

TOWNSHIP OF DEPTFORD

SCHOOL DISTRICT

DEPTFORD, NEW JERSEY

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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INTRODUCTORY SECTION



DEPTFORD TOWNSHIP BOARD OF EDUCATION

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Kevin M. Kanauss
Chief Academic Officer

Arthur E. Dietz
Superintendent

Todd D. Reitzel, MBA
Business Administrator
Board Secretary

February 21, 2019

Honorable President and
Members of the Board of Education
Deptford Township School District
Gloucester County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Deptford Township School 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Deptford Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board Statement No. 14. All funds of the District are included in this report. The Deptford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for students with disabilities.

2. ECONOMIC CONDITION AND OUTLOOK: The Deptford area is served by major transportation routes including 1-295, NJ Turnpike, Route 42, and Route 55. The high level of developer interest in Deptford is due in large measure to its access to these highways. The Deptford Mall and shopping centers, restaurants and theaters surrounding the Mall are a focal point of attraction and serve a wide area of South Jersey and even South Philadelphia. Since a November 1987 study, conducted by the Delaware Valley Planning Commission, projected a population increase, Deptford has seen several housing developments constructed as well as several large businesses building in the area. It is expected that expansion will continue and the area will continue to prosper.

3. MAJOR INITIATIVES: Students in the Deptford Township School District receive a comprehensive educational program. The District's 2017-18 major initiatives are listed below:

Elementary:

- The continued implementation of kindergarten through sixth grade inquiry-based Science program (FOSS and STC).
- The continued implementation of a comprehensive core English Language Arts program in grades K-6, which was reused to incorporate New Jersey Student Learning Standards and PARCC.
- The implementation of the LinkIt Benchmark Assessment and data warehousing program in grades K-6.
- The continued implementation of a Kindergarten program which is developmentally appropriate and based on State kindergarten regulations.
- The implementation of an ongoing diagnostic reading assessment (Leveled Literacy Intervention) in grades K-5.
- The continued implementation of a research based comprehensive Pre- K program endorsed the New Jersey Office of Early Childhood Education.

Middle School:

- The continued implementation of a comprehensive core English Language Arts program in grades 7 and 8, which was reused to incorporate New Jersey Student Learning Standards and PARCC.
- The continued implementation of an inquiry based science program in grades 7 and 8.
- The continued implementation of a research-based social studies program in grades 7-8.
- Continued implementation of computer courses in state-of-the-art computer labs.
- The implementation of LinkIt Benchmark Assessment and data warehousing program in grades 7-8.
- The continuation of advanced track courses in all content areas.

High School:

- The continued implementation of a comprehensive core English Language Arts program in all language arts literacy courses, which was reused to incorporate New Jersey Student Learning Standards and PARCC.
- Continued implementation of a discovery-based math and science programs.
- The implementation of LinkIt Benchmark Assessment and data warehousing program in grades 9-12.
- The expansion of Modeling Sciences, Biomedical Sciences, Engineering and Business courses.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control 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, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. 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 included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as 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 Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statement", Note 1.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in New Jersey statute 18A:20-37. 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 of Education is a member of the Gloucester/Cumberland/Salem School Districts Joint Insurance Fund (GCSSDJIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10.

The GCSSDJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures. The fund provides the following coverage:

1. Property, including buildings, contents, inland marine, crime, boiler and machinery and auto physical damage.
2. General Liability, including school board legal liability.
3. Automobile Liability.
4. Workers' Compensation.

The Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund.

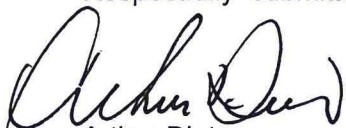
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The certified public accounting firm of Bowman & Company LLP, 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 Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The 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 Deptford Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

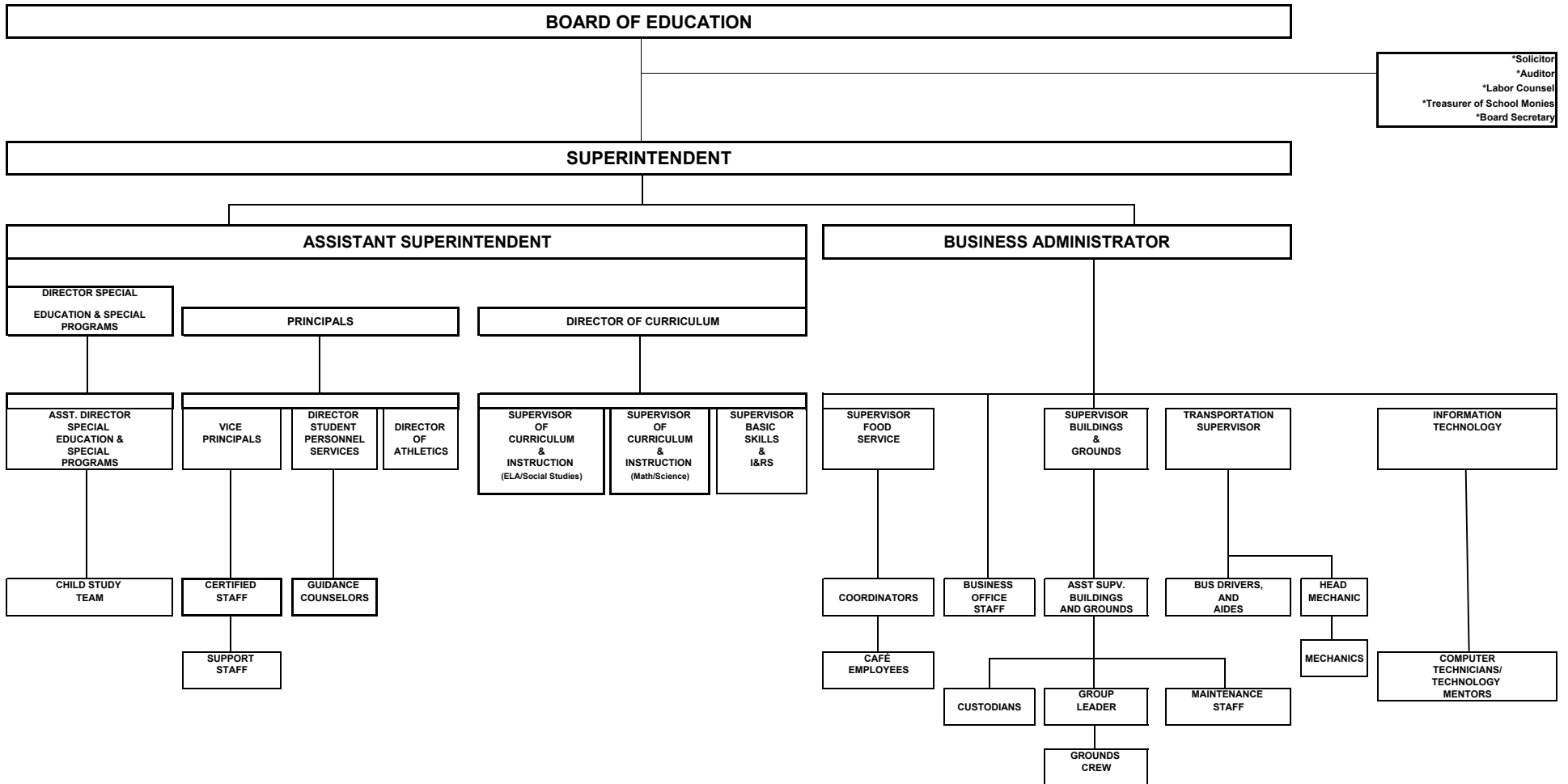


Arthur Dietz
Superintendent



Todd D. Reitzel, MBA
School Business Administrator /
Board Secretary

DEPTFORD TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART



DEPTFORD TOWNSHIP BOARD OF EDUCATION

DEPTFORD TOWNSHIP, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board of Education

Term Expires

Mark Getsinger	2019
Stacy Gray	2019
Ed Kalinowski	2019
Susan Kryszczak (President)	2018
James McDevitt, III (Vice President)	2018
Joe McKenna	2020
Laura Newcomb	2018
Linda Rosser	2020
Frank Scambia	2020

Other Officials

Dr. Charles Blachford, Interim Superintendent

Carolyn Morehead, Assistant Superintendent

Todd Reitzel, School Business Administrator/Board Secretary

DEPTFORD TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Deptford School District
County of Gloucester

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Deptford School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Deptford School District, in the County of Gloucester, State of New Jersey, 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

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 9 in the notes to financial statements. Our opinion is 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, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratio, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Deptford School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019 on our consideration of the Township of Deptford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Deptford School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Deptford School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS0020500

Voorhees, New Jersey
February 21, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Deptford School District
County of Gloucester

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Deptford School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 21, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of new accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS0020500

Voorhees, New Jersey
February 21, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

The management's discussion and analysis of the Township of Deptford School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018 and 2017. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2018:

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The liabilities and deferred inflows of resources of the Township of Deptford School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$10,587,092 (net position).
- The School District's total net position decreased by \$3,256,766.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$1,498,934, a decrease of \$1,456,065 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$670,806, which is a decrease of \$45,669 in comparison with the prior year.
- The Township of Deptford School District's total debt decreased by \$1,210,000 as a result of debt payments.

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 School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like 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 School District operates *like businesses*, such as food services and childcare.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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 School District's budget for the year.

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services and child care services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds, not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services and child care services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletic and scholarship funds are maintained in this fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2018 and 2017.

TABLE 1				
Net Position				
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 6,350,956	\$ 4,072,745	\$ 2,278,211	55.94%
Capital Assets	26,298,537	27,751,908	(1,453,371)	-5.24%
Total Assets	<u>32,649,493</u>	<u>31,824,653</u>	<u>824,840</u>	<u>2.59%</u>
Deferred Outflows of Resources:				
Related to Pensions	12,236,792	14,564,561	(2,327,769)	100.00%
Liabilities:				
Long-Term Liabilities	40,391,063	49,176,523	(8,785,460)	-17.87%
Other Liabilities	8,115,526	4,543,017	3,572,509	78.64%
Total Liabilities	<u>48,506,589</u>	<u>53,719,540</u>	<u>(5,212,951)</u>	<u>-9.70%</u>
Deferred Inflow of Resources - Related to Pensions	6,966,788	-	6,966,788	100.00%
Net Position:				
Net Investment in Capital Assets	20,926,583	20,985,094	(58,511)	-0.28%
Restricted	2,267,461	1,760,961	506,500	28.76%
Unrestricted (Deficit)	(33,781,136)	(30,076,381)	(3,704,755)	12.32%
Total Net Position (Deficit)	<u>\$ (10,587,092)</u>	<u>\$ (7,330,326)</u>	<u>\$ (3,256,766)</u>	<u>44.43%</u>

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

TABLE 2				
Statement of Net Position - Effect of Pension Related Items				
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 12,236,792	\$ 14,564,561	\$ (2,327,769)	100.00%
Less: Net Pension Liability	(34,707,789)	(42,141,815)	7,434,026	-17.64%
Less: Deferred Inflows Related to Pensions	(6,966,788)	-	(6,966,788)	-100.00%
	<u>\$ (29,437,785)</u>	<u>\$ (27,577,254)</u>	<u>\$ (1,860,531)</u>	<u>6.75%</u>

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2018 and 2017.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 1,468,415	\$ 1,599,430	\$ (131,015)	-8.19%
Operating Grants and Contributions	21,636,911	15,455,006	6,181,905	40.00%
General Revenues:				
Property Taxes	41,865,515	41,035,906	829,609	2.02%
Grants and Contributions	33,744,191	44,648,119	(10,903,928)	-24.42%
Other	73,123	112,584	(39,461)	-35.05%
Total Revenues	<u>98,788,155</u>	<u>102,851,045</u>	<u>(4,062,890)</u>	<u>-3.95%</u>
Expenses:				
Instruction:				
Regular	24,602,322	23,716,666	885,656	3.73%
Special Education	4,319,698	4,120,484	199,214	4.83%
Other Special Instruction	1,849,868	1,855,323	(5,455)	-0.29%
Student Services:				
Tuition	5,380,139	4,719,675	660,464	13.99%
Student and Instruction Related	9,112,463	7,725,862	1,386,601	17.95%
General Administrative Services	998,031	940,658	57,373	6.10%
School Administrative Services	2,864,260	2,802,716	61,544	2.20%
Central Services	482,282	706,133	(223,851)	-31.70%
Administrative Information Technology	626,999	881,047	(254,048)	-28.83%
Plant Operations and Maintenance	5,563,732	5,583,065	(19,333)	-0.35%
Pupil Transportation	4,211,604	4,053,915	157,689	3.89%
Unallocated Benefits	39,420,160	47,670,928	(8,250,768)	-17.31%
Special Schools	74,779	84,841	(10,062)	-11.86%
Transfer to Charter School	265,233	168,272	96,961	57.62%
Interest on Long-Term Debt	104,909	257,439	(152,530)	-59.25%
Food Service	1,915,691	1,866,457	49,234	2.64%
Childcare Program	252,751	131,531	121,220	100.00%
Total Expenses	<u>102,044,921</u>	<u>107,285,012</u>	<u>(5,240,091)</u>	<u>-4.88%</u>
Increase (Decrease) in Net Position	(3,256,766)	(4,433,967)	1,177,201	(0.27)
Beginning Net Position (Deficit)	<u>(7,330,326)</u>	<u>(2,896,359)</u>	<u>(4,433,967)</u>	<u>153.09%</u>
Ending Net Position (Deficit)	<u>\$ (10,587,092)</u>	<u>\$ (7,330,326)</u>	<u>\$ (3,256,766)</u>	<u>44.43%</u>

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2017-2018, Governmental Activities Revenues were \$96,605,851 or 98.01% of total revenues.

In 2016-2017, Governmental Activities Revenues were \$100,845,885 or 98.24% of total revenues.

The \$4,240,034 decrease in Governmental Activities Revenues from FY 2016-2017 to FY 2017-2018 was mainly related to the implementation of GASB 75.

In 2017-2018, General Revenues - Property Taxes of \$41,865,515 made up 43.34%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$33,744,191 made up 34.93% of Governmental Activities Revenues.

In 2016-2017, General Revenues - Property Taxes of \$41,035,906 made up 45.95%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$44,648,119 made up 50.00% of Governmental Activities Revenues.

In 2017-2018, the School District's Governmental Activities expenditures decreased by \$5,410,545 or 5.14% from 2016-2017. This decrease was related to Unallocated Benefits due to the GASB 75 OPEB Expense decreasing \$3,686,140 from 2016-2017.

Business-Type Activities

In 2017-2018 Business-Type Activities Revenues were \$1,957,096 or 1.99% of total revenues. In 2016-2017 Business-Type Activities Revenues were \$1,805,160 or 1.98% of total revenues.

Charges for Services for Business-Type Activities were \$884,399 in 2017-2018 compared to \$785,940 in 2016-2017, a 12.53% increase.

Operating Grants and Contributions for Business-Type Activities were \$1,072,697 in 2017-2018 compared to \$1,019,220 in 2016-2017, a 5.25% increase.

Expenses for Business-Type Activities were \$2,168,442 in 2017-2018 compared to \$1,997,988 in 2016-2017, an 8.53% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$64,886,501, which was equal to the original budget.

The 2017-2018 General Fund Tax Levy was \$40,517,615, an increase of \$830,395 or 2.09% from the 2016-2017 General Fund Tax Levy of \$39,687,220.

During fiscal year 2018, the School District budgeted \$40,517,615 for property taxes (local tax levy) and \$23,901,378 for state aid revenues.

The School District also received \$1,981,113 and \$6,967,267 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical and Pension Contributions, respectively. The Township of Deptford School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension and Medical Contributions of \$1,981,113 and \$6,967,267 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$68,492,291, which was greater than the original budget.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$1,498,934, a decrease of \$1,456,065 in comparison with the prior year.

Of the combined ending fund balances of \$1,498,934, \$936,027 constitutes unassigned fund balance deficits. The remainder of fund balance of \$2,434,961 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had a deficit of \$102,434 in unrestricted net position.

