>\$ 543,956</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 34,036,656	\$ 556,491
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(12,535)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 34,036,656</u>	<u>\$ 543,956</u>

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned 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 unearned revenue 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	10 to 15 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2018.

N. 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide Statement of Net Position, 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.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$6,746,836 General Fund fund balance at June 30, 2018, \$2,472,695 is restricted in the capital reserve account; \$881,269 is restricted in the maintenance reserve account; \$200,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$300,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$2,304,337 is assigned for encumbrances; and \$588,535 is unassigned which is \$120,037 less than the calculated maximum unassigned fund balance, on a Budgetary Basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 of \$1 is restricted for subsequent year's expenditures.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2018 is \$0.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated:(Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict 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 year's budget. The District had excess surplus as noted on the prior page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$120,037 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$8,258,689 in governmental activities, which is primarily due to \$230,717 of compensated absences payable and net pension liability of 11,315,185, offset by normal operations of the District. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for the deferred amount on the refunding of debt related to the District refunding bonds issued April 29, 2009 and for changes in assumptions, changes in proportions, the difference between expected and actual experience, the net difference between projected and actual investment earnings in pensions and District contributions subsequent to the measurement date for pensions.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position: (Cont'd)

The District had deferred inflows of resources at June 30, 2018 for changes in assumptions and changes in proportions related to pensions. Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a maintenance reserve, a capital reserve and Debt Service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2018.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. For the School District, these revenues are sales for the food service program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

U. Revenue - 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, 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 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, interest and tuition.

V. Management Estimates:

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

W. Pensions

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking Accounts	\$ 3,434,226	\$ 2,472,695	\$ 881,269	\$ 6,788,190
	\$ 3,434,226	\$ 2,472,695	\$ 881,269	\$ 6,788,190

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$6,788,190 and the bank balance was \$7,174,435.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution 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 State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2017	\$ 2,309,429
Interest Earnings	100
Transfer by Board Resolution June 18, 2018	1,521,826
Withdrawal by Board Resolution	<u>(1,358,660)</u>
Ending Balance, June 30, 2018	<u>\$ 2,472,695</u>

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred funds into certain non-equipment capital outlay accounts which required the approval of the County Superintendent of Schools. County Superintendent approval was obtained.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$700,000 was established by the Denville Township School District during the fiscal year ended June 30, 2014. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance, July 1, 2017	\$ 953,364
Interest Earnings	100
Budgeted Withdrawal	<u>(72,195)</u>
Ending Balance, June 30, 2018	<u><u>\$ 881,269</u></u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 105,150			\$ 105,150
Construction in Progress	1,887,975	\$ 334,525	\$(1,887,975)	334,525
Total Capital Assets Not Being Depreciated	<u>1,993,125</u>	<u>334,525</u>	<u>(1,887,975)</u>	<u>439,675</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	24,925,789	\$ 453,507	1,872,725	27,252,021
Machinery and Equipment	3,442,086	78,135	(131,914)	3,388,307
Total Capital Assets Being Depreciated	<u>28,367,875</u>	<u>531,642</u>	<u>1,740,811</u>	<u>30,640,328</u>
Governmental Activities Capital Assets	<u>30,361,000</u>	<u>866,167</u>	<u>(147,164)</u>	<u>31,080,003</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,116,753)	(742,442)	12,200	(13,846,995)
Machinery and Equipment	(2,199,826)	(162,701)	113,059	(2,249,468)
	<u>(15,316,579)</u>	<u>(905,143)</u>	<u>125,259</u>	<u>(16,096,463)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 15,044,421</u></u>	<u><u>\$ (38,976)</u></u>	<u><u>\$ (21,905)</u></u>	<u><u>\$ 14,983,540</u></u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 65,786			\$ 65,786
Less Accumulated Depreciation	<u>(12,888)</u>	<u>\$ (4,043)</u>		<u>(16,931)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,898</u>	<u>\$ (4,043)</u>	<u>\$ -0-</u>	<u>\$ 48,855</u>

The District expended \$334,525 towards construction projects in progress. As of June 30, 2018, the District has \$334,525 in active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 98,381
Student and Instructional Support Services	11,306
General Administrative	40,082
School Administrative	43,483
Plant Operations and Maintenance	151,669
Pupil Transportation	<u>422,133</u>
	<u>\$ 905,143</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2017</u>	<u>Accrued</u>	<u>Adjustment/ Retired</u>	<u>Balance 6/30/2018</u>
Serial Bonds Payable	\$ 800,000		\$ 485,000	\$ 315,000
Compensated Absences Payable	229,025	\$ 1,692		230,717
Net Pension Liability	15,001,565		3,686,380	11,315,185
Unamortized Bond Issuance Premium	33,264		16,630	16,634
Capital Leases Payable	<u>1,970,425</u>		<u>241,692</u>	<u>1,728,733</u>
	<u>\$ 18,524,279</u>	<u>\$ 1,692</u>	<u>\$ 4,429,702</u>	<u>\$ 13,606,269</u>

A. Bonds Payable:

The Unamortized bond issuance premium of the governmental fund types is recorded in the non-current liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$16,634.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Payable:

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. Bonds payable will be liquidated through the Debt Service Fund.

The District had bonds outstanding as of June 30, 2018 as follows:

Purpose	Final Maturity	Interest Rate	Amount
School Refunding Bonds	02/15/19	4.00%	\$ 315,000

The current portion of bonds payable at June 30, 2018 is \$315,000.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 315,000	\$ 12,600	\$ 327,600

C. Bonds Authorized But Not Issued:

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

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$230,717. There is no current portion of the compensated absences liability at June 30, 2018. The General Fund will be used to liquidate compensated absences payable.

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 Food Service Fund.

E. Capital Leases Payable:

The District is leasing photocopiers, efficient energy equipment, computer equipment, maintenance vehicles and school buses under capital leases. The District has entered into capital leases totaling \$2,280,070 of which \$551,337 has been liquidated as of June 30, 2018. The capital leases payable will be liquidated by the General Fund. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018 is as follows:

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

E. Capital Leases Payable: (Cont'd)

Fiscal Year Ending June 30,	Amount
2019	\$ 241,001
2020	168,698
2021	162,906
2022	145,018
2023	114,604
2024-2028	619,746
2029-2032	562,246
Total Minimum Lease Payments	2,014,219
Less: Amount Representing Interest	(285,486)
Present Value of Net Minimum Lease Payments	\$ 1,728,733

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$11,315,185. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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. The following represents the membership tiers for PERS:

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$463,331 for fiscal year 2017.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

At June 30, 2018, the District's liability was \$11,315,185 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.048%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016.

For the fiscal year ended December 31, 2017, the District recognized pension expense of \$883,290. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 128,359	
	2015	5.72	540,682	
	2016	5.57	1,610,579	
	2017	5.48		\$(2,271,262)
				<u>2,279,620</u>
Changes in Proportion	2014	6.44	123,393	
	2015	5.72	109,099	
	2016	5.57	195,600	
	2017	5.48		(364,233)
				<u>428,092</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(135,589)	
	2015	5.00	115,665	
	2016	5.00	484,969	
	2017	5.00	(387,996)	
				<u>77,049</u>
Difference Between Expected and Actual Experience	2015	5.72	150,010	
	2016	5.57	48,877	
	2017	5.48	67,547	
				<u>266,434</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	527,915	
			<u>\$3,579,110</u>	<u>\$(2,635,495)</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 266,372
2019	401,959
2020	243,567
2021	(323,945)
2022	(236,112)
	\$ 351,841

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:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	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%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% 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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, 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:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 14,037,255	\$ 11,315,185	\$ 9,047,364

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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 Rate	2.25%
Salary Increases:	
2012-2021	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 years 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 pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF target asset allocation as of June 30, 2017 are summarized in the following table:

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Plan Description (Cont'd)

of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions (Cont'd)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$1,681,149 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,169,776.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$74,626,937. The net pension liability was measured as of June 30, 2017, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.111%, which was a decrease of 0.0023% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>74,626,937</u>
Total	<u><u>\$ 74,626,937</u></u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$5,169,776 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the sources on the following page.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3	<u>13,378,255,364</u>	\$ 11,684,858,458
				<u>11,684,858,458</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	<u>207,898,332</u>	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	<u>(904,033,050)</u>	
			<u>341,507,504</u>	
			<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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 Rate	2.25%
Salary Increases:	
2012-2021	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 years 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 pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF target asset allocation as of June 30, 2016 are summarized in the following table:

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	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%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

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 upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension 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 pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed 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:

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 88,659,142	\$ 74,626,937	\$ 63,067,145

Pension Plan Fiduciary Net Position

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

NOTE 10. POST-RETIREMENT BENEFITS

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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 years or more 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

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.

Actuarial Assumptions and Other Inputs

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%
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DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability Attributable to the District	\$ 70,680,258	\$ 59,541,670
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 76,770,098	\$ 64,080,749

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 48,967,268	\$ 59,541,670	\$ 73,584,352
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 52,580,039	\$ 64,080,749	\$ 79,456,103

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$4,118,160 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

NOTE 11. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental.

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 table on the following page is a summary of District contributions, interest earned, 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.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2017-2018	\$ 100,000	\$ 1,017	\$ 56,574	\$ 81,137	\$ 237,776
2016-2017	110,000	-0-	57,747	87,994	161,322
2015-2016	55,000	-0-	49,123	82,205	81,569

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey Schools Insurance Group (“NJSIG”). This public entity risk management pool provided workers’ compensation and employer’s liability for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG’s liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

Selected financial information for NJSIG as of June 30, 2018 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 348,953,830</u>
Net Assets	<u>\$ 82,580,855</u>
Total Revenue	<u>\$ 133,258,299</u>
Total Expenses	<u>\$ 129,340,074</u>
Change in Net Assets	<u>\$ 3,918,225</u>
Net Assets Distribution to Participating Members	<u>\$ -0-</u>

Property, Liability and Health Benefits

Financial statements for NJSIG are available at the NJSIG’s Executive Director’s Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
Phone: (609) 386-6060
Fax: (609) 386-8877

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,128	
Fiduciary Fund		\$ 1,128
	<u>\$ 1,128</u>	<u>\$ 1,128</u>

The interfund between the General Fund and the Payroll Agency Fund represents the unallocated balance in the Net Payroll Account as of June 30, 2018.

NOTE 14. 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, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Metropolitan Life Insurance Company	Great American Life Insurance Company
United of Omaha	Lincoln Investment Planning, Inc.
Copeland Companies	Variable Annuity Life Insurance Company (VALIC)
MetLife Investors	The Equitable
Lincoln National Life Insurance Company	Prudential Investments

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs:

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances:

The following encumbrance balances existed as of June 30, 2018:

	Governmental Funds		
	General	Special	Total
	Fund	Revenue Fund	Governmental Funds
Encumbrances	\$2,304,337	\$ 17,264	\$ 2,321,601

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$17,264 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2018:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Proprietary Fund
	General Fund	Special Revenue Fund			Food Service Fund
Vendors	\$ 119,396	\$ 825		\$ 120,221	\$ 2,370
State of New Jersey			\$ 527,915	527,915	
	\$ 119,396	\$ 825	\$ 527,915	\$ 648,136	\$ 2,370

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0479233275%	0.0491152006%	0.0506516473%	0.0486080856%
District's proportionate share of the net pension liability	\$ 8,972,558	\$ 11,025,378	\$ 15,001,565	\$ 11,315,185
District's covered employee payroll	\$ 3,348,994	\$ 3,376,954	\$ 3,282,452	\$ 3,264,344
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.92%	326.49%	457.02%	346.63%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 395,073	\$ 422,259	\$ 449,982	\$ 463,331
Contributions in relation to the contractually required contribution	<u>(395,073)</u>	<u>(422,259)</u>	<u>(449,982)</u>	<u>(463,331)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,348,994	\$ 3,348,994	\$ 3,376,954	\$ 3,282,452
Contributions as a percentage of covered employee payroll	11.80%	12.61%	13.33%	14.12%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT - TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.1119457853%	0.1135165468%	0.1129110845%	0.1106836927%
State's proportionate share of the net pension liability attributable to the District	\$ 59,831,379	\$ 71,747,305	\$ 88,823,048	\$ 74,626,937
District's covered employee payroll	\$ 11,200,315	\$ 11,244,788	\$ 11,453,910	\$ 12,118,439
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	534.19%	638.05%	775.48%	615.81%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 3,219,490	\$ 4,380,819	\$ 6,673,816	\$ 5,169,776
Contributions in relation to the contractually required contribution	<u>(613,712)</u>	<u>(904,010)</u>	<u>(1,201,443)</u>	<u>(1,681,149)</u>
Contribution deficiency/(excess)	<u>\$ 2,605,778</u>	<u>\$ 3,476,809</u>	<u>\$ 5,472,373</u>	<u>\$ 3,488,627</u>
District's covered employee payroll	\$ 11,200,315	\$ 11,244,788	\$ 11,453,910	\$ 12,118,439
Contributions as a percentage of covered employee payroll	28.74%	38.96%	58.27%	42.66%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 29,398,723		\$ 29,398,723	\$ 29,398,723	\$ 114,390
Tuition from Other LEAs	92,000		92,000	206,390	33,325
Tuition from Individuals	100		100	100	
Interest Earned on Maintenance Reserve Funds	100		100	100	
Interest Earned on Capital Reserve Funds	63,750		63,750	26,318	(37,432)
Other Restricted Miscellaneous	1,500		1,500	116,621	115,121
Unrestricted Miscellaneous					
Total - Local Sources	29,556,173		29,556,173	29,781,577	225,404
State Sources:					
Special Education Categorical Aid	1,050,628		1,050,628	1,050,628	
Categorical Security Aid	29,235		29,235	29,235	
Categorical Transportation Aid	123,304		123,304	123,304	
PARCC Readiness Aid	16,820		16,820	16,820	
Per Pupil Growth Aid	16,820		16,820	16,820	
Professional Learning Community Aid	15,790		15,790	15,790	
Extraordinary Aid	137,850		137,850	218,123	80,273
Nonpublic School Transportation Costs				21,395	21,395
Homeless Tuition Reimbursement				25,842	25,842
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,681,149	1,681,149
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				40,797	40,797
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,112,169	1,112,169
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				2,847	2,847
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				854,454	854,454
Total State Sources	1,390,447		1,390,447	5,209,373	3,818,926
Federal Sources:					
Medicaid Reimbursement	15,737		15,737	6,408	(9,329)
Total Federal Sources	15,737		15,737	6,408	(9,329)
TOTAL REVENUES	30,962,357		30,962,357	34,997,358	4,035,001

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 535,524	\$ (24,225)	\$ 511,299	\$ 509,037	\$ 2,262
Grades 1-5 - Salaries of Teachers	4,326,764	(68,000)	4,258,764	4,208,578	50,186
Grades 6-8 - Salaries of Teachers	2,813,872	(73,453)	2,740,419	2,694,746	45,673
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000		15,000	4,368	10,632
Purchased Professional - Educational Services	500	15,000	15,500	10,629	4,871
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	6,000		6,000	4,942	1,058
Purchased Technical Services	518,930	(34,151)	484,779	448,524	36,255
Other Purchased Services (400-500 series)	19,175	(3,445)	15,730	12,564	3,166
General Supplies	546,332	89,455	635,787	444,256	191,531
Textbooks	105,500	54,703	160,203	97,474	62,729
Total Regular Programs - Instruction	8,887,597	(44,116)	8,843,481	8,435,118	408,363
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	639,638	(43,823)	595,815	584,050	11,765
Other Salaries for Instruction	487,988	43,609	531,597	529,039	2,558
General Supplies	16,515	600	17,115	16,072	1,043
Total Learning and/or Language Disabilities	1,144,141	386	1,144,527	1,129,161	15,366

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,389,721	\$ 154,913	\$ 1,544,634	\$ 1,543,728	\$ 906
Other Salaries for Instruction	467,230	20,750	487,980	487,980	
General Supplies	12,500	(4,268)	8,232	6,535	1,697
Total Resource Room/Resource Center	1,869,451	171,395	2,040,846	2,038,243	2,603
Preschool Disabilities - Part-time:					
Salaries of Teachers	261,857	7,291	269,148	269,148	
Other Salaries for Instruction	144,509	27,700	172,209	171,533	676
Purchased Professional - Educational Services	1,500	1,500	1,500	1,500	
General Supplies	7,400	318	7,718	7,718	
Total Preschool Disabilities - Part-time	413,766	36,809	450,575	449,899	676
Total Special Education Instruction	3,427,358	208,590	3,635,948	3,617,303	18,645
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	302,849	32,999	335,848	334,635	1,213
General Supplies	5,000	(1,842)	3,158	2,966	192
Total Basic Skills/Remedial - Instruction	307,849	31,157	339,006	337,601	1,405
Bilingual Education - Instruction:					
Salaries of Teachers	66,282	(22,000)	44,282	40,019	4,263
Total Bilingual Education - Instruction	66,282	(22,000)	44,282	40,019	4,263

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 92,200	\$ 155	\$ 92,355	\$ 80,790	\$ 11,565
Purchased Services (300-500 series)	27,836	(2,855)	24,981	14,236	10,745
Supplies and Materials	5,000	(1,050)	3,950	3,949	1
Total School-Sponsored Cocurricular Activities - Instruction	125,036	(3,750)	121,286	98,975	22,311
School-Sponsored Athletics - Instruction:					
Salaries	56,718		56,718	55,536	1,182
Purchased Services (300-500 series)	10,500	3,750	14,250	4,889	9,361
Total School-Sponsored Cocurricular Activities - Instruction	67,218	3,750	70,968	60,425	10,543
Total Instruction	12,881,340	173,631	13,054,971	12,589,441	465,530
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	132,902	(18,394)	114,508	68,829	45,679
Tuition to County Special Services Schools and Regional Day Schools		104,740	104,740	99,015	5,725
Tuition to Private Schools for the Disabled - Within the State	1,047,370	(236,453)	810,917	651,517	159,400
Total Undistributed Expenditures - Instruction:	1,180,272	(150,107)	1,030,165	819,361	210,804
Health Services:					
Salaries	322,576	(30,000)	292,576	251,994	40,582
Purchased Professional and Technical Services	7,049		7,049	6	7,043
Supplies and Materials	12,000		12,000	8,727	3,273
Total Health Services	341,625	(30,000)	311,625	260,727	50,898

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT, and Related Services:					
Salaries	\$ 282,576	\$ (23,581)	\$ 258,995	\$ 255,398	\$ 3,597
Purchased Professional - Educational Services	190,880	17,032	207,912	207,912	
Supplies and Materials	4,125	(738)	3,387	1,573	1,814
Total Speech, OT, PT, and Related Services	477,581	(7,287)	470,294	464,883	5,411
Other Support Services - Students - Extraordinary Services:					
Salaries	426,229	(68,506)	357,723	294,349	63,374
Purchased Professional - Educational Services	96,668	64,732	161,400	102,274	59,126
Supplies and Materials	14,711	(6,395)	8,316	7,781	535
Total Other Support Services - Students - Extraordinary Services	537,608	(10,169)	527,439	404,404	123,035
Guidance:					
Salaries of Other Professional Staff	387,593	620	388,213	336,754	51,459
Supplies and Materials	9,000	(620)	8,380	4,191	4,189
Total Guidance	396,593		396,593	340,945	55,648
Child Study Teams:					
Salaries of Other Professional Staff	950,377	(36,620)	913,757	906,091	7,666
Salaries of Secretarial and Clerical Assistants	96,385		96,385	94,947	1,438
Purchased Professional - Educational Services	18,800	18,451	37,251	35,867	1,384
Other Purchased Services	2,000	(800)	1,200	530	670
Supplies and Materials	8,061	582	8,643	7,530	1,113
Other Objects	17,552	(4,485)	13,067	12,624	443
Total Child Study Teams	1,093,175	(22,872)	1,070,303	1,057,589	12,714

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 6,000	\$ 14,846	\$ 14,846	\$ 13,120	\$ 1,726
Purchased Professional - Educational Services	500	(1,100)	4,900	460	4,440
Other Purchased Services (400-500 series)	1,000		500	971	500
Supplies and Materials			1,000		29
Total Improvement of Instructional Services	7,500	13,746	21,246	14,551	6,695
Educational Media Services/School Library:					
Salaries	236,235		236,235	222,005	14,230
Other Purchased Services (400-500 series)	100,380		100,380	53,709	46,671
Supplies and Materials	42,436	912	43,348	29,735	13,613
Total Educational Media Services/School Library	379,051	912	379,963	305,449	74,514
Instructional Staff Training Services:					
Salaries of Other Professional Staff	257,442		257,442	186,886	70,556
Other Salaries	11,400	11,000	22,400	20,252	2,148
Purchased Professional - Educational Services	62,400	(26,246)	36,154	27,532	8,622
Other Purchased Services (400-500 series)	45,504	748	46,252	20,509	25,743
Supplies and Materials	3,000		3,000		3,000
Total Instructional Staff Training Services	379,746	(14,498)	365,248	255,179	110,069