CAPITAL ASSETS

The Township of Deptford School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$20,926,583 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net decrease in the Township of Deptford School District's investment in capital assets for the current fiscal year of 0.28%. The net decrease was the result of the net effect of the 2018 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

TABLE 4
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 210,136	\$ 210,136
Site Improvements	663,202	737,699
Building and Improvements	18,799,416	20,177,529
Equipment	<u>6,625,783</u>	<u>6,626,544</u>
 Total Capital Assets	 <u>\$ 26,298,537</u>	 <u>\$ 27,751,908</u>

Depreciation expense was \$2,427,683 for fiscal year ended 2018 and \$2,365,251 for fiscal year ended 2017.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Township of Deptford School District had total bonded debt outstanding of \$5,070,000. The entire Township of Deptford School District's bonded debt is governmental as opposed to business-type. The 2019 adopted budget has an appropriation of \$1,230,000 representing the payment of the annual principal. The 2018 refunding bonds will mature on February 1, 2022.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2017-18 school year, the Township of Deptford School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 43.34% of total revenue is from local tax levy and 34.93% of the Township of Deptford School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Township of Deptford Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township of Deptford School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Todd Reitzel, Business Administrator/Board Secretary at the Township of Deptford School District, 2022 Good Intent Road, Deptford, New Jersey 08096.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 4,012,435	\$ 104,751	\$ 4,117,186
Receivables, net	1,487,187	311,712	1,798,899
Internal Balances	189,987	(189,987)	
Inventory		17,514	17,514
Restricted Assets:			
Restricted Cash and Cash Equivalents	9,269		9,269
Capital Reserve Account - Cash	408,088		408,088
Capital Assets, net (Note 6)	<u>26,169,568</u>	<u>128,969</u>	<u>26,298,537</u>
Total Assets	<u>32,276,534</u>	<u>372,959</u>	<u>32,649,493</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pension (Note 8)	<u>12,236,792</u>		<u>12,236,792</u>
LIABILITIES:			
Accounts Payable	5,650,214	313,630	5,963,844
Payable to State Government	110,637		110,637
Unearned Revenue	269,969		269,969
Accrued Interest Payable	9,475		9,475
Noncurrent Liabilities (Note 7):			
Due within One Year	1,761,601		1,761,601
Due beyond One Year	<u>40,358,269</u>	<u>32,794</u>	<u>40,391,063</u>
Total Liabilities	<u>48,160,165</u>	<u>346,424</u>	<u>48,506,589</u>
DEFERRED INFLOW OF RESOURCES:			
Related to Pension (Note 8)	<u>6,966,788</u>		<u>6,966,788</u>
NET POSITION:			
Net Investment in Capital Assets	20,797,614	128,969	20,926,583
Restricted for:			
Debt Service	9,269		9,269
Capital Projects	408,088		408,088
Other Purposes	1,850,104		1,850,104
Unrestricted (Deficit)	<u>(33,678,702)</u>	<u>(102,434)</u>	<u>(33,781,136)</u>
Total Net Position (Deficit)	<u>\$ (10,613,627)</u>	<u>\$ 26,535</u>	<u>\$ (10,587,092)</u>

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 24,602,322		\$ 1,144,561	\$ (23,457,761)		\$ (23,457,761)
Special Education	4,319,698	\$ 584,016	442,205	(3,293,477)		(3,293,477)
Other Special Instruction	1,849,868			(1,849,868)		(1,849,868)
Support Services:						
Tuition	5,380,139		1,101,360	(4,278,779)		(4,278,779)
Student and Instruction Related Services	9,112,463		1,325,473	(7,786,990)		(7,786,990)
General Administrative Services	998,031			(998,031)		(998,031)
School Administrative Services	2,864,260			(2,864,260)		(2,864,260)
Central Services	482,282			(482,282)		(482,282)
Administrative Information Technology	626,999			(626,999)		(626,999)
Plant Operations and Maintenance	5,563,732			(5,563,732)		(5,563,732)
Pupil Transportation	4,211,604			(4,211,604)		(4,211,604)
Unallocated Benefits	39,420,160		16,550,615	(22,869,545)		(22,869,545)
Special School	74,779			(74,779)		(74,779)
Transfer to Charter School	265,233			(265,233)		(265,233)
Interest on Long-Term Debt	104,909			(104,909)		(104,909)
Total Governmental Activities	99,876,479	584,016	20,564,214	(78,728,249)	-	(78,728,249)
Business-Type Activities:						
Food Service	1,915,691	616,700	1,072,697		\$ (226,294)	(226,294)
Childcare Program	252,751	267,699			14,948	14,948
Total Business-Type Activities	2,168,442	884,399	1,072,697	-	(211,346)	(211,346)
Total Government	\$ 102,044,921	\$ 1,468,415	\$ 21,636,911	(78,728,249)	(211,346)	(78,939,595)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				40,517,615		40,517,615
Taxes Levied for Debt Service				1,347,900		1,347,900
Federal and State Aid Not Restricted				33,744,191		33,744,191
Interest and Investment Earnings				25,129	208	25,337
Miscellaneous Income				47,786		47,786
Transfer				(225,000)	225,000	-
Total General Revenues and Transfer				75,457,621	225,208	75,682,829
Change in Net Position				(3,270,628)	13,862	(3,256,766)
Net Position (Deficit) -- July 1				(7,342,999)	12,673	(7,330,326)
Net Position (Deficit) -- June 30				\$ (10,613,627)	\$ 26,535	\$ (10,587,092)

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 4,009,202	\$ 3,233		\$ 9,269	\$ 4,021,704
Cash - Capital Reserve Account	408,088				408,088
Accounts Receivable					
State	540,705				540,705
Federal		668,942			668,942
Other	277,540				277,540
Interfund Receivable	744,868				744,868
Total Assets	\$ 5,980,403	\$ 672,175	\$ -	\$ 9,269	\$ 6,661,847
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 4,225,517	\$ 1,909			\$ 4,227,426
Interfund Payable		554,881			554,881
Payable to State Government		110,637			110,637
Unearned Revenue		269,969			269,969
Total Liabilities	4,225,517	937,396	-	-	5,162,913
Fund Balances:					
Restricted:					
Capital Reserve Account	408,088				408,088
Excess Surplus-- Designated for Subsequents Year's Expenditures	647,235				647,235
Excess Surplus	1,202,869				1,202,869
Debt Service				9,269	9,269
Assigned:					
Other Purposes	41,768				41,768
Designated for Subsequent Year's Expenditures	125,732				125,732
Unassigned (Deficit)	(670,806)	(265,221)			(936,027)
Total Fund Balances (Deficit)	1,754,886	(265,221)	-	9,269	1,498,934
Total Liabilities and Fund Balances	\$ 5,980,403	\$ 672,175	\$ -	\$ 9,269	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$68,371,182, and the accumulated depreciation is \$42,201,614.	26,169,568
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.	(7,412,081)
Accrued interest payable	(9,475)
Net Pension Liability	(34,707,789)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(1,422,788)
Deferred Outflows of Resources - Related to Pensions	12,236,792
Deferred Inflows of Resources - Related to Pensions	(6,966,788)
Net Position of Governmental Activities	\$ (10,613,627)

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 40,517,615			\$ 1,347,900	\$ 41,865,515
Tuition Charges	584,016				584,016
Interest	25,129				25,129
Unrestricted Miscellaneous Revenues	47,786				47,786
State Sources	33,637,183	\$ 2,338,389			35,975,572
Federal Sources	107,008	1,850,697			1,957,705
Local Sources		500			500
Total Revenues	74,918,737	4,189,586	-	1,347,900	80,456,223
EXPENDITURES:					
Current:					
Regular Instruction	22,314,635	1,194,637			23,509,272
Special Education Instruction	3,659,531	461,552			4,121,083
Other Special Instruction	1,754,638				1,754,638
Support Services and Undistributed Costs:					
Tuition	4,230,592	1,149,547			5,380,139
Student and Instruction Related Services	7,331,114	1,383,465			8,714,579
General Administrative Services	998,031				998,031
School Administrative Services	2,716,810				2,716,810
Central Services	457,454				457,454
Administrative Information Technology	594,722				594,722
Plant Operations and Maintenance	5,423,279				5,423,279
Pupil Transportation	4,211,604				4,211,604
Unallocated Benefits	20,959,766	183,687			21,143,453
Special School	74,779				74,779
Transfer to Charter School	265,233				265,233
Debt Service:					
Principal				1,210,000	1,210,000
Interest and Other Charges				137,900	137,900
Capital Outlay	974,312				974,312
Total Expenditures	75,966,500	4,372,888	-	1,347,900	81,687,288
Excess (Deficiency) of Revenues over Expenditures	(1,047,763)	(183,302)	-		(1,231,065)
OTHER FINANCING SOURCES (USES):					
Operating Transfer Out to Food Service Fund - Transfer to Cover Deficit	(225,000)				(225,000)
Total Other Financing Sources and Uses	(225,000)	-	-	-	(225,000)
Net Change in Fund Balances	(1,272,763)	(183,302)	-	-	(1,456,065)
Fund Balance (Deficit) -- July 1	3,027,649	(81,919)	-	9,269	2,954,999
Fund Balance (Deficit) -- June 30	\$ 1,754,886	\$ (265,221)	\$ -	\$ 9,269	\$ 1,498,934

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

TOWNSHIP OF DEPTFORD 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	\$	(1,456,065)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(2,401,714)
Capital Outlays		<u>974,312</u>
		(1,427,402)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		1,210,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		
		2,017
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
Amortization of Bond Premiums		30,974
<p>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.</p>		
		153,886
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		118,041
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(1,902,079)</u>
Change in Net Position of Governmental Activities	\$	<u>(3,270,628)</u>

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

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

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 83,198	\$ 21,553	\$ 104,751
Accounts Receivable:			
State	3,427		3,427
Federal	201,691		201,691
Other	106,594		106,594
Inventories	17,514		17,514
Total Current Assets	<u>412,424</u>	<u>21,553</u>	<u>433,977</u>
Noncurrent Assets:			
Equipment	661,159		661,159
Less Accumulated Depreciation	<u>(532,190)</u>		<u>(532,190)</u>
Total Noncurrent Assets	<u>128,969</u>	<u>-</u>	<u>128,969</u>
Total Assets	<u>541,393</u>	<u>21,553</u>	<u>562,946</u>
LIABILITIES:			
Current Liabilities:			
Interfund Payable	189,987		189,987
Accounts Payable	313,630		313,630
Total Current Liabilities	<u>503,617</u>	<u>-</u>	<u>503,617</u>
Noncurrent Liabilities:			
Compensated Absences Payable	32,794		32,794
Total Liabilities	<u>536,411</u>	<u>-</u>	<u>536,411</u>
NET POSITION:			
Net Investment In Capital Assets	128,969		128,969
Unrestricted (Deficit)	<u>(123,987)</u>	<u>21,553</u>	<u>(102,434)</u>
Total Net Position	<u>\$ 4,982</u>	<u>\$ 21,553</u>	<u>\$ 26,535</u>

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

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

	Business-Type Activities - Enterprise Fund		
	Food Service	Child Care Program	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 404,651		\$ 404,651
Daily Sales - Non-Reimbursable Programs	183,570		183,570
Special Functions	28,479		28,479
Community Service Activities		\$ 267,564	267,564
Miscellaneous		135	135
Total Operating Revenues	<u>616,700</u>	<u>267,699</u>	<u>884,399</u>
OPERATING EXPENSES:			
Salaries	817,044	189,660	1,006,704
Employee Benefits	196,875	44,958	241,833
Supplies and Materials	78,661	12,308	90,969
Cost of Sales - Reimbursable Programs	614,015		614,015
Cost of Sales - Non-Reimbursable Programs	88,132		88,132
Purchased Professional Services	11,475		11,475
Other Purchased Services		2,824	2,824
Office and Uniform Expense	8,202		8,202
Equipment	9,296		9,296
Repairs and Maintenance	19,080		19,080
Bank Charges	22,052		22,052
Insurance and Fees	24,890		24,890
Depreciation	25,969		25,969
Miscellaneous		3,001	3,001
Total Operating Expenses	<u>1,915,691</u>	<u>252,751</u>	<u>2,168,442</u>
Operating Income (Loss)	<u>(1,298,991)</u>	<u>14,948</u>	<u>(1,284,043)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	16,935		16,935
Federal Sources:			
National School Lunch Program	684,311		684,311
School Breakfast Program	253,567		253,567
Healthy Hunger Free Kids Program	19,103		19,103
Special Milk Program	3,934		3,934
After School Snack Program	2,849		2,849
United States Department of Agriculture Commodities	91,998		91,998
Interest and Investment Revenue	208		208
Total Nonoperating Revenues	<u>1,072,905</u>	<u>-</u>	<u>1,072,905</u>
Income (loss) before contributions	<u>(226,086)</u>	<u>14,948</u>	<u>(211,138)</u>
Board Contribution	<u>225,000</u>		<u>225,000</u>
Change in Net Position	(1,086)	14,948	13,862
Net Position -- July 1	<u>6,068</u>	<u>6,605</u>	<u>12,673</u>
Net Position -- June 30	<u>\$ 4,982</u>	<u>\$ 21,553</u>	<u>\$ 26,535</u>

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

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

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 622,029	\$ 267,699	\$ 889,728
Payments to Employees	(816,284)	(189,660)	(1,005,944)
Payments for Employee Benefits	(196,875)	(44,958)	(241,833)
Payments to Suppliers	<u>(767,647)</u>	<u>(18,133)</u>	<u>(785,780)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,158,777)</u>	<u>14,948</u>	<u>(1,143,829)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	832,802		832,802
Transfers from Other Funds	<u>225,000</u>		<u>225,000</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,057,802</u>	<u>-</u>	<u>1,057,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	<u>208</u>		<u>208</u>
Net Cash Provided by (used for) Investing Activities	<u>208</u>		<u>208</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(100,767)	14,948	(85,819)
Cash and Cash Equivalents -- July 1	<u>183,965</u>	<u>6,605</u>	<u>190,570</u>
Cash and Cash Equivalents -- June 30	<u>\$ 83,198</u>	<u>\$ 21,553</u>	<u>\$ 104,751</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,298,991)	\$ 14,948	\$ (1,284,043)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	25,969		25,969
Federal Commodities	91,998		91,998
(Increase) Decrease in Inventories	7,132		7,132
(Increase) Decrease in Other Current Receivables	5,329		5,329
Increase (Decrease) in Other Current Liabilities	9,026		9,026
Increase (Decrease) in Compensated Absences Payable	<u>760</u>		<u>760</u>
Total Adjustments	<u>140,214</u>	<u>-</u>	<u>140,214</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,158,777)</u>	<u>\$ 14,948</u>	<u>\$ (1,143,829)</u>

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

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

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>	
	New Jersey Unemployment Compensation <u>Trust</u>	Scholarship <u>Trust</u>	Student <u>Activity</u>	<u>Payroll</u>
ASSETS:				
Cash and Cash Equivalents	\$ 695,776	\$ 72,286	\$ 284,559	\$ 1,278,510
Total Assets	<u>695,776</u>	<u>72,286</u>	<u>\$ 284,559</u>	<u>\$ 1,278,510</u>
LIABILITIES:				
Net Payroll - Summer Salary Payable to Student Groups			\$ 284,559	\$ 1,278,510
Total Liabilities			<u>\$ 284,559</u>	<u>\$ 1,278,510</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purpose	<u>\$ 695,776</u>	<u>\$ 72,286</u>		

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	<u>Private-Purposes Trust Funds</u>	
	<u>New Jersey Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Employee Withholdings	\$ 106,927	
Gifts and Contributions		\$ 19,273
Total Contributions	<u>106,927</u>	<u>19,273</u>
Investment Earnings:		
Interest on Investments	<u>201</u>	
Net Investment Earnings	<u>201</u>	<u>-</u>
Total Additions	<u>107,128</u>	<u>19,273</u>
DEDUCTIONS:		
Unemployment Compensation		
Insurance Claims	122,189	
Scholarships Awarded		10,507
Total Deductions	<u>122,189</u>	<u>10,507</u>
Change in Net Position	(15,061)	8,766
Net Position -- July 1	<u>710,837</u>	<u>63,520</u>
Net Position -- June 30	<u>\$ 695,776</u>	<u>\$ 72,286</u>

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Deptford School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Reporting Entity

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Kindergarten through 12 at the School District's eight schools. The School District has an approximate enrollment at June 30, 2018 of 4,241.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. 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 School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Gloucester County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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 acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

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

The School District reports the following major proprietary funds:

Enterprise Funds

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

Child Care Fund – This fund accounts for the financial activity related to providing day care services for School District students before school and after school.

Additionally, the School District reports the following fund types:

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

The School District maintains the following fiduciary funds:

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

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

Scholarship Trust Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

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

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

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

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

Budgets / Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

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

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

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The School District had no prepaid expenses for the fiscal year ended June 30, 2018.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

The School District maintains a capitalization threshold of \$2,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business Type Activities Estimated Lives</u>
Site Improvements	10-20 years	N/A
Buildings and Improvements	20-50 years	N/A
Equipment	5-15 years	15 Years

The School District does not possess any infrastructure assets.

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

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

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

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Pensions

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

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

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

Accounting Estimates

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

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

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 9) and required supplementary information related to postemployment benefits.

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2018, the School District's bank balance of \$7,494,494 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Insured under GUDPA		4,859,539
Uninsured/Uncollateralized		<u>2,384,955</u>
	\$	<u>7,494,494</u>

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2018, the School District's deposits with the New Jersey Cash Management Fund were \$1,598,225.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1 on October 3, 2006 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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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

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

Beginning balance July 1, 2017	\$	408,088
Change in account balance		<u>-</u>
Ending Balance June 30, 2018	\$	<u>408,088</u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2018 is \$3,112,950.

Note 4: ACCOUNTS RECEIVABLES

Accounts receivable at June 30, 2018 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. All receivables are considered collectible.

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

	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 668,942	\$ 668,942	\$ 201,691	\$ 201,691	\$ 870,633
State Awards	\$ 540,705		540,705	3,427	3,427	544,132
Other	<u>277,540</u>		<u>277,540</u>	<u>106,594</u>	<u>106,594</u>	<u>384,134</u>
Total	<u>\$ 818,245</u>	<u>\$ 668,942</u>	<u>\$ 1,487,187</u>	<u>\$ 311,712</u>	<u>\$ 311,712</u>	<u>\$ 1,798,899</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2018 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food Supplies	\$	9,385
		<u>8,129</u>
	\$	<u>17,514</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance July 30, 2018</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 210,136			\$ 210,136
Total Capital Assets, not being Depreciated	<u>210,136</u>	<u>-</u>	<u>-</u>	<u>210,136</u>
Capital Assets, being Depreciated				
Site Improvements	1,510,494			1,510,494
Building and Improvements	49,983,958	\$ 147,550		50,131,508
Equipment	15,692,282	826,762		16,519,044
Total Capital Assets, being Depreciated	<u>67,186,734</u>	<u>974,312</u>		<u>68,161,046</u>
Less Accumulated Depreciation				
Land Improvements	(772,796)	(74,496)		(847,292)
Building and Improvements	(29,806,429)	(1,525,663)		(31,332,092)
Equipment	(9,220,675)	(801,555)		(10,022,230)
Total Accumulated Depreciation	<u>(39,799,900)</u>	<u>(2,401,714)</u>		<u>(42,201,614)</u>
Total Capital Assets, being Depreciated, Net	<u>27,386,834</u>	<u>(1,427,402)</u>		<u>25,959,432</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,596,970</u>	<u>\$ (1,427,402)</u>	<u>\$ -</u>	<u>\$ 26,169,568</u>
Business-Type Activities:				
Capital Assets, being Depreciated				
Equipment	\$ 661,159			\$ 661,159
Less Accumulated Depreciation	(506,221)	\$ (25,969)		(532,190)
Total Business-Type Activities Capital Assets, Net	<u>\$ 154,938</u>	<u>\$ (25,969)</u>	<u>\$ -</u>	<u>\$ 128,969</u>

Note 6: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Instruction	\$ 1,504,935
Student & Instruction Related Services	397,884
School Administrative Services	204,555
Plant Operations and Maintenance	<u>294,340</u>
Total Depreciation – Governmental Activities	<u>\$ 2,401,714</u>
Business-Type Activities:	
Food Service	<u>\$ 25,969</u>
Total Depreciation – Business-Type Activities	<u>\$ 25,969</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 6,280,000		\$ (1,210,000)	\$ 5,070,000	\$ 1,230,000
Unamortized Cost of Premium on Bonds	<u>147,128</u>		<u>(30,974)</u>	<u>116,154</u>	
Other Liabilities:					
Net Pension Liability	42,141,815	\$ 14,097,323	(21,531,349)	34,707,789	
Obligations under Capital Lease	339,686		(153,886)	185,800	92,140
Compensated Absences	<u>2,158,168</u>	<u>500,495</u>	<u>(618,536)</u>	<u>2,040,127</u>	<u>439,461</u>
Total Other Liabilities	<u>44,639,669</u>	<u>14,597,818</u>	<u>(22,303,771)</u>	<u>36,933,716</u>	<u>531,601</u>
Governmental Activities Long-term Liabilities	<u>\$ 51,066,797</u>	<u>\$ 14,597,818</u>	<u>\$ (23,544,745)</u>	<u>\$ 42,119,870</u>	<u>\$ 1,761,601</u>

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

Note 7: LONG-TERM LIABILITIES (CONT'D)

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for business-type activities:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Compensated Absences	\$ 32,034	\$ 6,840	\$ (6,080)	\$ 32,794	\$ -

Compensated absences are liquidated by the food service fund.

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

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
2016	\$ 7,490,000	2019 to 2022	2.0-3.0%	\$ 5,070,000

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,230,000	\$ 113,700	\$ 1,343,700
2020	1,265,000	76,800	1,341,800
2021	1,290,000	51,500	1,341,500
2022	1,285,000	25,700	1,310,700
	<u>\$ 5,070,000</u>	<u>\$ 267,700</u>	<u>\$ 5,337,700</u>

Bonds Authorized But Not Issued - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

Obligation under Capital Lease - The School District is leasing bus equipment totaling \$747,549 under a capital lease. The capital lease is for a terms of three to five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2018.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 92,140	\$ 3,066	\$ 95,206
2020	93,660	1,545	95,205
	<u>\$ 185,800</u>	<u>\$ 4,611</u>	<u>\$ 190,411</u>

Note 7: LONG-TERM LIABILITIES (CONT'D)

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to Note 12 for a description of the School District's Policy.

Net Pension Liability - For details on the net pension liability, refer to Note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: PENSION PLANS

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

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

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

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

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

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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

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.

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System - 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 the PERS.

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more 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.

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

Note 8: PENSION PLANS (CONT'D)**Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 11.08% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$3,064,154, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$2,044,263.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 14.89% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$1,381,240, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$709,685.

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

For the fiscal year ended June 30, 2018, employee contributions totaled \$63,803, and the School District recognized pension expense, which equaled the required contributions, of \$36,465. There were no forfeitures during the fiscal year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

School Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>183,982,727</u>
	<u>\$ 183,982,727</u>

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. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.2728758346%, which was an increase of 0.0038813344% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$12,745,392 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of \$34,707,789 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. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was 0.1490986763%, which was an increase of 0.0068100312% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$3,283,468, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ 817,249	-
Changes of Assumptions	6,992,423	\$ 6,966,788
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	236,337	-
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	2,767,995	-
School District Contributions Subsequent to the Measurement Date	<u>1,422,788</u>	<u>-</u>
	<u>\$ 12,236,792</u>	<u>\$ 6,966,788</u>

\$1,422,788, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2019	\$ 1,596,951
2020	2,012,852
2021	1,420,961
2022	(589,355)
2023	<u>(594,193)</u>
	<u>\$ 3,847,216</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions**

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. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	1.65% - 4.15% Base on Age
Through 2026	Varies Based on Experience	2.65% - 5.15% Based on Age
Thereafter		
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2012- June 30, 2015	July 1, 2011 – June 30, 2014

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

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

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% 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 rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, 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 rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>218,577,251</u>	<u>183,982,727</u>	<u>155,483,608</u>
	<u>\$ 218,577,251</u>	<u>\$ 183,982,727</u>	<u>\$ 155,483,608</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 43,057,367</u>	<u>\$ 34,707,789</u>	<u>\$ 27,751,555</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active plan members	223,747
Inactive plan members or beneficiaries currently receiving benefits	142,331
Inactive plan members entitled to but not yet receiving benefit payments	<u> -</u>
	<u>366,078</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$169,791,116. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was 0.3165391808%, which was a decrease of 0.0003930055% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases –

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) – Based on years of service

(2) – Based on age

Inflation Rate - 2.50%.

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

Experience Studies - 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 trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend 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 return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2017		\$ 183,287,538
Changes for the year:		
Service cost	\$ 7,584,372	
Interest cost	5,386,251	
Changes in assumptions	(22,679,135)	
Gross benefit payments	(3,932,723)	
Member contributions	144,813	
		<u>(13,496,422)</u>
Net changes		
Balance at June 30, 2018		<u>\$ 169,791,116</u>

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 201,554,304</u>	<u>\$ 169,761,116</u>	<u>\$ 144,593,253</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 139,636,779</u>	<u>\$ 169,761,116</u>	<u>\$ 209,835,720</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized \$10,591,393 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion	-	\$ 179,593
Changes of assumptions or other inputs	-	<u>20,080,515</u>
	<u>\$ -</u>	<u>\$ 20,260,108</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2019	\$ (2,372,378)
2020	(2,372,378)
2021	(2,372,378)
2022	(2,372,378)
2023	(2,372,378)
Thereafter	<u>(8,398,218)</u>
	<u>\$ (20,260,108)</u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$4,129,834, \$100,221, \$2,732,102, and \$5,110, respectively.

Note 11: DEFERRED COMPENSATION

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

Retirement Annuity Consultants	Equitable Life Assurance Society
Lincoln Investment Planning Inc.	Fidelity Investments
Paul Revere Tax Shelter	Valic
American United Life	AIG

Note 12: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 the liability for compensated absences reported on the government-wide statement of net position was \$2,040,127.

Note 13: INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 744,868	
Special Revenue		\$ 554,881
Proprietary		189,987
	<u>\$ 744,868</u>	<u>\$ 744,868</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 13: INTERFUND BALANCES AND TRANSFERS (CONT'D)

Transfers:

	<u>Transfer in:</u>
	<u>Enterprise Fund</u>
<u>Transfer Out:</u>	
General Fund	\$ 225,000
Total Transfers	<u>\$ 225,000</u>

The principal purpose of the fund transfer made during the fiscal year was to fund operating expenses for the food service fund.

Note 14: CONTINGENCIES

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

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

Note 15: CONCENTRATIONS

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

Note 16: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$670,806 in the general fund and \$265,221 in the special revenue fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$936,027 is less than the June state aid payments.

Note 17: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$1,202,869. Additionally, \$647,235 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is \$408,088. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 \$125,732 of general fund balance at June 30, 2018.

General Fund (cont'd)

Other Purposes - As of June 30, 2018, the School District had \$41,768 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2018, \$670,806 of general fund balance (deficit) was unassigned.

Special Revenue Fund - As of June 30, 2018, the fund balance of the special revenue fund was a deficit of \$265,221, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in Note 16, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$265,221 is the same amount as the last state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 40,517,615		\$ 40,517,615	\$ 40,517,615	
Tuition - from Individual					
Tuition - LEAs w/in state	300,000		300,000	584,016	\$ 284,016
Interest	1	\$ 2,999	3,000	25,129	22,129
Miscellaneous	60,499	(2,999)	57,500	47,786	(9,714)
Total - Local Sources	40,878,115	-	40,878,115	41,174,546	296,431
State Sources:					
Equalization Aid	20,209,857		20,209,857	20,845,846	635,989
Nonpublic Transportation Aid				91,512	91,512
Extraordinary Aid	250,000		250,000	352,828	102,828
Categorical Special Education Aid	2,328,005		2,328,005	2,328,005	-
Categorical Security Aid	483,815		483,815	483,815	-
Categorical Transportation Aid	365,085		365,085	365,085	-
Under Adequacy Aid	12,894		12,894	12,894	-
School Choice Aid	126,182		126,182	126,182	-
PARCC Readiness	41,780		41,780	41,780	-
Per Pupil Growth	41,780		41,780	41,780	-
Professional Learning Community	41,980		41,980	41,980	-
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				4,129,834	4,129,834
On-Behalf T.P.A.F. Non-contributory Insurance (non-budgeted)				100,221	100,221
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				5,110	5,110
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				2,732,102	2,732,102
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,981,113	1,981,113
Total - State Sources	23,901,378	-	23,901,378	33,680,087	9,778,709
Federal Sources:					
Medicaid Reimbursement	107,008		107,008	107,008	-
Total - Federal Sources	107,008	-	107,008	107,008	-
Total Revenues	64,886,501	-	64,886,501	74,961,641	10,075,140

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2018

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,226,067	\$ 10,136	\$ 1,236,203	\$ 1,224,153	\$ 12,050
Grades 1-5	8,803,692	128,642	8,932,334	8,912,334	20,000
Grades 6-8	4,216,950	342,656	4,559,606	4,536,556	23,050
Grades 9-12	5,800,381	(71,540)	5,728,841	5,706,983	21,858
Regular Programs - Home Instruction:					
Salaries of Teachers	90,000	27,183	117,183	115,716	1,467
Purchased Services	65,000		65,000	34,889	30,111
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	105,026	130,894	235,920	235,420	500
Purchased Professional / Educational Services	635,998	98,698	734,696	733,176	1,520
Purchased Technical Services	47,226	(7,474)	39,752	39,752	-
Rentals		226,000	226,000	211,998	14,002
Other Purchased Services	213,994	(179,641)	34,353	34,353	-
Travel		2,568	2,568	2,553	15
General Supplies	578,488	(66,912)	511,576	507,236	4,340
Textbooks	51,652	(32,814)	18,838	18,838	-
Other Objects	1,500	(822)	678	678	-
Total Regular Programs	<u>21,835,974</u>	<u>607,574</u>	<u>22,443,548</u>	<u>22,314,635</u>	<u>128,913</u>
Special Education - Instruction:					
Cognitive - Moderate:					
Salaries of Teachers	209,782	5,831	215,613	215,613	-
Other Salaries for Instruction	105,026	(33,032)	71,994	61,948	10,046
General Supplies	7,177	(219)	6,958	5,224	1,734
Other Objects	1,500		1,500	904	596
Total Cognitive - Moderate	<u>323,485</u>	<u>(27,420)</u>	<u>296,065</u>	<u>283,689</u>	<u>12,376</u>
Learning and Language Disabled:					
Salaries of Teachers	670,057	168,901	838,958	821,775	17,183
Other Salaries for Instruction	595,146	(28,879)	566,267	528,889	37,378
General Supplies	10,757	(155)	10,602	5,562	5,040
Total Learning and Language Disabled	<u>1,275,960</u>	<u>139,867</u>	<u>1,415,827</u>	<u>1,356,226</u>	<u>59,601</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Current Expense (Cont'd)					
Special Education - Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 402,261	\$ 36,953	\$ 439,214	\$ 430,714	\$ 8,500
Other Salaries for Instruction	192,548	(32,713)	159,835	129,618	30,217
General Supplies	4,970	155	5,125	3,312	1,813
Total Behavioral Disabilities	<u>599,779</u>	<u>4,395</u>	<u>604,174</u>	<u>563,644</u>	<u>40,530</u>
Multiple Disabilities:					
Salaries of Teachers	620,320	20,223	640,543	640,543	-
Other Salaries for Instruction	210,052	8,898	218,950	200,970	17,980
General Supplies	4,675		4,675	3,700	975
Total Multiple Disabilities	<u>835,047</u>	<u>29,121</u>	<u>864,168</u>	<u>845,213</u>	<u>18,955</u>
Autism:					
Salaries of Teachers	240,808	4,594	245,402	245,402	-
Other Salaries for Instruction	140,035	(67,366)	72,669	72,089	580
General Supplies	2,820		2,820	2,788	32
Total Autism	<u>383,663</u>	<u>(62,772)</u>	<u>320,891</u>	<u>320,279</u>	<u>612</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	155,784		155,784	155,784	-
Other Salaries for Instruction	140,035	2,525	142,560	132,765	9,795
General Supplies	2,350		2,350	1,931	419
Total Preschool Disabilities - Part Time	<u>298,169</u>	<u>2,525</u>	<u>300,694</u>	<u>290,480</u>	<u>10,214</u>
Total Special Education - Instruction	<u>3,716,103</u>	<u>85,716</u>	<u>3,801,819</u>	<u>3,659,531</u>	<u>142,288</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	<u>1,148,129</u>	<u>(251,651)</u>	<u>896,478</u>	<u>880,443</u>	<u>16,035</u>
Total Basic Skills / Remedial - Instruction	<u>1,148,129</u>	<u>(251,651)</u>	<u>896,478</u>	<u>880,443</u>	<u>16,035</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 240,011	\$ (29,376)	\$ 210,635	\$ 210,635	
Total Bilingual Education - Instruction	240,011	(29,376)	210,635	210,635	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	203,264	(8,770)	194,494	155,486	\$ 39,008
Salaries of Teachers		37,970	37,970	30,607	7,363
General Supplies	18,500	(5,838)	12,662	12,662	-
Other Objects	8,275	(2,607)	5,668	5,668	-
Total School Sponsored Cocurricular Activities - Instruction	230,039	20,755	250,794	204,423	46,371
School Sponsored Athletics - Instruction:					
Salaries	355,561	38,669	394,230	342,625	51,605
Purchased Services	26,500	(2,843)	23,657	23,657	-
General Supplies	54,400	(8,600)	45,800	45,800	-
Other Objects	29,700	24,818	54,518	47,055	7,463
Total School Sponsored Athletics - Instruction	466,161	52,044	518,205	459,137	59,068
Total Instruction	27,636,417	485,062	28,121,479	27,728,804	392,675

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 165,000	\$ (71,305)	\$ 93,695	\$ 93,695	
Tuition to Other LEA's Within State - Special	262,598	(88,903)	173,695	173,695	
Tuition to County Voc. School Dist. - Regular	421,200	19,071	440,271	440,271	
Tuition to CSSD & Reg. Day Schools	1,701,960	313,428	2,015,388	2,015,388	
Tuition to Private Schools for the Disabled - Within State	1,512,540	(244,725)	1,267,815	1,260,223	\$ 7,592
Tuition to Priv Sch Disabled & Oth LEAs - Spl,O/S St	168,340	43,515	211,855	211,855	-
Tuition - State Facilities	35,465		35,465	35,465	-
Total Undistributed Expenditures - Instruction	<u>4,267,103</u>	<u>(28,919)</u>	<u>4,238,184</u>	<u>4,230,592</u>	<u>7,592</u>
Attendance and Social Work Services:					
Salaries	91,282	7,831	99,113	99,113	-
Total Attendance and Social Work Services	<u>91,282</u>	<u>7,831</u>	<u>99,113</u>	<u>99,113</u>	<u>-</u>
Undistributed Expenditures - Health Services:					
Salaries	531,853	(25,181)	506,672	494,220	12,452
Other Salaries		34,155	34,155	34,155	-
Purchased Professional and Technical Services	25,000	(2,052)	22,948	22,948	-
Supplies and Materials	10,444	4,951	15,395	14,049	1,346
Other Objects	1,949	(239)	1,710	305	1,405
Total Undistributed Expenditures - Health Services	<u>569,246</u>	<u>11,634</u>	<u>580,880</u>	<u>565,677</u>	<u>15,203</u>
Undistributed Expenditures - Other Support Services - Speech, OT,PT & Related Services:					
Salaries	563,190	11,898	575,088	575,088	-
Purchased Professional - Educational Services	199,610	35,624	235,234	235,234	-
Supplies and Materials	9,260		9,260	6,568	2,692
Total Undistributed Expenditures - Other Support Services - Speech, OT, PT & Related Services	<u>772,060</u>	<u>47,522</u>	<u>819,582</u>	<u>816,890</u>	<u>2,692</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Other Salaries from Instruction	\$ 1,835,505	\$ (196,787)	\$ 1,638,718	\$ 1,638,718	
Purchased Professional - Educational Services	250,170	251,757	501,927	484,203	\$ 17,724
Supplies and Materials	3,460		3,460	3,114	346
	<u>2,089,135</u>	<u>54,970</u>	<u>2,144,105</u>	<u>2,126,035</u>	<u>18,070</u>
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary					
Undistributed Expenditures - Other Support Services - Guidance:					
Salaries of Other Professional Staff	819,836	13,944	833,780	833,780	-
Salaries of Secretarial and Clerical Assistants	73,395	1,470	74,865	74,865	-
Supplies and Materials	11,888	532	12,420	11,227	1,193
Other Objects	676	(426)	250	200	50
	<u>905,795</u>	<u>15,520</u>	<u>921,315</u>	<u>920,072</u>	<u>1,243</u>
Total Undistributed Expenditures - Other Support Services - Guidance					
Undistributed Expenditures - Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	851,888	85,924	937,812	931,562	6,250
Salaries of Secretarial and Clerical Assistants	87,610	1,676	89,286	89,286	-
Other Salaries	211,938	49,479	261,417	261,417	-
Other Professional/Tech Services	523,771		523,771	501,543	22,228
Travel	4,575		4,575	3,135	1,440
Supplies and Materials	24,904		24,904	24,554	350
	<u>1,704,686</u>	<u>137,079</u>	<u>1,841,765</u>	<u>1,811,497</u>	<u>30,268</u>
Total Undistributed Expenditures - Other Support Services - Child Study Teams					

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	\$ 90,955	\$ 6	\$ 90,961	\$ 72,074	\$ 18,887
Salaries of Secretarial and Clerical Assistants	36,698	877	37,575	37,575	-
Unused Vacation Payout		3,846	3,846	3,846	-
Other Salaries	42,983	(1,635)	41,348	40,223	1,125
	<u>170,636</u>	<u>3,094</u>	<u>173,730</u>	<u>153,718</u>	<u>20,012</u>
Total Undistributed Expenditures - Improvement of Instruction Services					
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	270,257	(12,665)	257,592	257,592	-
Salaries of Secretarial and Clerical Assistance		17,947	17,947	17,947	-
Salaries of Technology Coordinators	149,094	1,003	150,097	150,097	-
Library Media Services	5,700	(300)	5,400	4,900	500
Other Purchased Services	2,119	6,045	8,164	8,164	-
Supplies and Materials	18,382	(3,827)	14,555	13,721	834
	<u>445,552</u>	<u>8,203</u>	<u>453,755</u>	<u>452,421</u>	<u>1,334</u>
Total Undistributed Expend. - Educational Media Services / Sch Library					
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	207,385	35,199	242,584	202,584	40,000
Salaries of Secretarial and Clerical Assistance	36,698	682	37,380	37,380	-
Other Salaries	17,640	13,173	30,813	17,983	12,830
Purchased Professional-Education services	22,432	(13,280)	9,152	9,152	-
Other Purchased Services	18,575	(10,002)	8,573	2,914	5,659
	<u>302,730</u>	<u>25,772</u>	<u>328,502</u>	<u>270,013</u>	<u>58,489</u>
Total Undistributed Expenditures - Instructional Staff Training Services					