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 413,664	\$ 1,800	\$ 415,464	\$ 413,717	\$ 1,747
Legal Services	108,256	5,208	113,464	88,086	25,378
Audit Fees	59,400		59,400	29,700	29,700
Architectural/Engineering Services	15,000	(4,500)	10,500	10,000	500
Other Purchased Professional Services	52,200	40,759	92,959	75,477	17,482
Communications/Telephone	49,813	(2,731)	47,082	42,431	4,651
BOE Other Purchased Services	3,900	5,100	9,000	2,780	6,220
Miscellaneous Purchased Services (400-500 series)	2,400	1,500	3,900	3,599	301
General Supplies	3,589	500	4,089	3,611	478
BOE In-House Training/Meeting Supplies	239	(239)			
Miscellaneous Expenditures	17,300	(478)	16,822	16,123	699
Total Support Services - General Administration	725,761	46,919	772,680	685,524	87,156
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	714,517	7,300	721,817	716,781	5,036
Salaries of Secretarial and Clerical Assistants	399,912	(5,000)	394,912	383,005	11,907
Other Purchased Services (400-500 series)	3,149	(800)	2,349	149	2,200
Supplies and Materials	15,000	(415)	14,585	10,660	3,925
Other Objects	12,184	10	12,194	10,786	1,408
Total Support Services - School Administration	1,144,762	1,095	1,145,857	1,121,381	24,476

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 345,637		\$ 345,637	\$ 316,655	\$ 28,982
Miscellaneous Purchased Services (400-500 series)	1,000	511	1,511	1,103	408
Supplies and Materials	4,000	985	4,985	4,247	738
Interest on Lease Purchase Agreements		2,904	2,904	2,904	
Miscellaneous Expenditures	1,850	(1,850)			
Total Central Services	<u>352,487</u>	<u>2,550</u>	<u>355,037</u>	<u>324,909</u>	<u>30,128</u>
Administration Information Technology:					
Salaries	217,781	(2,200)	215,581	209,331	6,250
Other Purchased Services (400-500 series)	20,600		20,600	11,257	9,343
Supplies and Materials	3,080		3,080	1,882	1,198
Total Administration Information Technology	<u>241,461</u>	<u>(2,200)</u>	<u>239,261</u>	<u>222,470</u>	<u>16,791</u>
Required Maintenance of School Facilities:					
Salaries	202,104		202,104	190,519	11,585
Cleaning, Repair and Maintenance Services	297,991	83,195	381,186	279,149	102,037
General Supplies	50,900	(7,900)	43,000	29,322	13,678
Other Objects	38,662	(11,000)	27,662	16,069	11,593
Total Required Maintenance of School Facilities	<u>589,657</u>	<u>64,295</u>	<u>653,952</u>	<u>515,059</u>	<u>138,893</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 765,829	\$ 7,000	\$ 772,829	\$ 726,465	\$ 46,364
Salaries of Non-Instructional Aides	117,083	12,733	129,816	128,775	1,041
Purchased Professional and Technical Services	40,000	(35,000)	5,000	4,000	1,000
Cleaning, Repair and Maintenance Services	11,600		11,600	11,040	560
Rental of Land and Building Other Than Lease-Purchase Agreements	29,368	20,000	49,368	49,192	176
Other Purchased Property Services	24,000	(6,734)	17,266	13,497	3,769
Insurance	135,000		135,000	128,887	6,113
Miscellaneous Purchased Services	29,595	1,000	30,595	29,784	811
General Supplies	45,000		45,000	44,206	794
Energy (Electricity)	257,275	(50,000)	207,275	133,858	73,417
Energy (Oil)	305,585	50,000	355,585	311,714	43,871
Total Custodial Services	1,760,335	(1,001)	1,759,334	1,581,418	177,916
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	48,500		48,500	38,882	9,618
General Supplies	8,000		8,000	3,990	4,010
Total Care and Upkeep of Grounds	56,500		56,500	42,872	13,628

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Security:					
Salaries	\$ 40,000		\$ 40,000	\$ 32,653	\$ 7,347
Purchased Professional and Technical Services	34,600	\$ 1,300	35,900	28,625	7,275
General Supplies	2,000	(1,300)	700	409	291
Total Security	<u>76,600</u>		<u>76,600</u>	<u>61,687</u>	<u>14,913</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	938,157	17,000	955,157	933,548	21,609
Other Than Between Home and School	180,000	(12,000)	168,000	161,023	6,977
Cleaning, Repair and Maintenance Services	24,500	11,601	36,101	22,335	13,766
Lease Purchase Payments - School Buses	55,878	50,000	105,878	99,720	6,158
Contracted Services:					
Aid in Lieu - Nonpublic Schools	208,484	(27,256)	181,228	129,885	51,343
Special Education Students - ESC's & CTSA's	145,124	806	145,930	61,256	84,674
Miscellaneous Purchased Services - Transportation	33,000		33,000	31,226	1,774
Transportation Supplies	258,837	2,837	261,674	179,722	81,952
Other Objects	40,500	6,774	47,274	40,547	6,727
Total Student Transportation Services	<u>1,884,480</u>	<u>49,762</u>	<u>1,934,242</u>	<u>1,659,262</u>	<u>274,980</u>

DENVER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 468,000	\$ 20,000	\$ 488,000	\$ 483,667	\$ 4,333
Other Retirement Contributions - PERS	477,959	(8,000)	469,959	463,331	6,628
Other Retirement Contributions - ERIP	22,952	8,000	30,952	26,551	4,401
Unemployment Compensation	135,000	(20,000)	115,000	100,000	15,000
Workmen's Compensation	147,000	3,519	150,519	150,519	
Health Benefits	5,382,748	(90,980)	5,291,768	5,054,822	236,946
Tuition Reimbursement	68,940		68,940	65,939	3,001
Other Employee Benefits	70,000	47,588	117,588	92,434	25,154
Total Unallocated Benefits	6,772,599	(39,873)	6,732,726	6,437,263	295,463
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,681,149	(1,681,149)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				40,797	(40,797)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,112,169	(1,112,169)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				2,847	(2,847)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				854,454	(854,454)
Total On-Behalf Contributions				3,691,416	(3,691,416)
Total Personal Services - Employee Benefits	6,772,599	(39,873)	6,732,726	10,128,679	(3,395,953)
Total Undistributed Expenses	18,397,793	(98,728)	18,299,065	20,266,349	(1,967,284)
TOTAL GENERAL CURRENT EXPENSE	31,279,133	74,903	31,354,036	32,855,790	(1,501,754)

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 22,291	\$ 224,900	\$ 247,191	\$ 194,097	\$ 53,094
Construction Services	1,478,806	1,083,760	2,562,566	904,469	1,658,097
Lease Purchase Agreements - Principal	16,109		16,109		16,109
Other Objects - Assessment for Debt Service on SDA Funding	4,704		4,704	4,704	
Total Facilities Acquisition and Construction Services	1,521,910	1,308,660	2,830,570	1,103,270	1,727,300
TOTAL CAPITAL OUTLAY	1,521,910	1,308,660	2,830,570	1,103,270	1,727,300
Transfer of Funds to Charter Schools	66,804	10,792	77,596	77,596	
TOTAL EXPENDITURES	32,867,847	1,394,355	34,262,202	34,036,656	225,546
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,905,490)	(1,394,355)	(3,299,845)	960,702	4,260,547
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):				124	124
Interest Earned in Capital Projects Fund				7,453	7,453
Capital Projects Fund - Unexpended Balance				(35,711)	789
Transfer to Cover Deficit - Enterprise Fund		(36,500)	(36,500)		
Total Other Financing Sources/(Uses)		(36,500)	(36,500)	(28,134)	8,366

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,905,490)	\$ (1,430,855)	\$ (3,336,345)	\$ 932,568	\$ 4,268,913
Fund Balance, July 1	<u>5,934,305</u>		<u>5,934,305</u>	<u>5,934,305</u>	
Fund Balance, June 30	<u>\$ 4,028,815</u>	<u>\$ (1,430,855)</u>	<u>\$ 2,597,960</u>	<u>\$ 6,866,873</u>	<u>\$ 4,268,913</u>
Recapitulation:					
Restricted:					
Excess Surplus				\$ 200,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				300,000	
Capital Reserve				2,472,695	
Maintenance Reserve				881,269	
Assigned:					
Year-End Encumbrances				2,304,337	
Unassigned				708,572	
				<u>6,866,873</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(120,037)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,746,836</u>	

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 373,234	\$ 100,928	\$ 474,162	\$ 467,394	\$ (6,768)
State Sources	73,293	16,507	89,800	85,998	(3,802)
Local Sources		3,341	3,341	3,099	(242)
Total Revenues	446,527	120,776	567,303	556,491	(10,812)
EXPENDITURES:					
Instruction					
Salaries of Teachers		19,025	19,025	17,441	1,584
Purchased Professional - Educational Services	42,044	2,913	44,957	41,158	3,799
Tuition	310,625	62,034	372,659	372,659	
General Supplies	37,814	(21,124)	16,690	14,910	1,780
Textbooks	10,264	(951)	9,313	9,313	
Total Instruction	400,747	61,897	462,644	455,481	7,163
Support Services					
Personal Services - Employee Benefits		11,057	11,057	10,850	207
Purchased Professional - Educational Services	45,780	601	46,381	46,381	
Other Purchased Services		28,872	28,872	27,747	1,125
Supplies and Materials		18,349	18,349	16,032	2,317
Total Support Services	45,780	58,879	104,659	101,010	3,649
Total Expenditures	446,527	120,776	567,303	556,491	10,812
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

DENVILLE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,997,358	\$ 556,491
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		(12,535)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	117,354	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(120,037)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,994,675</u>	<u>\$ 543,956</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 34,036,656	\$ 556,491
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		<u>(12,535)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 34,036,656</u>	<u>\$ 543,956</u>