(Continued)

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

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 336,987	\$ (336,987)			
Salaries of Other Professional Staff		316,810	\$ 316,810	\$ 315,414	\$ 1,396
Salaries of Secretarial and Clerical Assistance		101,708	101,708	101,708	-
Unused Vacation Payout		3,605	3,605	3,605	-
Legal Services	175,000	33,135	208,135	176,838	31,297
Audit Fees	40,950	(1,950)	39,000	39,000	-
Architect/Engineer Fees	20,000	(12,000)	8,000	2,322	5,678
Other Purchased Professional Services	4,500	(410)	4,090	4,090	-
Purchased Technical Services	40,000	(40,000)			-
Communications / Telephone	121,580	86,000	207,580	206,746	834
Travel		1,550	1,550	154	1,396
Misc Other Purchased Services	170,350	(50,889)	119,461	118,995	466
General Supplies	9,143	(4,640)	4,503	4,440	63
Miscellaneous Expenditures	10,450	(8,950)	1,500	1,073	427
BOE Membership Dues and Fees	25,210	(1,564)	23,646	23,646	-
Total Undistributed Expenditures - Support Services - General Admin	<u>954,170</u>	<u>85,418</u>	<u>1,039,588</u>	<u>998,031</u>	<u>41,557</u>
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals / Program Directors	1,790,069	174,860	1,964,929	1,874,460	90,469
Salaries of Secretarial and Clerical Assistants	767,753	11,726	779,479	779,479	-
Unused Vacation Payout		3,782	3,782	3,782	-
Other Purchased Services (400-500 series)	23,696	(9,290)	14,406	339	14,067
Travel		1,627	1,627	737	890
Supplies and Materials	17,757	72	17,829	13,799	4,030
Other Objects	32,337	13,367	45,704	44,214	1,490
Total Undistributed Expenditures - Support Services - School Admin.	<u>2,631,612</u>	<u>196,144</u>	<u>2,827,756</u>	<u>2,716,810</u>	<u>110,946</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services:					
Salaries	\$ 376,626	\$ (376,626)			
Salaries of Other Professional Staff		121,621	\$ 121,621	\$ 114,530	\$ 7,091
Salaries of Secreterial and Clerical Assistants		269,421	269,421	269,421	-
Purchased Technical Services	17,100		17,100	16,350	750
Travel		1,531	1,531	66	1,465
Miscellaneous Purchased Services	42,600	(500)	42,100	42,083	17
Supplies and Materials	16,870	5,915	22,785	10,413	12,372
Miscellaneous Expenditures	11,365		11,365	4,591	6,774
Total Undistributed Expenditures - Central Services	464,561	21,362	485,923	457,454	28,469
Undistributed Expenditures - Admin. Info. Technology:					
Salaries	304,644	(304,644)			-
Salaries of Other Professional Staff		124,953	124,953	124,953	-
Salaries of Secreterial and Clerical Assistants		172,309	172,309	162,309	10,000
Other Salaries		10,400	10,400	10,400	-
Purchased Technical Services	170,133	(36,000)	134,133	94,220	39,913
Other Purchased Services	135,433	128,277	263,710	170,362	93,348
Supplies and Materials	21,000	47,172	68,172	32,478	35,694
Total Undistributed Expenditures - Admin. Info. Technology	631,210	142,467	773,677	594,722	178,955
Undistributed Expenditures - Required Maintenance for Sch Facilities:					
Salaries	134,641	299,104	433,745	432,150	1,595
Cleaning, Repair and Maintenance Services	140,500	17,760	158,260	154,989	3,271
General Supplies	84,000	38,611	122,611	122,611	-
Total Undistributed Expenditures - Required Maintenance for Sch Facilities	359,141	355,475	714,616	709,750	4,866

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Operation and Maintenance:					
of Plant Services:					
Salaries	\$ 3,030,554	\$ (3,030,554)			
Salaries of Other Professional Staff		63,241	\$ 63,241	\$ 63,241	
Salaries of Secreterial and Clerical Assistants		36,259	36,259	36,259	
Salaries of Non-Instructional Aides	255,586	7,581	263,167	263,167	
Other Salaries		2,118,201	2,118,201	2,092,700	\$ 25,501
Cleaning, Repair and Maintenance Services	202,300	(54,806)	147,494	147,494	-
Other Purchased Property Services	72,000	7,873	79,873	79,873	-
Insurance	185,000	44,383	229,383	229,383	-
General Supplies	134,631	14,051	148,682	148,682	-
Energy (Natural Gas)	200,000	281,255	481,255	481,255	-
Energy (Electricity)	613,000	(3,564)	609,436	609,436	-
Other Objects	5,800	(2,780)	3,020	3,020	-
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	4,698,871	(518,860)	4,180,011	4,154,510	25,501
Undistributed Expenditures - Care & Upkeep of Grounds:					
Salaries	435,533	6,195	441,728	441,728	-
General Supplies	55,630	(23,257)	32,373	30,956	1,417
Total Undistributed Expenditures - Care & Upkeep Grounds	491,163	(17,062)	474,101	472,684	1,417
Undistributed Expenditures - Security Services:					
Cleaning, Repair, and Maintenance Services	85,000	10,000	95,000	86,335	8,665
Total Undistributed Expenditures - Security Services	85,000	10,000	95,000	86,335	8,665

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Other Professional Staff		\$ 90,061	\$ 90,061	\$ 90,061	
Salaries of Secreterial and Clerical Assistants		83,720	83,720	83,720	
Salaries for Non-Instructional Aides	\$ 540,613	(176,692)	363,921	363,921	
Sal for Pupil Trans (Bet Home & Sch) - Reg.	889,452	191,666	1,081,118	1,081,118	
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	344,644	49,132	393,776	393,776	
Sal for Pupil Trans (Other than Bet. Home & Sch)	129,494	104,634	234,128	234,128	
Transportation Software	25,430	(13,582)	11,848	11,848	
Cleaning, Repair and Maintenance Services	51,000	38,787	89,787	68,474	\$ 21,313
Lease Purchase Payments	90,655		90,655	90,655	-
Contracted Services - Aid in Lieu of Payments - NonPub Sch	165,308	56,138	221,446	221,446	-
Contracted Services - (Between Home and School) - Vendors	425,000	152,170	577,170	577,170	-
Contracted Services - (Other than Bet Home & Sch) - Vendors	25,000	12,108	37,108	37,108	-
Contracted Services - (Special Education) - Joint Agreement	408,000	213,231	621,231	621,231	-
Miscellaneous Purchased Services - Transportation	54,360	(13,796)	40,564	40,564	-
Transportation Supplies	317,000	(17,562)	299,438	286,616	12,822
Other Objects	13,652	(13,652)			-
Interest Payments		4,551	4,551	4,551	-
Miscellaneous Expenditures		5,217	5,217	5,217	-
Total Undistributed Expenditures - Student Transportation Services	<u>3,479,608</u>	<u>766,131</u>	<u>4,245,739</u>	<u>4,211,604</u>	<u>34,135</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Unallocated Benefits:					
Social Security Contributions	\$ 994,450	\$ 5,803	\$ 1,000,253	\$ 868,506	\$ 131,747
Other Retirement Contributions - PERS	1,476,734	70,276	1,547,010	1,456,127	90,883
Workman's Compensation	429,000	(92)	428,908	428,908	-
Health Benefits	8,740,516	491,407	9,231,923	9,205,104	26,819
Tuition Reimbursement	20,000	2,872	22,872	22,872	-
Other Employee Benefits	17,500	(7,863)	9,637	9,637	-
Sick Time Payout Normal Retiree	100,000	(79,768)	20,232	20,232	-
Total Unallocated Benefits	11,778,200	482,635	12,260,835	12,011,386	249,449
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				4,129,834	(4,129,834)
On-behalf T.P.A.F. Non contributory Insurance (non-budgeted)				100,221	(100,221)
On-behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				5,110	(5,110)
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				2,732,102	(2,732,102)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,981,113	(1,981,113)
Total On-behalf Contributions	-	-	-	8,948,380	(8,948,380)
Total Undistributed Expenditures	36,891,761	1,806,416	38,698,177	46,807,694	(8,109,517)
Total Current Expense	64,528,178	2,291,478	66,819,656	74,536,498	(7,716,842)
Capital Outlay:					
Interest Deposit to Capital Reserve	1	(1)			-
Equipment:					
Undistributed Expenditures:					
Admin Info Tech		4,000	4,000	4,000	-
School Buses- Regular	188,216		188,216	187,936	280
Total Equipment	188,216	4,000	192,216	191,936	280

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2018

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Facilities Acquisition and Construction Services:					
Assesment for Debt Service on SDA Funding	\$ 147,841		\$ 147,841	\$ 147,841	
Construction Services		\$ 756,787	\$ 756,787	\$ 750,213	\$ 6,574
Total Facilities Acquisition and Construction Services	<u>147,841</u>	<u>756,787</u>	<u>904,628</u>	<u>898,054</u>	<u>6,574</u>
Total Capital Outlay	<u>336,058</u>	<u>760,786</u>	<u>1,096,844</u>	<u>1,089,990</u>	<u>6,854</u>
Other Special Schools - Instruction:					
Salaries of Teachers	25,920	(4,515)	21,405	21,405	-
Other Salaries for Instruction	11,200	900	12,100	12,100	-
General Supplies	1,500	(867)	633	633	-
Total Other Special Schools - Instruction	<u>38,620</u>	<u>(4,482)</u>	<u>34,138</u>	<u>34,138</u>	<u>-</u>
Other Special Schools - Support Services:					
Salaries	51,079	(41,314)	9,765	9,765	-
Salaries of Principal and Assistant		24,816	24,816	24,816	-
Salaries of Secreterial and Clerical Assistant		6,060	6,060	6,060	-
Total Other Special Schools - Support Services	<u>51,079</u>	<u>(10,438)</u>	<u>40,641</u>	<u>40,641</u>	<u>-</u>
Total Special Schools	<u>89,699</u>	<u>(14,920)</u>	<u>74,779</u>	<u>74,779</u>	<u>-</u>
Transfer of Funds to Charter Schools	<u>173,869</u>	<u>91,364</u>	<u>265,233</u>	<u>265,233</u>	<u>-</u>
Total Expenditures	<u>65,127,804</u>	<u>3,128,708</u>	<u>68,256,512</u>	<u>75,966,500</u>	<u>(7,709,988)</u>

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (241,303)	\$ (3,128,708)	\$ (3,370,011)	\$ (1,004,859)	\$ (2,365,152)
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Regular	(455,066)	455,066			-
Operating Transfer Out - Food Service Fund Transfer to Cover Deficit		(235,779)	(235,779)	(225,000)	(10,779)
Total Other Financing Sources (Uses)	(455,066)	219,287	(235,779)	(225,000)	(10,779)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(696,369)	(2,909,421)	(3,605,790)	(1,229,859)	(2,375,931)
Fund Balances, July 1	5,190,253		5,190,253	5,190,253	-
Fund Balances, June 30	\$ 4,493,884	\$ (2,909,421)	\$ 1,584,463	\$ 3,960,394	\$ (2,375,931)
Recapitulation:					
Restricted:					
Capital Reserve				\$ 408,088	
Excess Surplus				1,202,869	
Excess Surplus - Designated for Subsequent Year's Expenditures				647,235	
Assigned:					
Year-End Encumbrances				41,768	
Designated for Subsequent Year's Expenditures				125,732	
Unassigned				1,534,702	
				3,960,394	
Reconciliation to Governmental Funds Statements (GAAP):					
Last 17-18 State Aid Payment Not Recognized on GAAP Basis				(2,205,508)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,754,886	

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Grants	_____	\$ 500	\$ 500	\$ 500	_____
Total - Local Sources	_____	500	500	500	-
State Sources:					
Chapter 192 - Auxiliary Services		8,190	8,190		\$ (8,190)
Chapter 193 - Handicapped Services		20,388	20,388		(20,388)
Preschool Education Aid	\$ 1,118,894	(455,066)	663,828	2,521,670	1,857,842
Total - State Sources	1,118,894	(426,488)	692,406	2,521,670	1,829,264
Federal Sources:					
Title I	515,522	30,647	546,169	542,440	(3,729)
Title IIA	86,523	18,705	105,228	70,800	(34,428)
Title III	34,538	(1,581)	32,957	30,659	(2,298)
Title IV		10,000	10,000	10,000	
ROTC		78,158	78,158	63,435	(14,723)
I.D.E.I.A., Part B	970,282	144,018	1,114,300	1,114,300	
I.D.E.I.A., Part B, Preschool Incentive	30,268	4,979	35,247	35,247	
Preschool Expansion		1,988,386	1,988,386		(1,988,386)
Total - Federal Sources	1,637,133	2,273,312	3,910,445	1,866,881	(2,043,564)
Total Revenues	2,756,027	1,847,324	4,603,351	4,389,051	(214,300)

(Continued)

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 791,513	\$ 333,371	\$ 1,124,884	\$ 1,113,051	\$ 11,833
Other Salaries for Instruction	210,052	105,858	315,910	315,910	
Purchased Professional and Technical Services	4,000	28,106	32,106	3,528	28,578
Other Purchased Services	800	(800)			
General Supplies	61,918	29,756	91,674	79,660	12,014
Tuition	955,321	194,226	1,149,547	1,149,547	
Other Objects		5,856	5,856	3,194	2,662
Total Instruction	<u>2,023,604</u>	<u>696,373</u>	<u>2,719,977</u>	<u>2,664,890</u>	<u>55,087</u>
Support Services:					
Salaries Personal Services	276,034	(48,806)	227,228	225,538	1,690
Personal Services - Employee Benefits	307,083	(123,702)	183,381	183,381	
Purchased Professional - Educational Services	-	1,285,000	1,285,000	1,203,300	81,700
Purchased Technical Services	70,000	(13,376)	56,624		56,624
Other Purchased Services (400-500 series)	79,306	45,873	125,179	111,638	13,541
Supplies and Materials		5,962	5,962	304	5,658
Total Support Services	<u>732,423</u>	<u>1,150,951</u>	<u>1,883,374</u>	<u>1,724,161</u>	<u>159,213</u>
Total Expenditures	<u>2,756,027</u>	<u>1,847,324</u>	<u>4,603,351</u>	<u>4,389,051</u>	<u>214,300</u>
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K					
Total Outflows	<u>2,756,027</u>	<u>1,847,324</u>	<u>4,603,351</u>	<u>4,389,051</u>	<u>214,300</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 74,961,641	\$ 4,389,051
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(17,994)
Prior Year		1,831
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	2,162,604	81,919
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(2,205,508)</u>	<u>(265,221)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 74,918,737</u>	<u>\$ 4,189,586</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 75,966,500	\$ 4,389,051
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(17,994)
Prior Year		1,831
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 75,966,500</u>	<u>\$ 4,372,888</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1490986763%	0.1422886451%	0.1357273274%	0.1306388697%	0.1271431943%
School District's Proportionate Share of the Net Pension Liability	\$ 34,707,789	\$ 42,141,815	\$ 30,468,065	\$ 24,459,169	\$ 24,299,591
School District's Covered Payroll (Plan Measurement Period)	\$ 11,104,628	\$ 10,556,844	\$ 9,323,724	\$ 9,804,780	\$ 9,473,252
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.55%	399.19%	326.78%	249.46%	256.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Five Fiscal Years

	Fiscal Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,422,788	\$ 1,384,240	\$ 1,264,072	\$ 1,166,891	\$ 1,076,968
Contributions in Relation to the Contractually Required Contribution	<u>(1,422,788)</u>	<u>(1,381,240)</u>	<u>(1,264,072)</u>	<u>(1,166,891)</u>	<u>(1,076,968)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 9,552,482	\$ 9,866,195	\$ 9,815,164	\$ 9,365,869	\$ 8,833,369
Contributions as a Percentage of School District's Covered Payroll	14.89%	14.00%	12.88%	12.46%	12.19%

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

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>183,982,727</u>	<u>211,608,201</u>	<u>166,634,271</u>	<u>150,528,448</u>	<u>139,598,239</u>
	<u>\$ 183,982,727</u>	<u>\$ 211,608,201</u>	<u>\$ 166,634,271</u>	<u>\$ 150,528,448</u>	<u>\$ 139,598,239</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 34,083,908	\$ 32,892,216	\$ 31,988,592	\$ 31,137,396	\$ 32,299,932
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	539.79%	643.34%	520.92%	483.43%	432.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending <u>June 30,</u> <u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	
Changes for the Year:	
Service Cost	\$ 7,584,372.00
Interest Cost	5,386,251.00
Changes in Assumptions	(22,679,135.00)
Gross Benefit Payments	(3,932,723.00)
Member Contributions	<u>144,813.00</u>
Net Change in Total Non-Employer OPEB Liability	(13,496,422.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>183,287,538.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 169,791,116.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 38,630,257.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	439.53%

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes in Benefit Terms - None

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	<u>Total</u>	<u>Local Grants</u>	<u>Preschool Education Aid</u>	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>Total Carried Forward</u>
REVENUES:						
Federal Sources	\$ 1,866,881			\$ 542,440	\$ 70,800	\$ 1,253,641
State Sources	2,521,670		\$ 2,521,670			-
Local Sources	500	\$ 500				-
Total Revenues	\$ 4,389,051	\$ 500	\$ 2,521,670	\$ 542,440	\$ 70,800	\$ 1,253,641
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 1,113,051		\$ 591,930	\$ 451,422		\$ 69,699
Other Salaries for Instruction	315,910		315,910			-
Purchased Professional and Technical Services	3,528		3,528			-
General Supplies	79,660	\$ 500	15,990	34,402		28,768
Tuition	1,149,547					1,149,547
Other Objects	3,194					3,194
Total Instruction	2,664,890	500	927,358	485,824	-	1,251,208
Support Services:						
Salaries Personal Services	225,538		225,068		\$ 470	-
Personal Services - Employee Benefits	183,381		130,000	52,442	165	774
Purchased Professional - Educational Services	1,203,300		1,161,744		41,556	-
Purchased Technical Services	-					-
Other Purchased Services (400-500 series)	111,638		77,500	4,129	28,609	1,400
Supplies and Materials	304			45		259
Other Objects	-					-
Total Support Services	1,724,161	-	1,594,312	56,616	70,800	2,433
Facilities Acquisition and Construction Services:						
Instructional Equipment	-					-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-
Total Expenditures	4,389,051	500	2,521,670	542,440	70,800	1,253,641
Other Financing Sources (Uses):						
Transfer from Operating Budget - Pre K	-					-
Total Outflows	4,389,051	500	2,521,670	542,440	70,800	1,253,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

	Total Carried Forward	Title III	NJROTC	Title IV	I.D.E.I.A. Part B Basic	I.D.E.I.A. Part B Preschool
REVENUES:						
Federal Sources	\$ 1,253,641	\$ 30,659	\$ 63,435	\$ 10,000	\$ 1,114,300	\$ 35,247
State Sources	-					
Local Sources	-					
Total Revenues	\$ 1,253,641	\$ 30,659	\$ 63,435	\$ 10,000	\$ 1,114,300	\$ 35,247
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 69,699	\$ 1,000	\$ 59,569	\$ 9,130		
Other Salaries for Instruction	-					
Purchased Professional and Technical Services	-					
General Supplies	28,768	27,924	672	172		
Tuition	1,149,547				\$ 1,114,300	\$ 35,247
Other Objects	3,194		3,194			
Total Instruction	1,251,208	28,924	63,435	9,302	1,114,300	35,247
Support Services:						
Salaries Personal Services	-					
Personal Services - Employee Benefits	774	76		698		
Purchased Professional - Educational Services	-					
Purchased Technical Services	-					
Other Purchased Services (400-500 series)	1,400	1,400				
Supplies and Materials	259	259				
Other Objects	-					
Total Support Services	2,433	1,735		698	-	-
Facilities Acquisition and Construction Services:						
Instructional Equipment	-					
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-
Total Expenditures	1,253,641	30,659	63,435	10,000	1,114,300	35,247
Other Financing Sources (Uses):						
Transfer from Operating Budget - Pre K						
Total Outflows	1,253,641	30,659	63,435	10,000	1,114,300	35,247
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction			
Salaries of Teachers	\$ 592,050	\$ 591,930	\$ 120
Other Salaries for Instruction	315,910	315,910	-
Purchased Professional and Technical Services	3,528	3,528	-
Supplies	<u>23,158</u>	<u>15,990</u>	<u>7,168</u>
Total Instruction	<u>934,646</u>	<u>927,358</u>	<u>7,288</u>
Support services			
Salaries Personal Services	225,068	225,068	-
Personal Services - Employee Benefits	130,000	130,000	-
Purchased Professional - Educational Services	1,285,000	1,161,744	123,256
Other Purchased Services (400-500 series)	<u>77,500</u>	<u>77,500</u>	<u>-</u>
Total Support Services	<u>1,717,568</u>	<u>1,594,312</u>	<u>123,256</u>
Total Expenditures	<u>\$ 2,652,214</u>	<u>\$ 2,521,670</u>	<u>\$ 130,544</u>

Calculation of Budget and Carryover

Total Revised 2017-2018 Preschool Education Aid Allocation	\$ 2,652,214
Add: Actual ECPA Carryover (June 30, 2017)	14,596
Add: Budgeted Transfer from the General Fund 2017-2018	<u>-</u>
Total Preschool Education Aid Funds Available for 2017-2018 Budget	2,666,810
Less: 2017-2018 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(2,652,214)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2018	14,596
Add: 2017-2018 Unexpended Preschool Education Aid	130,544
Less: 2017-2018 Commissioner Approved Transfer to General Fund	<u>-</u>
2017-2018 Carryover -- Preschool Education Aid	<u>\$ 145,140</u>
2017-2018 Preschool Education Aid Carryover Budgeted in 2018-2019	<u>\$ -</u>

PROPRIETARY FUNDS

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2018

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 83,198	\$ 21,553	\$ 104,751
Accounts Receivable:			
State	3,427		3,427
Federal	201,691		201,691
Other	106,594		106,594
Inventories	17,514		17,514
Total Current Assets	412,424	21,553	433,977
Noncurrent Assets:			
Equipment	661,159		661,159
Less Accumulated Depreciation	(532,190)		(532,190)
Total Noncurrent Assets	128,969	-	128,969
Total Assets	541,393	21,553	562,946
LIABILITIES:			
Current Liabilities:			
Interfund Payable	189,987		189,987
Accounts Payable	313,630		313,630
Total Current Liabilities	503,617	-	503,617
Noncurrent Liabilities:			
Compensated Absences Payable	32,794		32,794
Total Liabilities	536,411	-	536,411
NET POSITION:			
Net Investment In Capital Assets	128,969		128,969
Unrestricted (Deficit)	(123,987)	21,553	(102,434)
Total Net Position	\$ 4,982	\$ 21,553	\$ 26,535

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Food Service	Child Care Program	Total
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 404,651		\$ 404,651
Daily Sales - Non-Reimbursable Programs	183,570		183,570
Special Functions	28,479		28,479
Community Service Activities		\$ 267,564	267,564
Miscellaneous		135	135
	<u>616,700</u>	<u>267,699</u>	<u>884,399</u>
Total Operating Revenues			
OPERATING EXPENSES:			
Salaries	817,044	189,660	1,006,704
Employee Benefits	196,875	44,958	241,833
Supplies and Materials	78,661	12,308	90,969
Cost of Sales - Reimbursable Programs	614,015		614,015
Cost of Sales - Non-Reimbursable Programs	88,132		88,132
Purchased Professional Services	11,475		11,475
Other Purchased Services		2,824	2,824
Office and Uniform Expense	8,202		8,202
Equipment	9,296		9,296
Repairs and Maintenance	19,080		19,080
Bank Charges	22,052		22,052
Insurance and Fees	24,890		24,890
Depreciation	25,969		25,969
Miscellaneous		3,001	3,001
	<u>1,915,691</u>	<u>252,751</u>	<u>2,168,442</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,298,991)</u>	<u>14,948</u>	<u>(1,284,043)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	16,935		16,935
Federal Sources:			
National School Lunch Program	684,311		684,311
National School Breakfast Program	253,567		253,567
Healthy Hunger Free Kids Program	19,103		19,103
Special Milk Program	3,934		3,934
After School Snack Program	2,849		2,849
United States Department of Agriculture Commodities	91,998		91,998
Interest and Investment Revenue	208		208
	<u>1,072,905</u>		<u>1,072,905</u>
Total Nonoperating Revenues			
Income (loss) before contributions	<u>(226,086)</u>	<u>14,948</u>	<u>(211,138)</u>
Board Contribution	<u>225,000</u>		<u>225,000</u>
Change in Net Position	(1,086)	14,948	13,862
Net Position -- July 1	<u>6,068</u>	<u>6,605</u>	<u>12,673</u>
Net Position -- June 30	<u>\$ 4,982</u>	<u>\$ 21,553</u>	<u>\$ 26,535</u>

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Proprietary Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Child Care Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 622,029	\$ 267,699	\$ 889,728
Payments to Employees	(816,284)	(189,660)	(1,005,944)
Payments for Employee Benefits	(196,875)	(44,958)	(241,833)
Payments to Suppliers	<u>(767,647)</u>	<u>(18,133)</u>	<u>(785,780)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,158,777)</u>	<u>14,948</u>	<u>(1,143,829)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	832,802		832,802
Transfers from Other Funds	<u>225,000</u>		<u>225,000</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,057,802</u>	<u>-</u>	<u>1,057,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends	<u>208</u>		<u>208</u>
Net Cash Provided by (used for) Investing Activities	<u>208</u>	<u>-</u>	<u>208</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(100,767)	14,948	(85,819)
Cash and Cash Equivalents -- July 1	<u>183,965</u>	<u>6,605</u>	<u>190,570</u>
Cash and Cash Equivalents -- June 30	<u>\$ 83,198</u>	<u>\$ 21,553</u>	<u>\$ 104,751</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	<u>\$ (1,298,991)</u>	<u>\$ 14,948</u>	<u>\$ (1,284,043)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	25,969		25,969
Federal Commodities	91,998		91,998
(Increase) Decrease in Inventories	7,132		7,132
(Increase) Decrease in Other Current Receivables	5,329		5,329
Increase (Decrease) in Other Current Liabilities	9,026		9,026
Increase (Decrease) in Compensated Absences Payable	<u>760</u>		<u>760</u>
Total Adjustments	<u>140,214</u>	<u>-</u>	<u>140,214</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,158,777)</u>	<u>\$ 14,948</u>	<u>\$ (1,143,829)</u>

FIDUCIARY FUNDS

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Private-Purpose Trust Funds		Agency Funds		
	New Jersey Unemployment Compensation Trust	Scholarship Trust	Student Activity	Payroll	Total
ASSETS:					
Cash and Cash Equivalents	\$ 695,776	\$ 72,286	\$ 284,559	\$ 1,278,510	\$ 2,331,131
Total Assets	<u>695,776</u>	<u>72,286</u>	<u>\$ 284,559</u>	<u>\$ 1,278,510</u>	<u>2,331,131</u>
LIABILITIES:					
Net Payroll - Summer Salary Payable to Student Groups			\$ 284,559	\$ 1,278,510	1,278,510 284,559
Total Liabilities			<u>\$ 284,559</u>	<u>\$ 1,278,510</u>	<u>1,563,069</u>
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purpose	<u>695,776</u>	<u>72,286</u>			<u>768,062</u>
Total Net Position	<u>\$ 695,776</u>	<u>\$ 72,286</u>			<u>\$ 2,331,131</u>

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds		
	New Jersey Unemployment Compensation Trust	Scholarship Trust	Total
ADDITIONS:			
Contributions:			
Employee Withholdings	\$ 106,927		\$ 106,927
Gifts and Contributions		\$ 19,273	19,273
Total Contributions	106,927	19,273	126,200
Investment Earnings:			
Interest on Investments	201		201
Net Investment Earnings	201	-	201
Total Additions	107,128	19,273	126,401
DEDUCTIONS:			
Unemployment Compensation			
Insurance Claims	122,189		122,189
Scholarships Awarded		10,507	10,507
Total Deductions	122,189	10,507	132,696
Change in Net Position	(15,061)	8,766	(6,295)
Net Position -- July 1	710,837	63,520	774,357
Net Position -- June 30	\$ 695,776	\$ 72,286	\$ 768,062

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Total All Schools	<u>\$ 250,592</u>	<u>\$ 585,917</u>	<u>\$ 551,950</u>	<u>\$ 284,559</u>

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,314,717	\$ 23,972,016	\$ 24,008,223	\$ 1,278,510
Total Assets	<u>\$ 1,314,717</u>	<u>\$ 23,972,016</u>	<u>\$ 24,008,223</u>	<u>\$ 1,278,510</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,314,717	\$ 23,972,016	\$ 24,008,223	\$ 1,278,510
Total Liabilities	<u>\$ 1,314,717</u>	<u>\$ 23,972,016</u>	<u>\$ 24,008,223</u>	<u>\$ 1,278,510</u>

LONG-TERM DEBT

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding of Bonds 2016	3/23/16	\$ 7,490,000	2/1/19	\$ 1,230,000	3.000%	\$ 6,280,000		\$ 1,210,000	\$ 5,070,000
			2/1/20	1,265,000	2.000%				
			2/1/21	1,290,000	2.000%				
			2/1/22	1,285,000	2.000%				
						\$ 6,280,000	\$ -	\$ 1,210,000	\$ 5,070,000

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2018

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2017 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
School Buses	7/15/15	5 Years	\$ 445,617	\$ 15,205	1.65%	\$ 276,444		\$ 90,644	\$ 185,800
Network Switches	7/15/15	3 Years	187,206	2,530	1.34%	63,242		63,242	
						<u>\$ 339,686</u>	<u>\$ -</u>	<u>\$ 153,886</u>	<u>\$ 185,800</u>

(a) Future Interest Payments Removed from Carrying Value of Leases.

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,338,631	_____	\$ 1,338,631	\$ 1,347,900	\$ (9,269)
Total Revenues	<u>1,338,631</u>	<u>-</u>	<u>1,338,631</u>	<u>1,347,900</u>	<u>(9,269)</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	137,900	_____	137,900	137,900	
Redemption of Principal	1,210,000	_____	1,210,000	1,210,000	
Total Regular Debt Service	<u>1,347,900</u>	<u>-</u>	<u>1,347,900</u>	<u>1,347,900</u>	
Total Expenditures	<u>1,347,900</u>	<u>-</u>	<u>1,347,900</u>	<u>1,347,900</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,269)	-	(9,269)	-	(9,269)
Fund Balance, July 1	_____	-	_____	9,269	9,269
Fund Balance, June 30	<u>\$ (9,269)</u>	<u>\$ -</u>	<u>\$ (9,269)</u>	<u>\$ 9,269</u>	<u>\$ -</u>

STATISTICAL SECTION

Financial Trends Information

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	\$ 20,797,614	\$ 20,830,156	\$ 20,818,783	\$ 22,211,278	\$ 22,194,124	\$ 23,411,566	\$ 25,257,886	\$ 24,405,478	\$ 23,711,568	\$ 23,637,524
Restricted	2,267,461	1,760,961	3,960,362	6,963,929	8,432,412	6,695,420	4,331,416	3,740,418	6,146,861	6,593,681
Unrestricted (Deficit)	<u>(33,678,702)</u>	<u>(29,934,116)</u>	<u>(27,681,005)</u>	<u>(27,393,758)</u>	<u>(2,904,415)</u>	<u>(1,895,817)</u>	<u>(2,834,474)</u>	<u>(1,415,224)</u>	<u>(3,295,015)</u>	<u>(2,477,153)</u>
Total Governmental Activities Net Position	<u>\$ (10,613,627)</u>	<u>\$ (7,342,999)</u>	<u>\$ (2,901,860)</u>	<u>\$ 1,781,449</u>	<u>\$ 27,722,121</u>	<u>\$ 28,211,169</u>	<u>\$ 26,754,828</u>	<u>\$ 26,730,672</u>	<u>\$ 26,563,414</u>	<u>\$ 27,754,052</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 128,969	\$ 154,938	\$ 185,401	\$ 62,923	\$ 80,380	\$ 85,016	\$ 102,054	\$ 125,610	\$ 151,934	\$ 172,171
Unrestricted (Deficit)	<u>(102,434)</u>	<u>(142,265)</u>	<u>(179,900)</u>	<u>72,303</u>	<u>82,207</u>	<u>129,837</u>	<u>205,892</u>	<u>253,496</u>	<u>174,738</u>	<u>107,565</u>
Total Business-type Activities Net Position	<u>\$ 26,535</u>	<u>\$ 12,673</u>	<u>\$ 5,501</u>	<u>\$ 135,226</u>	<u>\$ 162,587</u>	<u>\$ 214,853</u>	<u>\$ 307,946</u>	<u>\$ 379,106</u>	<u>\$ 326,672</u>	<u>\$ 279,736</u>
District-wide										
Net Investment in Capital Assets	\$ 20,926,583	\$ 20,985,094	\$ 21,004,184	\$ 22,274,201	\$ 22,274,504	\$ 23,496,582	\$ 25,359,940	\$ 24,531,088	\$ 23,863,502	\$ 23,809,695
Restricted	2,267,461	1,760,961	3,960,362	6,963,929	8,432,412	6,695,420	4,331,416	3,740,418	6,146,861	6,593,681
Unrestricted (Deficit)	<u>(33,781,136)</u>	<u>(30,076,381)</u>	<u>(27,860,905)</u>	<u>(27,321,455)</u>	<u>(2,822,208)</u>	<u>(1,765,980)</u>	<u>(2,628,582)</u>	<u>(1,161,728)</u>	<u>(3,120,277)</u>	<u>(2,369,588)</u>
Total District-wide Net Position	<u>\$ (10,587,092)</u>	<u>\$ (7,330,326)</u>	<u>\$ (2,896,359)</u>	<u>\$ 1,916,675</u>	<u>\$ 27,884,708</u>	<u>\$ 28,426,022</u>	<u>\$ 27,062,774</u>	<u>\$ 27,109,778</u>	<u>\$ 26,890,086</u>	<u>\$ 28,033,788</u>

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

Source: District Records

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Changes in Net Position
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 24,602,322	\$ 23,716,666	\$ 25,405,080	\$ 24,140,864	\$ 32,376,995	\$ 31,675,773	\$ 28,060,185	\$ 27,640,288	\$ 23,734,807	\$ 23,571,594
Special Education	4,319,698	4,120,484	4,167,971	3,474,029	3,935,982	3,848,969	7,058,348	6,789,396	9,436,835	9,046,855
Other Special Education	1,849,868	1,855,323	1,741,812	1,637,303	2,080,031	1,500,204	2,016,529	1,712,393	2,313,321	1,469,102
Support Services:										
Tuition	5,380,139	4,719,675	4,576,912	4,757,738	4,239,302	3,556,226	2,747,369	2,082,114	2,791,314	2,755,249
Student & Instruction Related Services	9,112,463	7,725,862	7,641,053	6,801,746	8,918,657	8,799,748	8,747,993	9,572,672	7,551,312	7,208,303
General Administrative Services	998,031	940,658	992,939	1,042,134	906,535	787,983	725,628	851,976	1,043,778	959,160
School Administrative Services	2,864,260	2,802,716	2,889,437	2,706,266	5,381,720	5,457,106	5,442,270	4,905,768	2,848,685	2,603,159
Central Services	482,282	706,133	717,907	662,054					934,993	878,881
Administrative Information Technology	626,999	881,047	905,070	934,583					1,628,658	1,083,446
Plant Operations and Maintenance	5,563,732	5,583,065	6,299,320	6,074,793	7,957,213	7,528,412	7,101,480	7,637,548	7,090,192	6,402,898
Pupil Transportation	4,211,604	4,053,915	4,086,791	4,215,472	3,782,617	3,485,828	3,364,561	3,114,680	4,069,573	3,847,460
Unallocated Benefits	39,420,160	36,125,497	26,717,805	16,059,331						
Transfer to Charter School	265,233	168,272	139,758	105,349						
Special Schools	74,779	84,841	90,554							
Payment of Bond Issue Costs			115,069							
Interest on Long-Term Debt	104,909	257,439	416,030	516,141	412,220	746,255	396,350	625,053	664,383	701,415
Total Governmental Activities Expenses	<u>99,876,479</u>	<u>93,741,593</u>	<u>86,903,508</u>	<u>73,127,803</u>	<u>69,991,272</u>	<u>67,386,504</u>	<u>65,660,713</u>	<u>64,931,888</u>	<u>64,107,851</u>	<u>60,527,522</u>
Business-type Activities:										
Food Service	1,915,691	1,866,457	1,765,038	1,579,611	1,603,260	1,613,236	1,609,515	1,473,976	1,775,291	1,740,061
Childcare Program	252,751	131,531								
Total Business-type Activities Expense	<u>2,168,442</u>	<u>1,997,988</u>	<u>1,765,038</u>	<u>1,579,611</u>	<u>1,603,260</u>	<u>1,613,236</u>	<u>1,609,515</u>	<u>1,473,976</u>	<u>1,775,291</u>	<u>1,740,061</u>
Total District Expenses	<u>\$ 102,044,921</u>	<u>\$ 95,739,581</u>	<u>\$ 88,668,546</u>	<u>\$ 74,707,414</u>	<u>\$ 71,594,532</u>	<u>\$ 68,999,740</u>	<u>\$ 67,270,228</u>	<u>\$ 66,405,864</u>	<u>\$ 65,883,142</u>	<u>\$ 62,267,583</u>