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	No Child Left Behind					
	Title I	Title II, Part A	Title III	Title IV	Nonpublic Security	Nonpublic Nursing
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 43,782	\$ 25,614	\$ 2,766	\$ 8,175	\$ 12,747	\$ 16,490
Total Revenue	<u>43,782</u>	<u>25,614</u>	<u>2,766</u>	<u>8,175</u>	<u>12,747</u>	<u>16,490</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	17,441					
Purchased Professional Educational Services						
Tuition						
General Supplies	1,013					
Textbooks						
Total Instruction	<u>18,454</u>					
Support Services:						
Personal Services - Employee Benefits	5,327	5,523				16,490
Purchased Professional Educational Services	20,001	15,000			12,747	
Other Purchased Professional Services		5,091	2,766	8,175		
Supplies and Materials						
Total Support Services	<u>25,328</u>	<u>25,614</u>	<u>2,766</u>	<u>8,175</u>	<u>12,747</u>	<u>16,490</u>
Total Expenditures	<u>\$ 43,782</u>	<u>\$ 25,614</u>	<u>\$ 2,766</u>	<u>\$ 8,175</u>	<u>\$ 12,747</u>	<u>\$ 16,490</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B		Non-Public Auxiliary Services	Nonpublic Technology	Nonpublic Textbooks
	Basic	Preschool			
REVENUE:					
Local Sources					
State Sources	\$ 365,485	\$ 21,572	\$ 19,311	\$ 6,290	\$ 9,313
Federal Sources					
Total Revenue	<u>365,485</u>	<u>21,572</u>	<u>19,311</u>	<u>6,290</u>	<u>9,313</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional Educational Services			19,311		
Tuition	351,087	21,572			
General Supplies	10,798				9,313
Textbooks					
Total Instruction	<u>361,885</u>	<u>21,572</u>	<u>19,311</u>		<u>9,313</u>
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional Educational Services	3,600			6,290	
Other Purchased Professional Services					
Supplies and Materials					
Total Support Services	<u>3,600</u>			<u>6,290</u>	
Total Expenditures	<u>\$ 365,485</u>	<u>\$ 21,572</u>	<u>\$ 19,311</u>	<u>\$ 6,290</u>	<u>\$ 9,313</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic Handicapped Services				Totals
	Supplemental Instruction	Exam and Classification	Corrective Speech	Local Grants	
REVENUE:					
Local Sources				\$ 3,099	\$ 3,099
State Sources	\$ 7,533	\$ 10,475	\$ 3,839		85,998
Federal Sources					467,394
Total Revenue	7,533	10,475	3,839	3,099	556,491
EXPENDITURES:					
Instruction:					
Salaries of Teachers					17,441
Purchased Professional Educational Services	7,533	10,475	3,839		41,158
Tuition					372,659
General Supplies				3,099	14,910
Textbooks					9,313
Total Instruction	7,533	10,475	3,839	3,099	455,481
Support Services:					
Personal Services - Employee Benefits					10,850
Purchased Professional Educational Services					46,381
Other Purchased Professional Services					27,747
Supplies and Materials					16,032
Total Support Services					101,010
Total Expenditures	7,533	10,475	3,839	3,099	556,491

CAPITAL PROJECTS FUND

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Interest on Investments - Due General Fund	\$ 124
Total Revenue and Other Financing Sources	124
Expenditures and Other Financing Uses:	
Operating Transfers Out:	
Interest on Investments - Due General Fund	124
General Fund - Unexpected Project Balance	7,453
Total Expenditures and Other Financing Uses	7,577
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(7,453)
Fund Balance - Beginning of Year	7,453
Fund Balance - End of Year	\$ -0-

DENVILLE TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ENERGY CONSERVATION MEASURES PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Capital Lease Purchase Agreement Proceeds	\$ 1,895,428		\$1,895,428	\$ 1,895,428
Total Revenue and Other Financing Sources	<u>1,895,428</u>	<u>\$ -0-</u>	<u>1,895,428</u>	<u>1,895,428</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				
Architectural Services	15,000		15,000	15,000
Legal Services	26,500		26,500	26,500
Construction Services	1,846,475		1,846,475	1,846,475
Transfer to General Fund		7,453	7,453	7,453
Total Expenditures and Other Financing Uses	<u>1,887,975</u>	<u>7,453</u>	<u>1,895,428</u>	<u>1,895,428</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 7,453</u>	<u>\$ (7,453)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	Not Applicable
Lease Authorization Date	May 12, 2016
Lease Authorized	\$ 1,895,428
Lease Issued	\$ 1,895,428
Original Authorized Cost	\$ 1,895,428
Change Orders	\$ -0-
Revised Authorized Cost	\$ 1,895,428
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2018

PROPRIETARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 10,761
Accounts Receivable:	
Federal	<u>1,504</u>

Total Current Assets	<u>12,265</u>
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Non-Current Assets:

Capital Assets	65,786
Less: Accumulated Depreciation	<u>(16,931)</u>

Total Non-Current Assets	<u>48,855</u>
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Total Assets	<u>61,120</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	<u>2,370</u>
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Total Current Liabilities	<u>2,370</u>
---------------------------	--------------

Total Liabilities	<u>2,370</u>
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NET POSITION:

Investment in Capital Assets	48,855
Unrestricted	<u>9,895</u>

Total Net Position	<u>\$ 58,750</u>
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DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 14,805
	<hr/>
Total Operating Revenue	14,805
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Program	31,742
Cost of Sales - Non-Reimbursable Program	35,711
Depreciation	4,043
Miscellaneous Expenses	84
	<hr/>
Total Operating Expenses	71,580
	<hr/>
Operating (Loss)	(56,775)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	19,050
Local Sources:	
Interest Revenue	86
	<hr/>
Total Non-Operating Revenue	19,136
	<hr/>
Change in Net Position Before Transfer	(37,639)
	<hr/>
Transfer - General Fund	35,711
	<hr/>
Change in Net Position After Transfer	(1,928)
	<hr/>
Net Position - Beginning of Year	60,678
	<hr/>
Net Position - End of Year	\$ 58,750
	<hr/> <hr/>

DENVILLE TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 14,805
Payments to Suppliers	<u>(67,329)</u>
Net Cash (Used for) Operating Activities	<u>(52,524)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>86</u>
Net Cash Provided by Investing Activities	<u>86</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	21,340
Transfer - General Fund	<u>35,711</u>
Net Cash Provided by Noncapital Financing Activities	<u>57,051</u>
Net Increase in Cash and Cash Equivalents	4,613
Cash and Cash Equivalents, July 1	<u>6,148</u>
Cash and Cash Equivalents, June 30	<u>\$ 10,761</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (56,775)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	4,043
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<u>208</u>
Net Cash (Used for) Operating Activities	<u>\$ (52,524)</u>

FIDUCIARY FUNDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Student Activity	Agency Payroll	Total	Flexible Spending Trust	Unemployment Compensation Trust
ASSETS:					
Cash and Cash Equivalents	\$ 46,346	\$ 1,128	\$ 47,474	\$ 17,531	\$ 237,776
Total Assets	<u>46,346</u>	<u>1,128</u>	<u>47,474</u>	<u>17,531</u>	<u>237,776</u>
LIABILITIES:					
Interfund Payable - General Fund		1,128	1,128		
Due to Student Groups	46,346		46,346		
Total Liabilities	<u>46,346</u>	<u>1,128</u>	<u>47,474</u>		
NET POSITION:					
Held in Trust for Unemployment Claims					237,776
Held in Trust for Flexible Spending Claims				17,531	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 17,531</u>	<u>\$ 237,776</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Board Contributions		\$ 100,000	\$ 100,000
Plan Member	\$ 58,598	56,574	115,172
Interest		1,017	1,017
Total Contributions	<u>58,598</u>	<u>157,591</u>	<u>216,189</u>
Total Additions	<u>58,598</u>	<u>157,591</u>	<u>216,189</u>
DEDUCTIONS:			
Unemployment Benefit Claims		81,137	81,137
Flexible Spending Claims	64,773		64,773
Total Deductions	<u>64,773</u>	<u>81,137</u>	<u>145,910</u>
Change in Net Position	(6,175)	76,454	70,279
Net Position - Beginning of the Year	<u>23,706</u>	<u>161,322</u>	<u>185,028</u>
Net Position - End of the Year	<u>\$ 17,531</u>	<u>\$ 237,776</u>	<u>\$ 255,307</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<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	\$ 33,876	\$ 121,825	\$ 109,355	\$ 46,346
Total Assets	<u>\$ 33,876</u>	<u>\$ 121,825</u>	<u>\$ 109,355</u>	<u>\$ 46,346</u>
LIABILITIES:				
Due to Student Groups	\$ 33,876	\$ 121,825	109,355	\$ 46,346
Total Liabilities	<u>\$ 33,876</u>	<u>\$ 121,825</u>	<u>\$ 109,355</u>	<u>\$ 46,346</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary School:				
Riverview	\$ 193	\$ 6,797	\$ 6,880	\$ 110
Middle School:				
Valleyview	<u>33,683</u>	<u>115,028</u>	<u>102,475</u>	<u>46,236</u>
Total All Schools	<u>\$ 33,876</u>	<u>\$ 121,825</u>	<u>\$ 109,355</u>	<u>\$ 46,346</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<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	\$ 2,085	\$ 20,612,990	\$ 20,613,947	\$ 1,128
Total Assets	<u>\$ 2,085</u>	<u>\$ 20,612,990</u>	<u>\$ 20,613,947</u>	<u>\$ 1,128</u>
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 20,612,990	\$ 20,612,990	
Interfund Payable - General Fund	\$ 2,085		957	\$ 1,128
Total Liabilities	<u>\$ 2,085</u>	<u>\$ 20,612,990</u>	<u>\$ 20,613,947</u>	<u>\$ 1,128</u>

LONG-TERM DEBT

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2017	Retired or Matured	Balance June 30, 2018
			Date	Amount				
School Refunding Bonds	4/29/2009	\$ 4,600,000	02/15/19	\$ 315,000	4.00%	\$ 800,000	\$ 485,000	\$ 315,000
						\$ 800,000	\$ 485,000	\$ 315,000

DENVILLE TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance July 1, 2017	Retired or Matured	Balance June 30, 2018
School Bus	2.75%	\$ 46,177	\$ 822	\$ 822	
Technology Initiative	1.85%	207,093	5,900	5,900	
2015 Pickup Truck	2.19%	45,131	27,071	8,829	\$ 18,242
Energy Conservation Measures	2.31%	1,895,428	1,868,661	210,060	1,658,601
2016 School Bus	3.69%	86,241	67,971	16,081	51,890
			<u>\$ 1,970,425</u>	<u>\$ 241,692</u>	<u>\$ 1,728,733</u>