(Continued)

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Changes in Net Position
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 584,016	\$ 813,490	\$ 452,379	\$ 322,655	\$ 426,709	\$ 487,238	\$ 186,390	\$ 78,651	\$ 184,978	\$ 179,860
Operating Grants and Contributions	<u>20,564,214</u>	<u>2,890,355</u>	<u>2,993,455</u>	<u>2,735,627</u>	<u>2,760,137</u>	<u>3,349,999</u>	<u>3,018,861</u>	<u>3,746,908</u>	<u>2,999,205</u>	<u>3,128,159</u>
Total Governmental Activities Program Revenues	<u>21,148,230</u>	<u>3,703,845</u>	<u>3,445,834</u>	<u>3,058,282</u>	<u>3,186,846</u>	<u>3,837,237</u>	<u>3,205,251</u>	<u>3,825,559</u>	<u>3,184,183</u>	<u>3,308,019</u>
Business-type activities:										
Charges for services:										
Food Service	616,700	647,804	627,124	590,621	600,241	599,882	644,523	724,486	736,595	811,709
Childcare Program	267,699	138,136								
Operating Grants and Contributions	<u>1,072,697</u>	<u>1,019,220</u>	<u>1,008,189</u>	<u>953,844</u>	<u>946,905</u>	<u>920,261</u>	<u>893,832</u>	<u>801,814</u>	<u>813,226</u>	<u>687,197</u>
Total Business-type Activities Program Revenues	<u>1,957,096</u>	<u>1,805,160</u>	<u>1,635,313</u>	<u>1,544,465</u>	<u>1,547,146</u>	<u>1,520,143</u>	<u>1,538,355</u>	<u>1,526,300</u>	<u>1,549,821</u>	<u>1,498,906</u>
Total District Program Revenues	<u>\$ 23,105,326</u>	<u>\$ 5,509,005</u>	<u>\$ 5,081,147</u>	<u>\$ 4,602,747</u>	<u>\$ 4,733,992</u>	<u>\$ 5,357,380</u>	<u>\$ 4,743,606</u>	<u>\$ 5,351,859</u>	<u>\$ 4,734,004</u>	<u>\$ 4,806,925</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (78,728,249)	\$ (90,037,748)	\$ (83,457,674)	\$ (70,069,521)	\$ (66,804,426)	\$ (63,549,267)	\$ (62,455,462)	\$ (61,106,329)	\$ (60,923,668)	\$ (57,219,503)
Business-type Activities	<u>(211,346)</u>	<u>(192,828)</u>	<u>(129,725)</u>	<u>(35,146)</u>	<u>(56,114)</u>	<u>(93,093)</u>	<u>(71,160)</u>	<u>52,324</u>	<u>(225,470)</u>	<u>(241,155)</u>
Total District-wide Net Expense	<u>\$ (78,939,595)</u>	<u>\$ (90,230,576)</u>	<u>\$ (83,587,399)</u>	<u>\$ (70,104,667)</u>	<u>\$ (66,860,540)</u>	<u>\$ (63,642,360)</u>	<u>\$ (62,526,622)</u>	<u>\$ (61,054,005)</u>	<u>\$ (61,149,138)</u>	<u>\$ (57,460,658)</u>

(Continued)

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Changes in Net Position
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 40,517,615	\$ 39,687,220	\$ 38,464,482	\$ 37,188,880	\$ 35,885,892	\$ 34,692,139	\$ 33,520,000	\$ 33,285,000	\$ 33,263,531	\$ 32,640,400
Taxes Levied for Debt Service	1,347,900	1,348,686	1,443,800	1,435,800	1,441,030	1,439,980	991,721	1,405,650	1,386,258	698,635
Unrestricted Grants and Contributions	33,744,191	44,648,119	30,730,259	29,487,727	28,755,543	28,765,803	27,613,694	25,201,387	25,072,474	26,115,401
Restricted Grants and Contributions							(27,682)	1,214,989		
Investment Earnings	25,129	5,760	2,528	696	600	772	483		27,986	64,388
Miscellaneous Income	47,786	106,824	112,448	315,337	232,313	106,914	381,402	166,561	254,586	23,853
Transfers	(225,000)	(200,000)							(271,805)	271,805
Total Governmental Activities	<u>75,457,621</u>	<u>85,596,609</u>	<u>70,753,517</u>	<u>68,428,440</u>	<u>66,315,378</u>	<u>65,005,608</u>	<u>62,479,618</u>	<u>61,273,587</u>	<u>59,733,030</u>	<u>59,814,482</u>
Business-type Activities:										
Investment Earnings	208			7,785	3,848			110	601	429
Transfers	225,000	200,000							271,805	235,438
Total Business-type Activities	<u>225,208</u>	<u>200,000</u>	<u>-</u>	<u>7,785</u>	<u>3,848</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>272,406</u>	<u>235,867</u>
Total District-wide	<u>\$ 75,682,829</u>	<u>\$ 85,796,609</u>	<u>\$ 70,753,517</u>	<u>\$ 68,436,225</u>	<u>\$ 66,319,226</u>	<u>\$ 65,005,608</u>	<u>\$ 62,479,618</u>	<u>\$ 61,273,697</u>	<u>\$ 60,005,436</u>	<u>\$ 60,050,349</u>
Change in Net Position										
Governmental Activities	\$ (3,270,628)	\$ (4,441,139)	\$ (12,704,157)	\$ (1,641,081)	\$ (489,048)	\$ 1,456,341	\$ 24,156	\$ 167,258	\$ (1,190,638)	\$ 2,594,979
Business-type Activities	13,862	7,172	(129,725)	(27,361)	(52,266)	(93,093)	(71,160)	52,434	46,936	(5,288)
Total District	<u>\$ (3,256,766)</u>	<u>\$ (4,433,967)</u>	<u>\$ (12,833,882)</u>	<u>\$ (1,668,442)</u>	<u>\$ (541,314)</u>	<u>\$ 1,363,248</u>	<u>\$ (47,004)</u>	<u>\$ 219,692</u>	<u>\$ (1,143,702)</u>	<u>\$ 2,589,691</u>

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

Source: District Records

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$ 2,258,192	\$ 1,751,692	\$ 3,951,093	\$ 6,926,291	\$ 8,432,412	\$ 6,695,420	\$ 4,331,416	\$ 864,957	\$ 4,559,161	\$ 6,480,960
Assigned	167,500	1,992,432	1,084,280	247,050	202,274	1,192,765	220,586	2,882,581		
Unassigned (Deficit)	<u>(670,806)</u>	<u>(716,475)</u>	<u>(736,865)</u>	<u>(764,667)</u>	<u>(884,032)</u>	<u>(984,952)</u>	<u>(684,978)</u>	<u>(505,031)</u>	<u>(1,114,761)</u>	<u>(378,306)</u>
Total General Fund	<u>\$ 1,754,886</u>	<u>\$ 3,027,649</u>	<u>\$ 4,298,508</u>	<u>\$ 6,408,674</u>	<u>\$ 7,750,654</u>	<u>\$ 6,903,233</u>	<u>\$ 3,867,024</u>	<u>\$ 3,242,507</u>	<u>\$ 3,444,400</u>	<u>\$ 6,102,654</u>
All Other Governmental Funds										
Restricted								\$ 925,092	\$ 1,453,159	\$ 87,954
Debt Service Fund	\$ 9,269	\$ 9,269	\$ 9,269					450,369		
Unassigned (Deficit), Reported in:										
Special Revenue Fund	(265,221)	(81,919)	(70,620)	\$ (83,332)	\$ (88,981)	\$ (101,839)	\$ (73,608)	(81,711)	(86,955)	(71,819)
Capital Projects Fund									134,541	24,767
Total All Other Governmental Funds	<u>\$ (255,952)</u>	<u>\$ (72,650)</u>	<u>\$ (61,351)</u>	<u>\$ (83,332)</u>	<u>\$ (88,981)</u>	<u>\$ (101,839)</u>	<u>\$ (73,608)</u>	<u>\$ 1,293,750</u>	<u>\$ 1,500,745</u>	<u>\$ 40,902</u>

(1) In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund Balance was changed. See the notes to the financial statements.

Source: District Records

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax Levy	\$ 41,865,515	\$ 41,035,906	\$ 39,908,282	\$ 38,624,680	\$ 37,326,922	\$ 36,132,119	\$ 34,511,721	\$ 34,690,650	\$ 34,649,789	\$ 33,339,035
Tuition Charges	584,016	813,490	452,379	322,655	426,709	487,238	186,390	78,651	184,978	179,860
Interest Earnings	25,129	5,760	2,528	696	600	772	483		27,986	64,388
Miscellaneous	47,786	106,824	112,448	315,337	232,313	106,914	381,402	166,561	254,586	23,854
State Sources	35,975,572	32,606,584	31,605,097	30,247,095	29,708,640	29,705,674	27,605,538	27,287,001	22,126,579	27,393,031
Federal Sources	1,957,705	2,096,857	2,113,554	1,960,246	1,802,100	2,409,128	2,998,343	2,876,283	5,945,099	1,850,529
Local Sources	500	4,937	5,063	16,013	4,940	1,000	992			
Total Revenue	80,456,223	76,670,358	74,199,351	71,486,722	69,502,224	68,842,845	65,684,869	65,099,146	63,189,017	62,850,697
Expenditures										
Instruction										
Regular Instruction	23,509,272	22,651,872	23,415,876	22,920,487	22,548,690	22,037,174	20,354,916	19,892,776	18,021,993	17,881,736
Special Education Instruction	4,121,083	3,936,671	3,897,859	3,303,324	2,808,399	2,791,075	5,219,200	4,859,962	7,176,891	6,863,069
Other Special Instruction	1,754,638	1,761,026	1,615,383	1,545,530	1,457,663	1,020,979	1,452,729	1,217,785	1,759,324	1,114,481
Support Services:										
Tuition	5,380,139	4,719,675	4,576,912	4,757,738	4,239,302	3,556,226	2,747,369	2,082,114	2,791,314	2,755,249
Student & Instruction Related Services	8,714,579	7,349,614	7,111,390	6,449,005	6,279,860	6,093,396	6,734,983	7,538,492	5,742,915	5,468,318
General Administrative Services	998,031	940,658	992,939	1,042,134	906,535	787,983	725,628	739,435	793,813	727,632
School Administrative Services	2,716,810	2,660,268	2,679,708	2,554,577	2,552,143	2,447,278	2,242,478	2,093,983	2,116,078	2,008,787
Central Services	457,454	670,244	665,798	624,945	539,314	551,880	610,715	608,097	711,080	666,731
Administrative Information Technology	594,722	836,269	839,376	882,199	628,296	714,732	1,067,476	786,706	1,238,625	821,917
Plant Operations and Maintenance	5,423,279	5,465,499	6,011,088	5,755,410	5,531,634	5,123,537	5,115,981	5,431,517	5,578,748	5,047,509
Pupil Transportation	4,211,604	4,053,915	4,086,791	4,215,472	3,782,617	3,485,828	3,364,561	3,114,680	3,029,387	2,826,444
Unallocated Employee Benefits	21,143,453	20,027,070	17,590,117	15,775,599	15,561,216	15,627,659	12,855,138	13,192,884	12,043,588	11,226,969
Transfer to Charter School	265,233	168,272	139,758	105,349						
Special Schools	74,779	84,841	90,554							
Capital Outlay	974,312	930,095	1,632,904	1,307,643	479,992	157,140	2,494,446	2,507,223	1,665,842	1,998,255
Debt Service:										
Principal	1,210,000	1,210,000	1,100,000	1,050,000	1,010,000	965,000	925,000	885,000	850,000	780,000
Interest and Other Charges	137,900	286,527	606,710	533,641	431,030	474,980	517,090	557,380	596,025	631,905
Total Expenditures	81,687,288	77,752,516	77,053,163	72,823,053	68,756,691	65,834,867	66,427,710	65,508,034	64,115,623	60,819,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,231,065)	(1,082,158)	(2,853,812)	(1,336,331)	745,533	3,007,978	(742,841)	(408,888)	(926,606)	2,031,695
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)			650,558		114,746					
Proceeds of Refunding Debt			7,490,000							
Payment to Refunded Debt Escrow Agent			(7,560,777)							
Original Issue Premium			185,846							
Transfers In		288,780	249,561	25,205					458,912	750,000
Transfers Out	(225,000)	(488,780)	(249,561)	(25,205)					(730,717)	(985,438)
Total Other Financing Sources (Uses)	(225,000)	(200,000)	765,627	-	114,746	-	-	-	(271,805)	(235,438)
Net Change in Fund Balances	\$ (1,456,065)	\$ (1,282,158)	\$ (2,088,185)	\$ (1,336,331)	\$ 860,279	\$ 3,007,978	\$ (742,841)	\$ (408,888)	\$ (1,198,411)	\$ 1,796,257
Debt Service as a Percentage of Noncapital Expenditures	1.7%	1.9%	2.3%	2.2%	2.1%	2.2%	2.3%	2.3%	2.3%	2.4%
Source: District Records										

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Interest on Investments									\$ 23,736	\$ 64,388
Interest on Investments- Capital Reserve									4,250	
Grant								\$ 1,000		
Prior Year Purchase Order Adjustments						\$ 2,212	\$ 182,601	20,015	42,409	15,951
Prior Year Tuition Adjustments							6,545	875		
Refunds	\$ 3,693	\$ 48,052	\$ 28,812	\$ 217,249	\$ 67,283	80,642	167,460	122,883		
Lease Purchase Agreement									210,000	
Miscellaneous		43,179	74,961	64,297	98,396	721				
Rentals	40,000		836	32,673	33,600	21,279				
Sale of Fixed Assets								6,394		
Sale of Obsolete Equipment								337		3,608
Scrap/Salvage						545				
Seminar/Class Fees						1,515	19,329	61,413		
Township Share of Community Activities							5,467	2,955		
Tuition								84,414	184,978	179,860
Transportation	4,093	15,593	7,839	1,118	28,205					
Advertising Fees - School Buses					4,829					
	<u>\$ 47,786</u>	<u>\$ 106,824</u>	<u>\$ 112,448</u>	<u>\$ 315,337</u>	<u>\$ 232,313</u>	<u>\$ 106,914</u>	<u>\$ 381,402</u>	<u>\$ 300,286</u>	<u>\$ 465,373</u>	<u>\$ 263,807</u>

Source: District Records.

Revenue Capacity Information

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2018	\$ 51,502,300	\$ 1,852,721,000	\$ 7,035,900	\$ 371,200	\$ 776,043,900	\$ 17,683,300	\$ 101,531,200	\$ 2,806,888,800	\$ 411,748,200	\$ 5,925,130	\$ 2,812,813,930	\$ 2,911,815,663	\$ 1.518
2017	52,731,900	1,842,888,000	7,088,400	418,300	768,412,600	17,394,700	101,531,200	2,790,465,100	409,490,500	6,172,001	2,796,637,101	2,788,013,393	1.497
2016	58,007,100	1,831,117,500	7,600,800	433,300	773,426,700	18,002,700	102,577,000	2,791,165,100	378,279,900	6,084,393	2,797,249,493	2,692,221,531	1.467
2015	59,768,000	1,820,706,600	7,993,900	403,500	791,494,800	18,332,600	102,577,000	2,801,276,400	372,794,500	6,098,196	2,807,374,596	2,781,287,814	1.422
2014	60,953,400	1,811,673,600	8,203,700	469,300	808,000,600	15,635,200	102,688,700	2,807,624,500	372,528,700	5,957,884	2,813,582,384	2,769,095,863	1.373
2013	63,135,800	1,800,420,300	8,300,600	473,700	873,643,700	16,838,800	102,688,700	2,865,501,600	370,818,500	6,596,438	2,872,098,038	3,004,307,804	1.300
2012	69,657,900	1,802,363,800	9,878,800	513,400	88,325,340	18,788,800	107,528,200	2,097,056,240	369,249,200	800,490,605	2,897,546,845	3,188,731,451	1.247
2011	36,182,100	1,136,237,008	5,992,000	413,600	489,914,727	10,000,900	52,861,400	1,731,601,735	192,804,700	4,439,720	1,736,041,455	3,188,731,451	1.994
2010	37,429,200	1,128,365,285	5,876,000	412,900	499,829,977	10,000,900	52,861,400	1,734,775,662	188,202,800	4,439,720	1,739,215,382	3,197,087,099	1.994
2009	39,710,700	1,121,758,900	6,180,900	417,100	505,689,460	10,001,000	53,567,600	1,737,325,660	180,444,800	4,161,638	1,741,487,298	3,177,316,726	1.990

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

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

GASB Statement 44 requires that the information in this schedule be shown for each "period for which levied" and should be consistent with the periods shown in the schedule of direct and overlapping property tax rates and schedule of property tax levies and collections.