DENVILLE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 379,137		\$ 379,137	\$ 379,137	
State Sources:					
Debt Service Aid Type II	137,863		137,863	137,863	
Total Revenues	<u>517,000</u>		<u>517,000</u>	<u>517,000</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	32,000		32,000	32,000	
Redemption of Principal	485,000		485,000	485,000	
Total Regular Debt Service	<u>517,000</u>		<u>517,000</u>	<u>517,000</u>	
Total Expenditures	<u>517,000</u>		<u>517,000</u>	<u>517,000</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	1	-0-	1	1	-0-
Fund Balance, June 30	<u>1</u>	<u>\$ -0-</u>	<u>1</u>	<u>1</u>	<u>\$ -0-</u>
Recapitulation:					
Restricted for Subsequent Year's Expenditures				<u>1</u>	<u>\$ 1</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,126,485	\$ 10,738,033	\$ 10,579,418	\$ 11,035,450	\$ 11,819,214	\$ 13,998,457	\$ 14,776,654	\$ 10,703,350	\$ 12,286,161	\$ 12,945,891
Restricted	320,733	280,436	51,565	1,178,959	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965
Unrestricted/(Deficit)	(857,652)	(574,322)	(288,039)	(75,641)	(284,731)	(8,645,202)	(8,716,080)	(6,757,468)	(9,552,690)	(8,258,689)
Total Governmental Activities Net Position	\$ 10,589,566	\$ 10,444,147	\$ 10,342,944	\$ 12,138,768	\$ 13,694,137	\$ 7,136,870	\$ 8,773,348	\$ 7,591,878	\$ 7,366,804	\$ 8,541,167
Business-Type Activities										
Investment in Capital Assets	\$ 20,170	\$ 5,977	\$ 5,223	\$ 4,467	\$ 12,022	\$ 10,827	\$ 8,159	\$ 60,064	\$ 52,898	\$ 48,855
Unrestricted	37	1	4,463	2,791	6,356	7,961	6,125	1,705	7,780	9,895
Total Business-Type Activities Net Position	\$ 20,207	\$ 5,978	\$ 9,686	\$ 7,258	\$ 18,378	\$ 18,788	\$ 14,284	\$ 61,769	\$ 60,678	\$ 58,750
District-Wide:										
Net Investment in Capital Assets	\$ 11,146,655	\$ 10,744,010	\$ 10,584,641	\$ 11,039,917	\$ 11,831,236	\$ 14,009,284	\$ 14,784,813	\$ 10,763,414	\$ 12,339,059	\$ 12,994,746
Restricted	320,733	280,436	51,565	1,178,959	2,159,654	1,783,615	2,712,774	3,645,996	4,633,333	3,853,965
Unrestricted/(Deficit)	(857,615)	(574,321)	(283,576)	(72,850)	(278,375)	(8,637,241)	(8,709,955)	(6,755,763)	(9,544,910)	(8,248,794)
Total District Net Position	\$ 10,609,773	\$ 10,450,125	\$ 10,352,630	\$ 12,146,026	\$ 13,712,515	\$ 7,155,658	\$ 8,787,632	\$ 7,653,647	\$ 7,427,482	\$ 8,599,917

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 12,772,668	\$ 11,753,144	\$ 11,416,249	\$ 11,123,913	\$ 11,913,180	\$ 12,213,187	\$ 14,515,136	\$ 15,496,872	\$ 18,115,297	\$ 18,492,272
Special Education	3,754,286	4,143,956	4,222,410	3,891,200	4,171,127	4,165,578	5,050,466	5,251,149	6,415,138	7,304,815
Other Special Instruction	491,776	415,583	436,124	1,156,852	198,698	518,460	609,585	621,163	691,902	858,522
Other Instruction	181,667	125,140	185,942	188,287	388,978	186,148	247,618	261,729	367,574	334,386
Support Services:										
Tuition	1,286,201	1,220,975	877,851	787,721	589,171	576,643	681,191	753,046	713,191	819,361
Student & Instruction Related Services	4,091,491	4,213,955	4,340,013	3,826,840	4,200,581	3,979,099	3,762,142	3,765,102	4,110,774	3,965,621
General Administrative Services	623,736	737,611	719,266	642,441	544,216	587,345	804,991	966,576	837,242	905,336
School Administrative Services	1,253,926	1,281,289	1,320,786	1,320,456	1,421,966	1,419,211	1,647,044	1,864,563	2,119,772	2,251,688
Central Services	354,797	388,864	389,230	398,879	414,829	377,014	430,332	450,713	477,381	456,972
Administrative Information Technology	272,451	252,404	471,177	284,025	245,035	284,024	401,695	458,409	417,008	445,885
Plant Operations And Maintenance	1,852,182	2,070,866	2,283,187	1,950,087	1,937,597	2,118,264	2,146,437	2,424,721	2,754,553	2,619,201
Pupil Transportation	2,336,162	2,644,256	2,315,131	2,089,554	2,121,798	2,194,261	2,299,967	2,412,540	2,673,210	2,557,365
Business and Other Support Services										
Capital Outlay					1,014,870	125,361	458,195	560,502	409,050	237,103
Transfer to Charter School	41,710	64,283	110,403	130,412	104,099	104,689	146,064	124,953	85,768	77,596
Interest On Long-Term Debt	184,885	154,133	149,931	136,042	120,566	91,935	73,026	53,301	33,701	14,176
Total Governmental Activities Expenses	29,497,938	29,466,459	29,237,700	27,926,709	29,386,711	28,941,219	33,273,889	35,465,339	40,221,561	41,340,299

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Business-type activities:										
Food Service	\$ 54,647	\$ 36,733	\$ 36,539	\$ 51,604	\$ 33,280	\$ 30,936	\$ 44,233	\$ 57,089	\$ 35,869	\$ 71,580
Total Business-Type Activities Expense	54,647	36,733	36,539	51,604	33,280	30,936	44,233	57,089	35,869	71,580
Total District Expenses	29,552,585	29,503,192	29,274,239	27,978,313	29,419,991	28,972,155	33,318,122	35,522,428	40,257,430	41,411,879
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Regular Instruction	21,923		48,781	66,747	120,205	123,486	237,466	169,181	118,287	239,715
Operating Grants and Contributions	3,898,363	4,123,752	3,451,081	3,610,827	4,289,464	4,065,218	6,921,377	8,278,249	10,605,935	12,195,834
Capital Grants and Contributions		103,508					700,930			
Total Governmental Activities Program Revenues	3,920,286	4,227,260	3,499,862	3,677,574	4,409,669	4,188,704	7,859,773	8,447,430	10,724,222	12,435,549
Business-Type Activities:										
Charges For Services:										
Food Service	12,286	11,883	16,881	22,026	14,526	13,648	22,219	11,820	14,805	14,805
Operating Grants and Contributions	29,791	23,109	23,366	27,150	20,889	17,882	19,260	19,450	19,050	19,050
Capital Grants and Contributions								59,839		
Total Business Type Activities Program Revenues	42,077	34,992	40,247	49,176	35,415	31,530	41,479	91,109	33,855	33,855
Total District Program Revenues	3,962,363	4,262,252	3,540,109	3,726,750	4,445,084	4,220,234	7,901,252	8,538,539	10,758,077	12,469,404

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue Governmental Activities	\$ (25,577,652)	\$ (25,239,199)	\$ (25,737,838)	\$ (24,249,135)	\$ (24,977,042)	\$ (24,752,515)	\$ (25,414,116)	\$ (27,017,909)	\$ (29,497,339)	\$ (28,904,750)
Business-Type Activities	(12,570)	(1,741)	3,708	(2,428)	2,135	594	(2,754)	34,020	(2,014)	(37,725)
Total District-Wide Net Expense	(25,590,222)	(25,240,940)	(25,734,130)	(24,251,563)	(24,974,907)	(24,751,921)	(25,416,870)	(26,983,889)	(29,499,353)	(28,942,475)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	24,259,598	24,243,496	24,916,117	25,337,084	25,843,825	26,231,482	26,318,000	27,266,482	28,390,548	29,398,723
Taxes Levied for Debt Service	419,798	421,613	426,546	398,616	440,737	439,545	429,737	411,550	397,176	379,137
Federal and State Aid not Restricted	255,355	341,953	165,463	159,825	160,263	159,830	189,903	183,290	198,421	193,701
Interest and Miscellaneous Income	32,029	86,718	128,509	149,434	155,681	197,818	112,954	734,111	258,113	116,945
Restricted Miscellaneous Revenue								37,180	67,051	26,318
Transfers									(39,044)	(35,711)
Total Governmental Activities	24,966,780	25,093,780	25,636,635	26,044,959	26,600,506	27,028,675	27,050,594	28,632,613	29,272,265	30,079,113
Business-Type Activities:										
Interest and Miscellaneous Income		1,119							86	86
Capital Contributions/(Disposals)		(13,607)			8,985	(184)	(1,750)		(3,123)	
Transfers										35,711
Total Business-Type Activities		(12,488)			8,985	(184)	(1,750)		(3,037)	35,797
Total District-Wide	24,966,780	25,081,292	25,636,635	26,044,959	26,609,491	27,028,491	27,048,844	28,632,613	29,269,228	30,114,910
Change in Net Position:										
Governmental Activities	(610,872)	(145,419)	(101,203)	1,795,824	1,623,464	2,276,160	1,636,478	1,614,704	(225,074)	1,174,363
Business-Type Activities	(12,570)	(14,229)	3,708	(2,428)	11,120	410	(4,504)	34,020	(5,051)	(1,928)
Total District	\$ (623,442)	\$ (159,648)	\$ (97,495)	\$ 1,793,396	\$ 1,634,584	\$ 2,276,570	\$ 1,631,974	\$ 1,648,724	\$ (230,125)	\$ 1,172,435

Source: School District Financial Reports

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (modified accrual basis of accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 320,733	\$ 221,210								
Unreserved	26,631	371,790								
Restricted			\$ 13,266	\$ 1,178,958	\$ 2,159,653	\$ 1,783,614	\$ 2,712,773	\$ 3,645,995	\$ 4,633,332	\$ 3,853,964
Assigned			74,638	296,647	163,657	220,854	138,419	1,072,407	585,151	2,304,337
Unassigned			594,352	511,400	537,310	574,502	539,737	575,219	598,468	588,535
Total General Fund	\$ 347,364	\$ 593,000	\$ 682,256	\$ 1,987,005	\$ 2,860,620	\$ 2,578,970	\$ 3,390,929	\$ 5,293,621	\$ 5,816,951	\$ 6,746,836
All Other Governmental Funds:										
Unreserved, Reported In:										
Debt Service Fund		\$ 59,226				\$ 187,225		\$ 1,297,299	\$ 7,453	
Committed			\$ 38,299	\$ 1	\$ 1	1		1	1	\$ 1
Restricted										
Total All Other Governmental Funds	\$ -0-	\$ 59,226	\$ 38,299	\$ 1	\$ 1	\$ 187,226	\$ 1	\$ 1,297,300	\$ 7,454	\$ 1
Total Governmental Funds:										
Reserved	\$ 320,733	\$ 221,210								
Unreserved	26,631	431,016								
Restricted			\$ 51,565	\$ 1,178,959	\$ 2,159,654	\$ 1,783,615	\$ 2,712,774	\$ 3,645,996	\$ 4,633,333	\$ 3,853,965
Committed						187,225		1,297,299	7,453	
Assigned			74,638	296,647	163,657	220,854	138,419	1,072,407	585,151	2,304,337
Unassigned			594,352	511,400	537,310	574,502	539,737	575,219	598,468	588,535
Total Governmental Funds	\$ 347,364	\$ 652,226	\$ 720,555	\$ 1,987,006	\$ 2,860,621	\$ 2,766,196	\$ 3,390,930	\$ 6,590,921	\$ 5,824,405	\$ 6,746,837

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$24,679,396	\$24,665,109	\$25,342,663	\$25,735,700	\$26,284,562	\$26,671,027	\$26,747,737	\$27,678,032	\$28,787,724	\$29,777,860
Tuition	21,923		48,781	49,013	117,955	123,486	237,466	169,181	118,287	239,715
Transportation Fees			80	17,734	2,250					
Miscellaneous	32,029	87,837	133,258	149,434	161,547	203,259	122,289	771,887	328,397	146,128
State Sources	3,725,589	4,021,253	2,792,605	3,259,369	4,049,527	3,674,049	4,727,427	4,449,412	4,841,471	5,424,694
Federal Sources	428,129	547,960	819,110	511,283	394,334	545,558	469,670	534,722	487,279	467,358
Total Revenue	28,887,066	29,322,159	29,136,497	29,722,533	31,010,175	31,217,379	32,304,589	33,603,234	34,563,158	36,055,755
Expenditures:										
Instruction:										
Regular Instruction	8,117,462	8,480,795	8,323,406	8,124,921	8,220,513	8,840,406	9,048,089	8,734,158	9,132,694	8,886,776
Special Education Instruction	2,783,211	3,038,603	3,210,463	2,910,404	2,941,575	2,984,792	3,085,968	3,056,855	3,397,465	3,709,601
Other Special Instruction	350,005	292,089	310,394	322,102	256,839	351,077	348,693	321,096	320,143	377,620
Other Instruction	130,673	95,987	135,887	133,312	133,641	129,541	153,128	142,557	183,934	159,400
Support Services:										
Tuition	1,286,201	1,220,975	877,851	787,721	589,171	576,643	681,191	753,046	713,191	819,361
Student & Instruction Related Services	3,200,759	3,143,015	2,999,437	2,897,008	3,149,632	3,050,538	3,128,537	3,068,436	3,185,758	3,103,727
General Administrative Services	467,189	440,404	450,366	444,795	380,993	420,241	611,344	767,811	603,288	685,524
School Administrative Services	869,784	931,968	922,709	941,330	961,379	987,302	1,028,167	1,057,516	1,098,689	1,121,381
Central Services	265,675	297,656	282,871	316,192	311,414	290,978	286,382	308,923	326,221	324,909
Administrative Information Technology	230,432	211,105	261,463	243,317	195,471	262,479	281,249	310,904	293,970	222,470
Plant Operations And Maintenance	1,638,086	1,629,247	1,645,934	1,576,614	1,576,355	1,943,730	1,912,041	1,940,526	2,122,614	2,201,036
Pupil Transportation	1,514,752	1,506,259	1,629,864	1,591,654	1,628,362	1,703,483	1,605,048	1,513,595	1,536,640	1,659,262
Allocated Benefits	350,793	97,052	133,753							
Unallocated Benefits	5,587,819	6,030,002	6,369,015	6,835,880	7,317,034	7,069,087	7,626,778	8,450,982	9,114,694	10,128,679
Debt Service:										
Principal	390,000	460,000	445,000	455,000	475,000	490,000	495,000	490,000	490,000	485,000
Interest And Other Charges	221,699	133,417	154,138	140,787	126,000	109,375	91,000	71,200	51,600	32,000
Capital Outlay	1,455,381	1,152,529	2,315,661	853,868	1,914,659	2,449,574	1,358,269	1,217,779	2,720,202	1,103,270
Transfer to Charter Schools	41,710	64,283	110,403	130,412	104,099	104,689	146,064	124,953	85,768	77,596
Total Expenditures	28,901,631	29,225,386	30,578,615	28,705,317	30,282,137	31,763,935	31,886,948	32,330,337	35,376,871	35,097,612

DENVILLE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	\$ (14,565)	\$ 96,773	\$ (1,442,118)	\$ 1,017,216	\$ 728,038	\$ (546,556)	\$ 417,641	\$ 1,272,897	\$ (813,713)	\$ 958,143
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)		209,208	1,510,447	249,235	145,577	452,131	207,093	45,131	86,241	
Capital Lease Purchase Agreement Proceeds								1,895,428		
Transfers In	13	126,492				1,492,170	(434,182)	(13,465)		
Transfers Out	(13)	(127,611)				(1,492,170)	434,182		(39,044)	(35,711)
Total Other Financing Sources/(Uses)		208,089	1,510,447	249,235	145,577	452,131	207,093	1,927,094	47,197	(35,711)
Net Change In Fund Balances	\$ (14,565)	\$ 304,862	\$ 68,329	\$ 1,266,451	\$ 873,615	\$ (94,425)	\$ 624,734	\$ 3,199,991	\$ (766,516)	\$ 922,432
Debt Service As A Percentage Of Noncapital Expenditures	2.23%	2.11%	2.12%	2.14%	2.12%	2.04%	1.92%	1.80%	1.66%	1.52%

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Other</u>	<u>Total</u>
2009	\$ 14,386	\$ 21,923	\$ 4,257	\$ 13,386	\$ 53,952
2010	1,574			72,429	74,003
2011	4,608	48,781	12,319	111,662	177,370
2012	4,292	66,747	63,733	81,409	216,181
2013	8,913	120,205	21,559	125,209	275,886
2014	8,036	123,486	133,135	56,647	321,304
2015	6,034	237,466	75,239	31,681	350,420
2016	16,169	169,181	545,265	207,872	938,487
2017	44,354	118,287	9,724	269,326	441,691
2018	51,186	239,715	5,714	86,239	382,854

Source: Denville Township School District records

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 48,382,100	\$ 1,842,271,000	\$ 4,842,400	\$ 86,900	\$ 295,343,300	\$ 70,122,400	\$ 7,729,600	\$ 2,268,777,700	\$ 206,799,900	\$ 4,679,377	\$ 2,273,457,077	\$ 1.07	\$ 3,531,309,532
2009	45,790,100	1,857,498,100	4,554,400	82,600	297,466,700	70,122,400	7,729,600	2,283,243,900	207,717,200	5,460,388	2,288,704,288	1.08	3,565,499,240
2010	45,416,600	1,862,250,600	4,353,300	77,900	295,238,400	70,122,400	7,729,600	2,285,188,800	208,621,000	5,230,954	2,290,419,754	1.09	3,414,567,910
2011	43,509,600	1,858,092,500	4,331,100	78,700	297,471,200	69,428,400	7,579,600	2,280,491,100	209,403,400	-0-	2,280,491,100	1.12	3,397,561,201
2012	41,831,900	1,854,794,500	4,331,100	78,700	297,753,400	69,244,600	7,579,600	2,275,613,800	209,736,700	-0-	2,275,613,800	1.14	3,355,655,826
2013	38,102,700	1,839,357,500	4,302,100	77,200	298,019,500	65,894,200	7,579,600	2,253,332,800	209,606,600	-0-	2,253,332,800	1.18	3,228,291,771
2014	37,165,900	1,836,196,200	4,028,900	81,200	269,428,500	66,056,700	7,579,600	2,220,537,000	213,597,600	-0-	2,220,537,000	1.20	3,126,969,683
2015	35,800,700	1,841,849,600	4,049,500	81,200	269,647,900	64,280,400	7,579,600	2,223,288,900	213,333,200	-0-	2,223,288,900	1.22	3,250,387,268
2016 *	39,986,400	2,422,594,000	4,869,400	61,200	485,899,900	97,249,100	14,896,000	3,065,556,000	265,875,000	-0-	3,065,556,000	0.86	3,375,616,140
2017	45,669,600	2,424,023,800	4,869,400	79,900	485,680,300	97,846,100	14,896,000	3,073,065,100	268,916,600	-0-	3,073,065,100	0.95	3,300,059,059

* A revaluation occurred in this year.

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

Source: Municipal Tax Assessor

DENVILLE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

Denville Township School District

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Denville	Morris County	Morris Hills Regional School	
2008	\$ 1.05	\$ 0.02	\$ 1.07	\$ 0.50	\$ 0.36	\$ 0.66	\$ 2.59
2009	1.06	0.02	1.08	0.53	0.35	0.68	2.64
2010	1.07	0.02	1.09	0.55	0.34	0.70	2.68
2011	1.10	0.02	1.12	0.55	0.35	0.75	2.77
2012	1.12	0.02	1.14	0.57	0.36	0.81	2.88
2013	1.16	0.02	1.18	0.58	0.36	0.85	2.97
2014	1.18	0.02	1.20	0.62	0.36	0.88	3.06
2015	1.21	0.02	1.22	0.63	0.36	0.91	3.12
2016	*	0.85	0.86	0.92	0.28	0.71	2.77
2017		0.94	0.95	0.48	0.28	0.73	2.44

* A revaluation occurred in this year.

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 calculation

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.

Source: Municipal Tax Collector and School Business Administrator

DENVILLE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018		2009			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer		Taxable Assessed Value
Saint Clair's Hospital		\$ 90,185,900	2.94%	St. Francis Life Care Corporation	\$ 47,650,000	2.16%
Shops at Union Hill		33,896,000	1.11%	Shoppes at Union Hill, LLC	21,100,000	0.95%
Springpoint at Denville Inc		33,311,200	1.09%	Tamara Enterprises	14,725,000	0.67%
Tamara Enterprises		18,345,000	0.60%	Individual Taxpayer #1	8,900,000	0.40%
Rockaway River Country Club		12,711,600	0.41%	Rockaway River Country Club	8,448,600	0.38%
Denville Hospitality LLC		10,710,000	0.35%	Roma Hotels Associates, LLC	7,667,600	0.35%
Pinefiled Manor LLC		9,758,000	0.32%	Now Realty Associates	6,915,200	0.31%
Denville West Main, LLC		9,571,000	0.31%	Regency at Denville, LLC	6,834,300	0.31%
Individual Taxpayer #1		8,905,000	0.29%	WP Properties, LLC	5,700,000	0.26%
Grecco Realty LLC		7,860,000	0.26%	Denville 53, LLC	5,351,000	0.24%
Total		\$ 235,253,700	7.67%	Total	\$ 133,291,700	6.03%

Note: A revaluation occurred in 2016.