Source: Municipal Tax Assessor

DEPTFORD TOWNSHIP BOARD OF EDUCATION

Direct and Overlapping Property Tax Rates

Last Ten (Fiscal) Years

(rate per \$100 of assessed value)

Unaudited

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Tax Rate
	<u>Basic Rate (1)</u>	<u>General Obligation Service (2)</u>	<u>Total Direct School Tax Rate</u>	<u>School District</u>	<u>Township of Deptford</u>	<u>County of Gloucester</u>	
2018	\$ 1.4701	\$ 0.0479	\$ 1.5180		\$ 0.883	\$ 0.664	\$ 3.065
2017	1.4488	0.0482	1.4970		0.850	0.631	2.978
2016	1.4190	0.0480	1.4670		0.848	0.599	2.914
2015	1.3701	0.0515	1.4216		0.805	0.593	2.820
2014	1.3229	0.0501	1.3730		0.805	0.566	2.744
2013	1.2495	0.0505	1.3000		0.793	0.586	2.679
2012	1.1973	0.0500	1.2473		1.057	0.919	3.223
2011	1.9843	0.0100	1.9943		1.192	0.919	4.105
2010	1.9840	0.0100	1.9940		1.357	0.947	4.298
2009	1.9800	0.0100	1.9900		1.210	1.002	4.202

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

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

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 district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any growth adjustments.

Source: Municipal Tax Collector

DEPTFORD TOWNSHIP BOARD OF EDUCATION

Principal Property Tax Payers
Current Year and Ten Years Ago
Unaudited

Taxpayer	2018			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Deptford Mall Associates	\$ 161,775,700	1	5.56%	\$ 85,515,900	1	5.01%
BRE RC Deptford NJ LLC	57,819,600	2	1.99%			
Longfish Holdings LLC	34,900,000	3	1.20%			
CNI THL PROPCO FE LLC	27,500,000	4	0.94%			
MERION LOCUST GROVE LP	26,317,200	5	0.90%			
NARRATICON SPE LLC & D&A LLC	23,625,300	6	0.81%			
Walmart	21,300,000	7	0.73%			
Almonesson Associates - II	18,000,000	8	0.62%	14,278,000	5	0.84%
MACYS EAST INC	17,687,300	9	0.61%	14,300,000	4	0.84%
INVERNESS APARTMENTS LLC	17,256,200	10	0.59%			
Almonesson Associates - I				35,000,000	2	2.05%
QRP Land II, LP				15,000,000	3	0.88%
AIG Baker				13,955,200	6	0.82%
Sears & Roebuck & Co.				13,900,000	7	0.81%
Deptford Crossing				12,750,000	8	0.75%
JC Penney				12,509,800	9	0.73%
Lowes Home Improvement Centers				11,000,000	10	0.64%
Total	\$ 406,181,300		13.95%	\$ 228,208,900		13.37%

Source: Municipal Tax Assessor

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30.</u>	<u>School Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2018	\$ 40,517,615	\$ 40,517,615	100.00%	-
2017	39,687,220	39,687,220	100.00%	-
2016	38,464,482	38,464,482	100.00%	-
2015	37,188,880	37,188,880	100.00%	-
2014	37,326,922	37,326,922	100.00%	-
2013	36,132,119	36,132,119	100.00%	-
2012	33,520,000	33,520,000	100.00%	-
2011	33,285,000	33,285,000	100.00%	-
2010	33,263,531	33,263,531	100.00%	-
2009	32,640,400	32,640,400	100.00%	-

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

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

Debt Capacity Information

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>	<u>Total District</u>		
2018	\$ 5,070,000	N/A	\$ 185,800	N/A	N/A	\$ 5,255,800	0.344%	\$ 171.86
2017	6,280,000	N/A	339,686	N/A	N/A	6,619,686	0.442%	216.60
2016	7,490,000	N/A	650,558	N/A	N/A	8,140,558	0.570%	266.11
2015	8,595,000	N/A	46,449	N/A	N/A	8,641,449	0.624%	282.86
2014	9,645,000	N/A	68,819	N/A	N/A	9,713,819	0.715%	318.29
2013	10,655,000	N/A	-	N/A	N/A	10,655,000	0.802%	348.59
2012	11,620,000	N/A	-	N/A	N/A	11,620,000	0.904%	379.75
2011	12,545,000	N/A	-	N/A	N/A	12,545,000	0.985%	409.33
2010	13,430,000	N/A	-	N/A	N/A	13,430,000	1.051%	437.15
2009	14,280,000	N/A	-	N/A	N/A	14,280,000	1.187%	466.01

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

- (1) Includes Early Retirement Incentive Plan (ERIP) refunding
- (2) 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: District CAFR Exhibits I-1, I-2

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita (2)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2018	\$ 5,070,000	-	\$ 5,070,000	0.18%	\$ 165.78
2017	6,280,000	-	6,280,000	0.22%	205.48
2016	7,490,000	-	7,940,000	0.28%	259.55
2015	8,595,000	-	9,213,970	0.33%	301.60
2014	9,645,000	-	9,645,000	0.34%	316.03
2013	10,655,000	-	10,655,000	0.37%	348.59
2012	11,620,000	-	11,620,000	0.40%	379.75
2011	12,545,000	-	12,545,000	0.72%	409.33
2010	13,430,000	-	13,430,000	0.77%	437.15
2009	14,280,000	-	14,280,000	0.82%	466.01

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

- (1) See Exhibit NJ J-6 for property tax data.
- (2) Population data can be found in Exhibit J-14.

Source: District Records.

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Deptford	\$ 16,867,305	100.00%	\$ 16,867,305
Other debt			
County of Gloucester	220,421,000	11.03%	<u>24,312,436</u>
Subtotal, overlapping debt			41,179,741
Deptford Township School District Direct Debt			<u>5,070,000</u>
Total direct and overlapping debt			<u><u>\$ 46,249,741</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by County of Gloucester
 Debt outstanding provided by applicable governmental unit

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

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
2018	\$ 2,917,271,266
2017	2,793,601,396
2016	<u>2,698,165,700</u>
	<u>\$ 8,409,038,362</u>
Average equalized valuation of taxable property	<u>\$ 2,803,012,787</u>
Debt limit (4% of average equalization value) (1)	\$ 112,120,511
Total Net Debt Applicable to Limit	<u>5,070,000</u>
Legal Debt Margin	<u>\$ 107,050,511</u>

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 112,120,511	\$ 110,149,466	\$ 77,550,263	\$ 118,167,679	\$ 117,972,580	\$ 119,509,217	\$ 122,242,459	\$ 112,507,516	\$ 107,287,967	\$ 102,383,824
Total net debt applicable to limit	<u>5,070,000</u>	<u>6,280,000</u>	<u>7,490,000</u>	<u>8,595,000</u>	<u>9,645,000</u>	<u>10,655,000</u>	<u>11,620,000</u>	<u>12,545,000</u>	<u>13,430,000</u>	<u>14,280,000</u>
Legal debt margin	<u>\$ 107,050,511</u>	<u>\$ 103,869,466</u>	<u>\$ 70,060,263</u>	<u>\$ 109,572,679</u>	<u>\$ 108,327,580</u>	<u>\$ 108,854,217</u>	<u>\$ 110,622,459</u>	<u>\$ 99,962,516</u>	<u>\$ 93,857,967</u>	<u>\$ 88,103,824</u>
Total net debt applicable to the limit as a percentage of debt limit	4.52%	5.70%	9.66%	7.27%	8.18%	8.92%	9.51%	11.15%	12.52%	13.95%

(1) Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

Demographic and Economic Information

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Demographic and Economic Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2018	30,582	\$ 1,529,283,492	\$ 50,006	5.10%
2017	30,562	1,497,049,008	48,984	5.60%
2016	30,591	1,427,070,150	46,650	5.10%
2015	30,550	1,385,717,450	45,359	6.10%
2014	30,519	1,359,407,817	44,543	6.50%
2013	30,566	1,329,223,642	43,487	10.60%
2012	30,599	1,285,402,792	42,008	9.50%
2011	30,648	1,273,761,528	41,561	9.50%
2010	30,722	1,278,158,088	41,604	9.30%
2009	30,643	1,202,952,251	39,257	10.30%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by county is based on the U.S. Department of Commerce Bureau of Economic Analysis, April 2010 (which includes prior year revised amounts)
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Principal Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2018</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>
Inspira Health	1,800	1	N/A	1,810	1	N/A
Gloucester County Government	1,346	2	N/A	1,600	2	N/A
Deptford Township School District	721	3	N/A	670	3	N/A
Walmart	335	4	N/A			
Woodbury City School District	324	5	N/A			
Shop Rite	275	6	N/A			
Township of Deptford	265	7	N/A			
Deptford Center for Rehabilitation and Nursing	232	8	N/A			
Gateway Regional School District	207	9	N/A			
Boscov's Department Store	200	10 (Tie)	N/A			
Macy's Department Store	200	10 (Tie)	N/A			
	5,905		0.00%	4,080		0.00%
	5,905		0.00%	4,080		0.00%

Source: Countywide Disclosure

Operating Information

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction										
Regular	298	318	315	297	375	354	356	331	308	302
Special education	80	109	105	88	93	93	93	93	106	112
Other special education	17	-	-	-	-	-	-	-	-	-
	18	-								
Support Services:										
Tuition			-	-	-	-	-	-	-	-
Student & instruction related services	-	-	105	90	92	73	51	62	65	64
General administrative services	95	99	3	3	4	4	4	4	4	3
School administrative services	4	4	34	31	30	32	28	28	29	29
Business administrative services	69	32	13	11	18	18	18	18	18	18
Plant operations and maintenance	7	7	72	98	59	60	60	62	62	59
Pupil transportation	58	68	43	61	63	65	68	70	70	70
Special Schools	55	46								
Food Service	20	21	18	25	33	33	37	37	37	37
Total	721	704	708	704	767	732	715	705	699	694

Source: District Personnel Records

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2018	4,241	\$ 79,490,561	\$ 18,743.35	7.82%	378	1:12	1:11	1:11	4,231	4,004	-1.95%	94.63%
2017	4,333	75,325,894	17,384.24	2.26%	381	1:12	1:09	1:09	4,315	4,100	-0.19%	95.02%
2016	4,336	73,713,549	17,000.36	13.66%	524	1:10	1:12	1:09	4,323	4,118	0.32%	95.26%
2015	4,305	64,392,398	14,957.58	9.58%	447	1:10	1:12	1:09	4,309	4,081	-0.83%	94.71%
2014	4,342	59,267,757	13,649.87	-1.84%	448	1:10	1:12	1:09	4,345	4,117	0.31%	94.75%
2013	4,388	61,016,657	13,905.35	-2.05%	436	1:10	1:12	1:09	4,331	4,098	-0.56%	94.62%
2012	4,402	62,491,174	14,196.09	5.67%	386	1:12	1:11	1:11	4,356	4,141	0.09%	95.06%
2011	4,390	58,978,036	13,434.63	2.17%	386	1:12	1:11	1:11	4,352	4,122	1.59%	94.72%
2010	4,352	57,223,761	13,148.84	5.32%	386	1:12	1:11	1:11	4,284	4,055	-1.63%	94.65%
2009	4,339	54,171,297	12,484.74	7.79%	385	1:12	1:11	1:11	4,355	4,131	2.43%	94.86%

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

Note: Enrollment based on annual October district count.

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>District Building</u>										
<u>Elementary</u>										
Central Elementary School (2004)										
Square Feet	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Capacity (students)	552	552	552	552	552	552	552	552	552	552
Enrollment	634	667	667	592	592	592	592	569	587	601
Good Intent Elementary School (1960)										
Square Feet	23,565	23,565	23,565	23,565	23,565	23,565	23,565	23,565	23,565	23,565
Capacity (students)	515	515	515	515	515	515	515	515	515	515
Enrollment	357	359	359	392	392	392	412	412	414	428
Lake Tract Elementary School (1964)										
Square Feet	25,256	25,256	25,256	25,256	25,256	25,256	25,256	25,256	25,256	25,256
Capacity (students)	294	294	294	294	294	294	294	294	294	294
Enrollment	483	512	512	512	497	497	497	459	412	426
New Sharon Elementary School (1924)										
Square Feet	9,282	9,282	9,282	9,282	9,282	9,282	9,282	9,282	9,282	9,282
Capacity (students)	70	70	70	70	70	70	70	70	70	70
Enrollment	17	16	16	16	22	22	22	21	21	25
Oak Valley Elementary School (1959)										
Square Feet	35,238	35,238	35,238	35,238	35,238	35,238	35,238	35,238	35,238	35,238
Capacity (students)	276	276	276	276	276	276	276	276	276	276
Enrollment	370	416	416	416	375	375	380	380	413	400
Pine Acres Elementary School (1964)										
Square Feet	35,540	35,540	35,540	35,540	35,540	35,540	35,540	35,540	35,540	35,540
Capacity (students)	290	290	290	290	290	290	290	290	290	290
Enrollment	245	279	279	279	276	276	276	243	255	231
Shady Lane Elementary School (1957)										
Square Feet	63,015	63,015	63,015	63,015	63,015	63,015	63,015	63,015	63,015	63,015
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	414	416	416	416	546	546	546	535	517	491
<u>Middle School</u>										
Monongahela Middle School (1984)										
Square Feet	93,186	93,186	93,186	93,186	93,186	93,186	93,186	93,186	93,186	93,186
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	637	614	614	614	648	648	648	676	663	652
<u>High School</u>										
Deptford High School (1974)										
Square Feet	221,992	221,992	221,992	221,992	221,992	221,992	221,992	221,992	221,992	221,992
Capacity (students)	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Enrollment	1,074	1,037	1,037	1,037	985	985	985	1,023	1,070	1,085
<u>Other</u>										
District Wide										
Square Feet	24,988	24,988	24,988	24,988	24,988	24,988	24,988	24,988	24,988	24,988

Number of Schools at June 30, 2018

Elementary = 7

Middle School = 1

High School = 1

Other = 1

Source: District records, ASSA

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

DEPTFORD TOWNSHIP BOARD OF EDUCATION
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited

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

<u>* School Facilities</u>	<u>Project # (s)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Deptford High School	N/A	\$ 255,510	\$ 145,263	\$ 88,499	\$ 91,147	\$ 76,874	\$ 157,725	\$ 205,316	\$ 172,974	\$ 170,695	\$ 156,305
Monongahela Middle School	N/A	113,560	64,561	36,891	36,951	34,167	31	6,679	6,542	55,929	64,684
Central Elementary School	N/A	78,073	68,596	29,513	29,561	32,032		2,486	6,219	28,006	26,269
Good Intent Elementary School	N/A	42,585	20,175	9,838	9,854	12,813		222	8,320	18,836	16,388
Lake Tract Elementary School	N/A	35,488	20,175	9,838	9,854	10,677	1,000	1,715	3,661	14,034	18,569
New Sharon Elementary School	N/A	7,096	4,035	4,919	4,927	2,135		222	1,867	6,625	5,525
Pine Acres Elementary School	N/A	42,585	24,210	14,757	14,781	12,813		3,639	8,244	15,040	18,388
Oak Valley Elementary School	N/A	42,585	24,210	14,757	14,781	12,813		1,559	10,259	19,207	18,468
Shady Lane Elementary School	N/A	63,878	32,281	24,594	24,634	19,219		958	17,796	33,946	30,916
District Wide	N/A	28,390		9,838	9,854						
Total School Facilities		<u>\$ 709,750</u>	<u>\$ 403,506</u>	<u>\$ 243,444</u>	<u>\$ 246,344</u>	<u>\$ 213,543</u>	<u>\$ 158,756</u>	<u>\$ 222,796</u>	<u>\$ 235,881</u>	<u>\$ 362,318</u>	<u>\$ 355,512</u>

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

Source: District Records

DEPTFORD TOWNSHIP BOARD OF EDUCATION

Insurance Schedule

June 30, 2018

Unaudited

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Gloucester Cumberland Salem School Districts Joint Insurance Fund	Property, Inland Marine and Automobiles Physical Damage		
	Limit of Liability	\$175,000,000	
	GCSSD JIF Self Insured Retention	\$250,000	
	Member District Deductible		\$500
	Property Valuation		
	Buildings and Contents	Replacement Cost	
	Contractors Equipment	Actual Cash Value	
	Automobiles	Replacement Cost	
	Boiler and Machinery		
	Limit of Liability	\$125,000,000	
	GCSSD JIF Self Insured Retention	None	
	Member District Deductible		\$1,000
	Crime		
	Limit of Liability	\$500,000	
	GCSSD JIF Self Insured Retention	\$250,000	
	Member District Deductible		\$500
	General and Automobile Liability		
	Limit of Liability	\$20,000,000	
	GCSSD JIF Self Insured Retention	\$250,000	
	Member District Deductible		None
	Worker's Compensation		
	Limit of Liability	Statutory	
	GCSSD JIF Self Insured Retention	\$250,000	
	Member District Deductible		None
	Educator's Legal Liability		
	Limit of Liability	\$20,000,000	
	GCSSD JIF Self Insured Retention	\$175,000	
Member District Deductible		None	
Pollution Legal Liability			
Limit of Liability	\$3,000,000		
GCSSD JIF Self Insured Retention	None		
Member District Deductible		\$25,000	
Member District Deductible (Mold Specific)		\$100,000	
Cyber Legal Liability			
Limit of Liability	\$1,000,000		
GCSSD JIF Self Insured Retention	None		
Member District Deductible		\$25,000	
Violent Malicious Acts			
Limit of Liability	\$1,000,000		
GCSSD JIF Self Insured Retention	None		
Member District Deductible		\$15,000	
Disaster Management Services			
Limit of Liability	\$2,000,000		
GCSSD JIF Self Insured Retention	None		
Member District Deductible		\$15,000	
Selective Insurance Company	Surety Bond		
	School Board Secretary & Treasurer	\$718,000	

Source: District records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Deptford School District
County of Gloucester

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Deptford School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Deptford School District's, in the County of Gloucester, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and 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 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS00205000