Note: Individual taxpayers listed may be different in 2018 and 2009.

Source: Municipal Tax Assessor

DENVILLE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 24,679,396	\$ 24,679,396	100.00%	-0-
2010	24,665,109	24,665,109	100.00%	-0-
2011	25,342,663	25,342,663	100.00%	-0-
2012	25,735,700	25,735,700	100.00%	-0-
2013	26,284,562	26,284,562	100.00%	-0-
2014	26,671,027	26,671,027	100.00%	-0-
2015	26,747,737	26,747,737	100.00%	-0-
2016	27,678,032	27,678,032	100.00%	-0-
2017	28,787,724	28,787,724	100.00%	-0-
2018	29,777,860	29,777,860	100.00%	-0-

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

Source: Denville Township School District records including the Certificate & Report of School Taxes

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2009	\$ 4,600,000	\$ 122,983	\$ 4,722,983	0.41%	\$ 290
2010	4,140,000	890,929	5,030,929	0.40%	301
2011	3,695,000	1,443,889	5,138,889	0.40%	307
2012	3,240,000	1,158,274	4,398,274	0.33%	261
2013	2,765,000	821,106	3,586,106	0.26%	213
2014	2,275,000	779,018	3,054,018	0.22%	182
2015	1,780,000	431,696	2,211,696	0.15%	132
2016	1,290,000	2,103,019	3,393,019	0.23%	203
2017	800,000	1,970,425	2,770,425	0.18%	164
2018	315,000	1,728,733	2,043,733	0.14%	121

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

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

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 4,600,000	-0-	\$ 4,600,000	0.20%	\$ 282
2010	4,140,000	-0-	4,140,000	0.18%	248
2011	3,695,000	-0-	3,695,000	0.16%	221
2012	3,240,000	-0-	3,240,000	0.14%	193
2013	2,765,000	-0-	2,765,000	0.12%	164
2014	2,275,000	-0-	2,275,000	0.10%	135
2015	1,780,000	-0-	1,780,000	0.08%	106
2016	1,290,000	-0-	1,290,000	0.06%	77
2017	800,000	-0-	800,000	0.03%	47
2018	315,000	-0-	315,000	0.01%	19

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

DENVILLE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<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			
Township of Denville	\$ 10,208,111	100.00%	\$ 10,208,111
Morris County General Obligation Debt	217,187,521	3.64%	7,908,347
Morris Hills Regional School District Debt	23,860,000	38.00%	<u>9,066,800</u>
Subtotal, Overlapping Debt			27,183,258
Denville School District Direct Debt			<u>315,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 27,498,258</u></u>

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 that is borne by the residents and businesses of Township of Denville. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping unit.

- ^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Denville Township's equalized property value that is within the Morris County's boundaries and dividing it by Morris County's total equalized property value.

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

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018	
Equalized Valuation Basis	Denville Township
2017	\$ 3,301,885,785
2016	3,279,370,988
2015	3,357,935,206
	<u>\$ 9,939,191,979</u>
Average Equalized Valuation of Taxable Property	\$ 3,313,063,993
Debt Limit (3% of average equalization value)	\$ 99,391,920
Net Bonded School Debt as of June 30, 2018	315,000
Legal Debt Margin	<u>\$ 99,076,920</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 96,245,886	\$ 102,677,845	\$ 103,997,335	\$ 103,091,788	\$ 101,358,445	\$ 99,912,610	\$ 97,613,919	\$ 96,466,760	\$ 97,560,547	\$ 99,391,920
Total Net Debt Applicable to Limit	4,982,000	4,600,000	4,140,000	3,695,000	3,240,000	2,765,000	2,275,000	1,780,000	1,290,000	315,000
Legal Debt Margin	<u>\$ 91,263,886</u>	<u>\$ 98,077,845</u>	<u>\$ 99,857,335</u>	<u>\$ 99,396,788</u>	<u>\$ 98,118,445</u>	<u>\$ 97,147,610</u>	<u>\$ 95,338,919</u>	<u>\$ 94,686,760</u>	<u>\$ 96,270,547</u>	<u>\$ 99,076,920</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.18%	4.48%	3.98%	3.58%	3.20%	2.77%	2.33%	1.85%	1.32%	0.32%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

DENVILLE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2009	16,309	\$ 1,163,826,549	\$ 71,361	6.30%
2010	16,691	1,242,811,860	74,460	6.30%
2011	16,754	1,293,526,078	77,207	6.10%
2012	16,822	1,346,214,194	80,027	6.40%
2013	16,843	1,362,059,724	80,868	7.40%
2014	16,806	1,406,443,722	83,687	4.90%
2015	16,783	1,475,158,568	87,896	4.10%
2016	16,749	1,491,749,685	89,065	3.80%
2017	16,941	1,508,850,165	89,065 *	3.70%
2018	16,941 **	1,508,850,165 ***	89,065 *	N/A

* - Latest Morris County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest personal income data available (2017) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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

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

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

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

DENVER TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
 CURRENT YEAR AND NINE YEARS AGO
 UNAUDITED

	2018		2009		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Picatinny Arsenal		6,000	Atlantic Health System	6,300	N/A
Atlantic Health System		5,455	U.S. Army Armament R&D	3,575	N/A
Novartis Corporation		4,220	Novartis	3,573	N/A
Bayer Healthcare, LLC		2,800	Saint Claires Health System	2,342	N/A
County of Morris		1,817	County of Morris	2,126	N/A
Wyndham Worldwide Corporation		1,708	ADP	2,019	N/A
St. Clare's		1,688	UPS	1,941	N/A
Accenture		1,613	AT&T	1,500	N/A
BASF Corporation		1,400	Honeywell	1,500	N/A
PricewaterhouseCoopers		1,360	Wyndham Worldwide	1,395	N/A
Total		<u>28,061</u>		<u>26,271</u>	
Total County Labor Force		<u>259,756</u>		<u>N/A</u>	

N/A - Total amount of Employment is not available in order to do the percentage calculation

Source: Morris County Treasurer's Office

DENVILLE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<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	126.5	126.5	128.0	125.6	123.4	111.8	118.0	123.0	121.0	110.0
Special Education	63.0	63.0	65.0	67.4	68.2	100.1	99.6	98.5	58.0	59.0
Support Services:										
Student & Instruction Related Services	36.0	36.0	36.0	44.2	26.7	23.7	23.0	35.0	89.0	88.0
School Administrative Services	18.5	18.5	18.5	14.8	15.9	15.1	8.0	17.0	17.0	17.0
General and Business Administrative Services	6.0	6.0	6.0	8.0	6.0	6.0	5.5	8.0	8.0	8.0
Plant Operations and Maintenance	15.0	15.0	15.0	26.4	22.6	20.0	20.0	17.5	18.0	17.0
Pupil Transportation	25.0	25.0	25.0	24.3	27.5	20.0	20.0	20.5	42.0	30.0
Total	290.0	290.0	293.5	310.7	290.3	296.7	294.1	319.5	353.0	329.0

Source: District Personnel Records

DENVILLE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

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	Middle				
2009	1,892	\$ 26,834,551	\$ 14,183	2.22%	226	1:14.2	1:13.5	1,892	1,814	-4.73%	95.88%
2010	1,904	27,479,440	14,432	1.76%	225	1:13.3	1:13.6	1,904	1,832	0.64%	96.19%
2011	1,856	27,663,816	14,905	3.27%	216	1:13.3	1:13.6	1,856	1,832	-2.53%	98.69%
2012	1,827	27,255,662	14,918	0.09%	179	1:11.1	1:11.9	1,792	1,733	-3.45%	96.71%
2013	1,750	27,766,478	15,867	6.36%	176	1:11.8	1:7.9	1,758	1,693	-1.90%	96.30%
2014	1,730	28,714,986	16,598	4.61%	177	1:9.4	1:10.5	1,725	1,666	-1.88%	96.58%
2015	1,687	29,942,679	17,749	6.93%	175	1:9.5	1:10.0	1,680	1,621	-2.61%	96.49%
2016	1,646	30,551,358	18,561	4.57%	169	1:9.9	1:9.5	1,636	1,581	-2.62%	96.64%
2017	1,650	32,111,676	19,462	4.85%	174	1:9.8	1:9.0	1,634	1,478	-0.12%	90.45%
2018	1,639	33,477,342	20,425	4.95%	178	1:9.3	1:9.3	1,594	1,569	-2.45%	98.43%

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The cost per pupil calculated above is the sum of operating enrollment divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lakeview Elementary School (1958)										
Square Feet	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138	79,138
Capacity (students)	683	683	683	683	683	683	683	683	683	683
Enrollment	752	690	728	713	695	677	682	675	705	686
Riverview Elementary School (1958)										
Square Feet	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855	56,855
Capacity (students)	388	388	388	388	388	388	388	388	388	388
Enrollment	488	459	459	400	393	402	388	373	372	362
Valleyview Middle School (1965)										
Square Feet	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247	70,247
Capacity (students)	465	465	465	465	465	465	465	465	465	465
Enrollment	653	673	669	680	662	651	617	598	573	595
Administration Building (1908)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Bus Garage (1964)										
Square Feet	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820

Number of Schools at June 30, 2018
 Elementary = 2
 Middle School = 1
 Other = 2

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

Source: Denville Township School District Facilities Office

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required Maintenance For School Facilities

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>School Facilities*</u>										
Lakeview Elementary	\$ 111,774	\$ 101,813	\$ 140,145	\$ 124,854	\$ 112,063	\$ 164,811	\$ 168,096	\$ 145,561	\$ 204,663	\$ 175,120
Riverview Elementary	98,160	125,922	75,601	68,259	73,159	107,591	109,736	95,025	133,608	154,518
Valleyview Middle	124,403	131,012	114,193	94,879	107,194	157,658	160,801	139,244	195,781	169,969
Total School Facilities	334,337	358,747	329,939	287,992	292,416	430,060	438,633	379,829	534,051	499,607
<u>Other Facilities</u>										
Administration Building	2,135	1,959	1,545	2,469	1,662	2,442	2,491	2,157	3,033	5,151
Bus Garage	3,168	2,908	2,293	2,840	2,467	3,620	3,692	3,197	4,495	10,301
Total Other Facilities	5,303	4,867	3,838	5,309	4,129	6,062	6,183	5,354	7,528	15,452
Grand Total	\$ 339,640	\$ 363,614	\$ 333,777	\$ 293,301	\$ 296,545	\$ 436,122	\$ 444,816	\$ 385,183	\$ 541,579	\$ 515,059

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

Source: Denville Township School District records

DENVILLE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	Coverage	Deductible
Zurich Insurance Company		
Property - Blanket Building and Contents	\$ 48,615,260	\$ 5,000
Commercial General Liability:		
Per Occurrence	1,000,000	
Aggregate	3,000,000	
Abuse or Molestation Liability:		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
Commercial Automotive Liability	1,000,000	1,000*
Commercial Inland Marine	1,361,712	
Commercial Umbrella Liability:		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
Excess Liability-Fireman's Fund	50,000,000	PIP Cap Excess
Employee Benefits Liability:		
Per Occurrence	1,000,000	1,000
Aggregate	2,000,000	
 NJ Schools Insurance Group	 Statutory	
Workers Compensation		
Employer's Liability	2,000,000 / 2,000,000 / 2,000,000	
School Board Legal Liability - Darwin Ins. Co.		
Per Occurrence	1,000,000	
Aggregate	1,000,000	25,000
Public Official Bonds - Selective Insurance Company:		
Treasurer of School Monies	350,000	
Board Secretary/Business Administrator	350,000	
Blanket Employee Bond	10,000	
Employee Theft	50,000	5,000
Cyber Liability Indian Harbo Ins. Co.	2,000,000	25,000 retention
Education Entity- Pollution Liability	1,000,000/10,000,000	25,000 pollution condition 50,000 per fungi or Legionella condition

* comprehensive and collision deductibles on auto coverage

SINGLE AUDIT SECTION

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 Auditors' Report

The Honorable President and Members
of the Board of Education
Denville Township School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Denville Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Denville Township School District
Page 2

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
January 18, 2019

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Denville Township School District
 County of Morris, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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.

The Honorable President and Members
of the Board of Education
Denville Township School District
Page 2

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.

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

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

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

Mount Arlington, New Jersey
January 18, 2019

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Cancelled	Balance at June 30, 2018		Amount Provided to Subrecipients
			From	To		Accounts (Receivable)/ Payable	Unearned Revenue				(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture - Passed-through State Department of Education: Child Nutrition Cluster: Special Milk Program	10.556	N/A	7/1/17	6/30/18	\$ 19,050	\$ (3,794)	\$ 17,546	\$ (19,050)			\$ (1,504)		
Special Milk Program	10.556	N/A	7/1/16	6/30/17	19,441		3,794				(1,504)		
Total Enterprise Fund						(3,794)	21,340	(19,050)			(1,504)		
Total U.S. Department of Agriculture						(3,794)	21,340	(19,050)			(1,504)		
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: General Fund: Medical Assistance Program - (SEMI)	93.778	N/A	7/1/17	6/30/18	6,408		6,408	(6,408)					
Total General Fund							6,408	(6,408)					
Special Revenue Fund: Elementary and Secondary Education Act: Title I	84.010A	ESEA-1090-18	7/1/17	6/30/18	46,904		38,455	(43,782)			(5,327)		
Title I	84.010A	NCLB-1090-17	7/1/16	6/30/17	64,689								
Title IIA	84.367A	ESEA-1090-18	7/1/17	6/30/18	27,435		23,861	(25,614)			(1,753)		
Title IIA	84.367A	NCLB-1090-17	7/1/16	6/30/17	37,020		636				\$ 1,173	\$ 1,173	
Title IIA	84.367A	NCLB-1090-16	7/1/15	6/30/16	43,613						1,209		
Title III	84.365A	ESEA-1090-18	7/1/17	6/30/18	2,857			(2,766)			(2,766)		
Title III	84.365A	NCLB-1090-17	7/1/16	6/30/17	1,437						(1,383)		
Title III	84.365A	NCLB-1090-16	7/1/15	6/30/16	5,667		\$ 388				\$ 388		
Title III Immigrant	84.365A	NCLB-1090-17	7/1/16	6/30/17	6,733		1,181					1,181	
Title IV	84.365A	ESEA-1090-18	7/1/17	6/30/18	10,000		8,175	(8,175)					
No Child Left Behind Subtotal						(810)	71,127	(80,337)		1,173	(11,229)	2,382	1,569
Special Education Cluster: I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-18	7/1/17	6/30/18	365,485		363,921	(365,485)			(1,564)		
I.D.E.A. Part B, Basic Regular	84.027	IDEA-1090-17	7/1/16	6/30/17	366,946		1,545						
I.D.E.A. Part B, Preschool	84.173	IDEA-1090-18	7/1/17	6/30/18	21,572		21,572	(21,572)					
Special Education Cluster Total						(1,545)	387,038	(387,057)			(1,564)		
Total Special Revenue Fund						(2,355)	458,165	(467,394)		2,346	(12,793)	2,382	1,569
Total U.S. Department of Education						(2,355)	464,573	(467,394)		2,346	(12,793)	2,382	1,569
TOTAL FEDERAL AWARDS						\$ (6,149)	\$ 485,913	\$ (492,852)		\$ 2,346	\$ (14,297)	\$ 2,382	\$ -0-

N/A - Not Available/Applicable. SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DENVERVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO
		From	To		Budgetary (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	
State Department of Education:												
General Fund:												
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	\$1,050,628		\$ 949,946	\$ (1,050,628)			\$ (100,682)	\$ 1,050,628	
Categorical Security Aid	18-495-034-5120-084	7/1/17	6/30/18	29,235		26,433	(29,235)			(2,802)	29,235	
Categorical Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	123,304		111,488	(123,304)			(11,816)	123,304	
PARCC Readiness	18-495-034-5120-098	7/1/17	6/30/18	16,820		15,208	(16,820)			(1,612)	16,820	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	16,820		15,208	(16,820)			(1,612)	16,820	
Professional Learning Communication Aid	17-495-034-5120-101	7/1/17	6/30/18	15,790		14,277	(15,790)			(1,513)	15,790	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	218,123			(218,123)			(218,123)	218,123	
Additional Non-Public Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	21,395			(21,395)			(21,395)	21,395	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17	6/30/18	854,454		811,807	(854,454)			(42,647)	854,454	
Education for Homeless Children and Youth	18-495-034-5120-005	7/1/17	6/30/18	25,842		25,842	(25,842)				25,842	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	1,014,243		97,865	(97,865)				1,014,243	
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16	6/30/17	242,152		242,152	(242,152)				242,152	
Additional Non-Public Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	11,484		11,484	(11,484)				11,484	
Categorical Security Aid	17-495-034-5120-084	7/1/16	6/30/17	29,235		2,821	(2,821)				29,235	
Categorical Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	123,304		11,898	(11,898)				123,304	
PARCC Readiness	17-495-034-5120-098	7/1/16	6/30/17	16,820		1,623	(1,623)				16,820	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	16,820		1,623	(1,623)				16,820	
Professional Learning Communication Aid	17-495-034-5120-101	7/1/16	6/30/17	15,790		1,524	(1,524)				15,790	
Reimbursed TPAF Social Security Contributions	17-100-034-5095-002	7/1/16	6/30/17	857,013		42,191	(42,191)				857,013	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17	6/30/18	1,112,169		1,112,169	(1,112,169)				1,112,169	
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17	6/30/18	1,681,149		1,681,149	(1,681,149)				1,681,149	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	40,797		40,797	(40,797)				40,797	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	2,847		2,847	(2,847)				2,847	
Total General Fund State Aid						5,220,352	(5,209,373)			(282,165)	7,536,234	
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17	6/30/18	9,313		9,313	(9,313)				9,313	
Nursing Services (Chapter 226)	18-100-034-5120-070	7/1/17	6/30/18	16,490		16,490	(16,490)				16,490	
Technology Initiative	18-100-034-5120-373	7/1/17	6/30/18	6,290		6,290	(6,290)				6,290	
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	12,750		12,750	(12,747)				12,747	
Auxiliary Services (Chapter 192):										\$ 3		
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	19,311		19,311	(19,311)				19,311	
Handicapped Services (Chapter 193):												
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	7,930		7,930	(7,533)				7,533	
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	10,201		\$ 3,217	(3,217)				10,475	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	11,466		11,466	(10,475)				10,475	
Examination and Classification	17-100-034-5120-066	7/1/16	6/30/17	15,487		3,780	(3,780)				15,487	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	6,250		6,250	(3,839)				6,250	
Corrective Speech	17-100-034-5120-066	7/1/16	6/30/17	7,952		2,474	(2,474)				7,952	
Total Special Revenue Fund						9,471	(85,998)		(9,471)	3,802	85,998	

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor		Budgetary (Accounts Receivable)
State Department of Education: Debt Service Fund: Debt Service Aid Type II	18-100-034-5120-124	7/1/17	6/30/18	\$ 137,863	\$	\$ 137,863	\$ 137,863	(137,863)				\$ 137,863	
Total Debt Service Fund						137,863	137,863	(137,863)				137,863	
Total State Department of Education					\$ (413,181)	\$ 9,471	5,448,015	(5,433,234)	\$ (9,471)	\$ (282,165)	\$ 3,802	\$ (402,202)	7,760,095
Total State Awards Subject to Single Audit Determination					\$ (413,181)	\$ 9,471	\$5,448,015	(5,433,234)	\$ (9,471)	\$ (282,165)	\$ 3,802	\$ (402,202)	\$ 7,760,095
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17	6/30/18	(1,112,169)				1,112,169					
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17	6/30/18	(1,681,149)				1,681,149					
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	(40,797)				40,797					
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	(2,847)				2,847					
Subtotal - On-Behalf TPAF Pension System Contributions								2,836,962					
Total State Awards Subject to Single Audit Major Program Determination								\$ (2,596,272)					

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Denville Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the 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 two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

DENVILLE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,683) for the general fund, and (\$12,535) for the special revenue fund (less \$234 due to the cancellation of a prior year encumbrance). See Note 1D 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 revenue are reported on the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 6,408	\$ 5,206,690	\$ 5,213,098
Special Revenue Fund	460,950	80,141	541,091
Debt Service Fund		137,863	137,863
Proprietary Fund	<u>19,050</u>	<u> </u>	<u>19,050</u>
Total Financial Assistance	<u>\$ 486,408</u>	<u>\$ 5,424,694</u>	<u>\$ 5,911,102</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	\$1,050,628	\$ 1,050,628
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	29,235	29,235
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	16,820	16,820
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	16,820	16,820
Professional Learning				
Communication Aid	18-495-034-5120-101	7/1/17-6/30/18	15,790	15,790

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJ OMB 15-08.

DENVILLE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.