Voorhees, New Jersey
February 21, 2019

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

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017	Unearned Revenue
					From	To		
General Fund:								
U.S. Department of Education								
Passed-through State Department of Education								
Medical Assistance Program (Medicaid) Cluster:								
Special Education Medicaid Initiative (SEMI)	93.778	1605NJ5MAP	N/A	143,620	7-1-2017	6-30-2018		
Total U.S. Department of Education							-	-
Total General Fund								
Special Revenue Fund:								
U.S. Department of Defense								
NJROTC	N/A	N/A	N/A	89,186	7-1-2016	6-30-2017		\$ 3,188
NJROTC	N/A	N/A	N/A	89,186	7-1-2017	6-30-2018		
Total U.S. Department of Defense							-	3,188
U.S. Department of Education								
Passed-through State Department of Education								
N.C.L.B./E.S.S.A.:								
Title I, Part A Carryover	84.010	S010A150030	NCLB267017	606,495	7-1-2016	6-30-2017	\$ (102,716)	
Title I, Part A	84.010	S010A150030	NCLB267018	546,169	7-1-2017	6-30-2018		
Total Title I, Part A							(102,716)	-
Title II, Part A Carryover	84.367A	S367A150029	NCLB267017	101,792	7-1-2016	6-30-2017	(1,690)	
Title II, Part A	84.367A	S367A150029	NCLB267018	105,610	7-1-2017	6-30-2018		
Total Title II, Part A							(1,690)	-
Title III Carryover	84.365	S365A150030	NCLB267017	25,994	7-1-2016	6-30-2017	(10,199)	
Title III	84.365	S365A150030	NCLB267018	25,994	7-1-2017	6-30-2018		
Total Title III							(10,199)	-
Title IV Carryover	84.184	N/A	NCLB086011	12,356	9-1-2009	8-31-2010	(2,955)	8,499
Title IV	84.184	N/A	NCLB086011	10,000	7-1-2017	6-30-2018		
Total Title IV							(2,955)	8,499
I.D.E.A. Part B:								
Special Education Cluster:								
Basic Regular	84.027	H027A150100	IDEA267017	1,141,021	7-1-2016	6-30-2017	(375,529)	
Basic Regular	84.027	H027A150100	IDEA267018	1,119,697	7-1-2017	6-30-2018		
Part B Preschool	84.173	H173A150114	IDEA267017	36,097	7-1-2016	6-30-2017	(35,609)	
Part B Preschool	84.173	H173A150114	IDEA267017	35,735	7-1-2017	6-30-2018		
ARRA - Basic Regular	84.391	H027A150100	IDEA267017	1,083,478	7-1-2009	9-30-2011	(1,276)	
Total I.D.E.A. Part B Special Education Cluster							(412,414)	-
Include	84.318X	N/A	N/A	434,702	9-1-2010	8-31-2011	(59,470)	
Total U.S. Department of Education							(589,444)	8,499
Total U.S. Department of Health and Human Services								
Total Special Revenue Fund								
							(589,444)	11,687
Enterprise Fund:								
U.S. Department of Agriculture								
Cash Assistance:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
National School Lunch Program	10.555	171NJ304N1099	N/A	647,500	7-1-2016	6-30-2017	(38,977)	
National School Lunch Program	10.555	181NJ304N1099	N/A	684,311	7-1-2017	6-30-2018		
National School Lunch Program - HHKFA	10.555	171NJ304N1099	N/A	18,584	7-1-2016	6-30-2017	(1,109)	
National School Lunch Program - HHKFA	10.555	181NJ304N1099	N/A	19,103	7-1-2017	6-30-2018		
School Breakfast Program	10.553	171NJ304N1099	N/A	230,894	7-1-2016	6-30-2017	(15,972)	
School Breakfast Program	10.553	181NJ304N1099	N/A	253,567	7-1-2017	6-30-2018		
Special Milk Program	10.556	171NJ304N1099	N/A	3,886	7-1-2016	6-30-2017	(165)	
Special Milk Program	10.556	181NJ304N1099	N/A	3,934	7-1-2017	6-30-2018		
After School Snack Program	10.555	171NJ304N1099	N/A	1,981	7-1-2016	6-30-2017	(81)	
After School Snack Program	10.555	181NJ304N1099	N/A	2,849	7-1-2017	6-30-2018		
Non-Cash Assistance:								
Food Distribution Program	10.555	171NJ304N1603	N/A	101,043	7-1-2016	6-30-2017		
Total Child Nutrition Cluster							(56,304)	
Total Enterprise Fund							(56,304)	-
Total Federal Financial Assistance							\$ (645,748)	\$ 11,687

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

Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018		Due to Grantor at June 30, 2018
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	
\$ 107,008			\$ 107,008						
107,008	-	-	107,008	-	-	-	-	-	-
107,008	-	-	107,008	-	-	-	-	-	-
63,981			63,435					\$ 3,188 546	
63,981	-	-	63,435	-	-	-	-	3,734	-
106,845			4,129						
346,062			538,311				\$ (192,249)		
452,907	-	-	542,440	-	-	-	(192,249)	-	-
11,633			9,943						
59,858			60,857				(999)		
71,491	-	-	70,800	-	-	-	(999)	-	-
2,267					\$ 7,932				
4,899			30,659				(25,760)		
7,166	-	-	30,659	-	7,932	-	(25,760)	-	-
4,875			10,000				(2,955)	8,499	
4,875	-	-	10,000	-	-	-	(5,125)		
4,875	-	-	10,000	-	-	-	(8,080)	8,499	-
375,529									
768,439			1,114,300				(345,861)		
35,609			35,247				(35,247)		
							(1,276)		
1,179,577	-	-	1,149,547	-	-	-	(382,384)	-	-
							(59,470)		
1,716,016	-	-	1,803,446	-	7,932	-	(668,942)	8,499	-
-	-	-	-	-	-	-	-	-	-
1,779,997	-	-	1,866,881	-	7,932	-	(668,942)	12,233	-
38,977									
544,559			684,311				(139,752)		
1,109									
15,239			19,103				(3,864)		
15,972									
196,827			253,567				(56,740)		
165									
3,106			3,934				(828)		
81									
2,342			2,849				(507)		
91,998			91,998						
910,375			1,055,762				(201,691)		
910,375	-	-	1,055,762	-	-	-	(201,691)	-	-
\$ 2,797,380	\$ -	\$ -	\$ 3,029,651	\$ -	\$ 7,932	\$ -	\$ (870,633)	\$ 12,233	\$ -

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Schedule of Expenditures of State Awards, Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2017		Carryover/ (Walkover) Amount
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor	
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	17-495-034-5120-078	\$ 20,209,857		7-1-2016	6-30-2017	\$ (1,818,451)		
Equalization Aid	18-495-034-5120-078	20,845,846		7-1-2017	6-30-2018			
School Choice	17-495-034-5120-068	126,182		7-1-2016	6-30-2017	(12,618)		
School Choice	18-495-034-5120-068	126,182		7-1-2017	6-30-2018			
Under Adequacy Aid	17-495-034-5120-084	483,815		7-1-2016	6-30-2017	(48,382)		
Under Adequacy Aid	18-495-034-5120-084	483,815		7-1-2017	6-30-2018			
Security Aid	17-495-034-5120-089	2,328,005		7-1-2016	6-30-2017	(232,801)		
Security Aid	18-495-034-5120-089	2,328,005		7-1-2017	6-30-2018			
Special Education Aid	17-495-034-5120-096	12,894		7-1-2016	6-30-2017	(1,289)		
Special Education Aid	18-495-034-5120-096	12,894		7-1-2017	6-30-2018			
PARCC Readiness Aid	17-495-034-5120-098	41,780		7-1-2016	6-30-2017	(4,178)		
PARCC Readiness Aid	18-495-034-5120-098	41,780		7-1-2017	6-30-2018			
Per Pupil Growth Aid	17-495-034-5120-097	41,780		7-1-2016	6-30-2017	(4,178)		
Per Pupil Growth Aid	18-495-034-5120-097	41,780		7-1-2017	6-30-2018			
Professional Learning Community Aid	17-495-034-5120-102	41,980		7-1-2016	6-30-2017	(4,198)		
Professional Learning Community Aid	18-495-034-5120-102	41,980		7-1-2017	6-30-2018			
Total State Aid - Public Cluster:						(2,126,095)		
State Aid - Transportation:								
Transportation Aid	17-495-034-5120-014	365,085		7-1-2016	6-30-2017	(36,509)		
Transportation Aid	18-495-034-5120-014	365,085		7-1-2017	6-30-2018			
Nonpublic Transportation Aid	17-495-034-5120-014	38,106		7-1-2016	6-30-2017	(38,106)		
Nonpublic Transportation Aid	18-495-034-5120-014	91,512		7-1-2017	6-30-2018			
Total State Aid - Transportation:						(74,615)		
Extraordinary Special Education Aid Costs								
Extraordinary Special Education Aid Costs	17-495-034-5120-044	306,962		7-1-2016	6-30-2017	(306,962)		
Extraordinary Special Education Aid Costs	18-495-034-5120-044	352,828		7-1-2017	6-30-2018			
Total Extraordinary Aid						(306,962)		
Reimbursed T.P.A.F. Social Security								
Reimbursed T.P.A.F. Social Security	17-495-034-5095-002	2,067,375		7-1-2016	6-30-2017	(101,674)		
Reimbursed T.P.A.F. Social Security	18-495-034-5095-002	1,981,113		7-1-2017	6-30-2018			
Total Reimbursed T.P.A.F. Social Security						(101,674)		
Lead Water Testing for Schools Aid								
Lead Water Testing for Schools Aid	495-034-5120-104	8,521.00		1-1-2016	7-13-2017			
Total General Fund						(2,609,346)		
Special Revenue Fund:								
New Jersey Department of Education								
Nonpublic Aid:								
Textbook Aid (Ch. 194)	17-100-034-5120-064	8,243		7-1-2016	6-30-2017		\$ 48	
Technology	17-100-034-5120-373	3,718		7-1-2016	6-30-2017		16	
Security	17-495-034-5120-084	7,150		7-1-2016	6-30-2017		1,970	
Home Instruction	Not Available	4,642		7-1-2016	6-30-2017	(4,642)		
Auxiliary Services (Ch. 192)								
Compensatory Education	17-100-034-5120-067	39,415		7-1-2016	6-30-2017		8,152	
English as a Second Language	17-100-034-5120-067			7-1-2016	6-30-2017			
Transportation	17-100-034-5120-067	6,013		7-1-2016	6-30-2017		358	
Auxiliary Services (Ch. 192)								
Compensatory Education	18-100-034-5120-067	35,434		7-1-2017	6-30-2018			
English as a Second Language	18-100-034-5120-067			7-1-2017	6-30-2018			
Transportation	18-100-034-5120-067	6,233		7-1-2017	6-30-2018			
Handicapped Services (Ch. 193)								
Examination & Classification	17-100-034-5120-066	30,443		7-1-2016	6-30-2017		361	
Corrective Speech	17-100-034-5120-066	24,208		7-1-2016	6-30-2017			
Supplemental Instruction	17-100-034-5120-066	17,734		7-1-2016	6-30-2017		627	
Handicapped Services (Ch. 193)								
Examination & Classification	18-100-034-5120-066	24,941		7-1-2017	6-30-2018			
Corrective Speech	18-100-034-5120-066	24,998		7-1-2017	6-30-2018			
Supplemental Instruction	18-100-034-5120-066	19,031		7-1-2017	6-30-2018			
Total Nonpublic Aid:						(4,642)	11,532	
Preschool Education Aid								
Preschool Education Aid	17-495-034-5120-086	819,192	\$ 288,750	7-1-2016	6-30-2017	(67,323)		
Preschool Education Aid	18-495-034-5120-086	2,652,214		7-1-2017	6-30-2018			
Total Preschool Education Aid						(67,323)		
IDEAL Grant								
IDEAL Grant	Not Available	41,566		7-1-2008	6-30-2009	48,883		
IDEAL Grant	Not Available	60,000		7-1-2009	6-30-2010	(3,000)		
Total IDEAL Grant						45,883		
Include Grant								
Include Grant	Not Available	226,000		7-1-2008	6-30-2009	32,288		
Include Grant	Not Available	240,000		7-1-2009	6-30-2010	3,239		
Total Include Grant						35,527		
Crossing Guard Arm								
Crossing Guard Arm	Not Available	600		7-1-2008	6-30-2009	600		
NJ Center for Teacher/Learn Math								
NJ Center for Teacher/Learn Math	Not Available	25,000		7-1-2008	6-30-2009	5,447		
NJ Center for Teacher/Learn Math	Not Available	25,000		7-1-2009	6-30-2010	27		
Total NJ Center for Teacher/Learn Math						5,474		
Total Special Revenue Fund						15,519	11,532	
Enterprise Fund:								
National School Lunch Program (State Share)								
National School Lunch Program (State Share)	17-100-010-3360-067	15,332		7-1-2016	6-30-2017	(917)		
National School Lunch Program (State Share)	18-100-010-3360-067	16,935		7-1-2017	6-30-2018			
Total Enterprise Fund						(917)		
Total State Financial Assistance subject to Major Program Determination for State Single Audit						\$ (2,594,744)	\$ 11,532	\$ -
Total State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of the Treasury:								
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-002	4,129,834		7-1-2017	6-30-2018			
On-behalf T.P.A.F. Pension Contributions - Non Contributory Insurance	495-034-5094-004	100,221		7-1-2017	6-30-2018			
On-behalf T.P.A.F. Pension Contributions - Long Term Disability Insurance	495-034-5094-004	5,110		7-1-2017	6-30-2018			
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	495-034-5094-001	2,732,102		7-1-2017	6-30-2018			
Total General Fund (Non-Cash Assistance)								
Total State Financial Assistance						\$ (2,594,744)	\$ 11,532	\$ -

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

Cash Received	Total Budgetary Expenditures	Repayment of Prior Years' Balances	Passed Through to Subrecipients	Adjustments	Balance at June 30, 2018			Memo	
					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable 6/30/2017	Cumulative Total Expenditures
\$ 1,818,451									
18,994,491	\$ 20,845,846				\$ (1,861,355)			\$ (1,861,355)	\$ 20,845,846
12,618					(12,618)			(12,618)	126,182
113,564	126,182								483,815
48,382					(48,382)			(48,382)	2,328,005
435,433	483,815								12,894
232,801					(232,801)			(232,801)	41,780
2,095,204	2,328,005								(4,178)
1,289					(1,289)			(1,289)	41,780
11,605	12,894								(4,178)
4,178					(4,178)			(4,178)	41,980
37,602	41,780								(4,198)
4,178					(4,178)			(4,198)	
37,602	41,780								
4,198					(4,198)			(4,198)	
37,782	41,980								
23,879,378	23,922,282	-	-	-	(2,168,999)	-	-	(2,168,999)	23,922,282
36,509					(36,509)			(36,509)	316,708
328,576	365,085								
36,106					(91,512)				37,018
	91,512								
403,191	456,597	-	-	-	(128,021)	-	-	(36,509)	353,726
306,962					-				236,902
	352,828				(352,828)				
306,962	352,828	-	-	-	(352,828)	-	-	-	236,902
101,674					(96,365)				2,039,950
1,884,748	1,981,113								
1,986,422	1,981,113	-	-	-	(96,365)	-	-	-	2,039,950
8,521	8,521								
26,584,474	26,721,341	-	-	-	(2,746,213)	-	-	(2,205,508)	26,552,860
		\$ 48							9,499
		16							4,978
4,642		1,970							
		8,152							36,728
		358							7,011
35,434							\$ 35,434		36,728
6,233							6,233		7,011
		361							23,959
		627							17,140
									14,203
24,941							24,941		23,959
24,998							24,998		17,140
19,031							19,031		14,203
115,279	-	11,532	-	-	-	-	110,637	-	212,559
81,919	14,596								1,107,972
2,386,993	2,507,074				(265,221)	\$ 145,140		(265,221)	2,507,074
2,468,912	2,521,670	-	-	-	(265,221)	145,140	-	(265,221)	3,615,046
					(3,000)	48,883			
					(3,000)	48,883	-	-	-
						32,288			
						3,239			
						35,527	-	-	-
						600			
						5,447			
						27			
						5,474	-	-	-
2,584,191	2,521,670	11,532	-	-	(268,221)	235,624	110,637	(265,221)	3,827,605
917									
13,508	16,935				(3,427)				15,938
14,425	16,935	-	-	-	(3,427)	-	-	-	15,938
\$ 29,183,090	\$ 29,259,946	\$ 11,532	\$ -	\$ -	\$ (3,017,861)	\$ 235,624	\$ 110,637	\$ (2,470,729)	\$ 30,396,403
4,129,834	4,129,834								4,129,834
100,221	100,221								100,221
5,110	5,110								5,110
2,732,102	2,732,102								2,732,102
6,967,267	6,967,267	-	-	-	-	-	-	-	6,967,267
\$ 36,150,357	\$ 36,227,213	\$ 11,532	\$ -	\$ -	\$ (3,017,861)	\$ 235,624	\$ 110,637	\$ (2,470,729)	\$ 37,363,670

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(42,904) for the general fund and \$(199,465) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 107,008	\$ 26,721,341	\$ 26,828,349
Special Revenue	1,866,881	2,521,670	4,388,551
Food Service	1,055,762	16,935	1,072,697
Total Awards and Financial Assistance	<u>\$ 3,029,651</u>	<u>\$ 29,259,946</u>	<u>\$ 32,289,597</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: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes ___ x ___ no
Significant deficiency(ies) identified? ___ yes ___ x ___ none reported
Noncompliance material to financial statements noted? ___ yes ___ x ___ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes ___ x ___ no
Significant deficiency(ies) identified? ___ yes ___ x ___ none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? ___ yes ___ x ___ no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Includes entries for 84.027 (I.D.E.A. Basic) and 84.173 (I.D.E.A. Preschool).

Dollar threshold used to determine Type A programs \$ 750,000
Auditee qualified as low-risk auditee? ___ x ___ yes ___ no

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes no

Significant deficiency(ies) identified? ___ yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? ___ yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

State Aid Public: _____

495-034-5120-078

Equalization Aid

495-034-5120-089

Special Education Categorical Aid

495-034-5120-085

Security Aid

495-034-5120-068

School Choice

495-034-5095-094

Under Adequacy Aid

495-034-5120-098

PARCC Readiness Aid

495-034-5120-097

Per Pupil Growth Aid

495-034-5120-101

Professional Learning Community Aid

495-034-5095-002

Reimbursed T.P.A.F. Social Security

495-034-5120-086

Preschool Education Aid

Dollar threshold used to determine Type A programs \$ 877,798

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

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2- Schedule of Financial Statement Findings

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

No current year findings.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

No current year findings.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

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

No current year findings.

TOWNSHIP OF DEPTFORD SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

No prior year findings.

FEDERAL AWARDS

No prior year findings.

STATE FINANCIAL ASSISTANCE PROGRAMS

No prior year findings.

