

**GREAT MEADOWS REGIONAL  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2018**

**Responsibility of the Management of  
Great Meadows Regional School District  
Warren County, New Jersey**



**GREAT MEADOWS REGIONAL  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

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# GREAT MEADOWS REGIONAL SCHOOL DISTRICT

PO Box 74

Great Meadows, New Jersey 07838

DAVID C. MANGO  
Superintendent

TIMOTHY HAVLUSCH  
Business Administrator  
Board Secretary

DAWN MCPEEK  
Administrative Assistant

SUPERINTENDENT'S OFFICE  
Telephone: 908-637-6576  
Fax: 908-637-6356

BUSINESS OFFICE  
Telephone: 908-637-8672  
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February 26, 2019

Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2018, is hereby submitted. Great Meadows Regional School District is a K-8 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's

report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels kindergarten through 12. Liberty School housed grades 3 through 5; Central School housed grades K-2; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2015-16 fiscal year with a K-8 enrollment of 714 students (Central School housed 198, Liberty School housed 235, Great Meadows Middle School housed 281). There was a grade 9-12 enrollment of 370 students, and an additional 18 students were sent out-of-district to special programs and 2 students attended the regional charter school for a total resident enrollment of 1,104 students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

Average Daily Enrollment

	<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
<b>Central School</b>	2017-18	220.3	.32
	2016-17	219.6	10.91
	2015-16	198.0	(3.0)
	2014-15	203.0	(10.0)
	2013-14	224.6	(3.48)
	2012-13	232.7	(6.69)
	2011-12	249.4	(10.1)
	2010-11	277.0	(30.1) * 6
	2009-10	390.2	(0.002)
	2008-09	391.0	(0.001)
	2007-08	391.6	3.79
*6 Changed from K-5 TO K-2	2006-07	377.3	(1.10)
	2005-06	381.5	(3.07)
	2004-05	393.6	23.1 * 1
	2003-04	319.8	(7.6)
*1 Changed from K-4 to K-5 2004-05	2002-03	346.1	(5.8)
	2001-02	367.4	0.55
	2000-01	365.4	(2.09)
	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6 to K-4 1998-99	1997-98	535.5	1.00
<b>Liberty School</b>	2017-18	207.2	(5.5)
	2016-17	219.2	(6.0)
	2015-16	233.2	(10.0)
	2014-15	259.0	(10.0)
	2013-14	285.3	(2.19)
	2012-13	291.7	(6.47)
	2011-12	311.9	5.01
	2010-11	297.0	28.0 *8
	2009-10	229.7	(0.025)
	2008-09	235.5	(0.02)
*8 Changed from K-5 to 3-5.	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3
	2003-04	208.0	(4.37)
*3 Changed from K-4 to K-5 2004-05	2002-03	217.5	3.57
	2001-02	210.0	1.06
	2000-01	207.8	(10.74)



	1999-00	232.8	(5.13)
	1998-99	245.4	(35.91) *4
*4 Changed from K-8 to K-4 1998-99	1997-98	382.9	0.95

**Middle School**

	2017-18	264.9	(3.71)
	2016-17	275.1	(1.56)
	2015-16	279.5	(7.0)
	2014-15	298.3	(2.0)
	2013-14	293.0	(8.92)
	2012-13	321.7	3.97
	2011-12	309.4	(6.24)
	2010-11	330.0	(1.2)
	2009-10	332.7	2.46
	2008-09	324.7	.003
	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8 to gr. 6-8 2004-05	2002-03	496.4	(0.16)
	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90

**Total ADE**

	2017-18	692.3	(3.01)
	2016-17	713.8	.04
	2015-16	710.7	(7.0)
	2014-15	760.3	(6.00)
	2013-14	803.0	(5.09)
	2012-13	846.1	(2.82)
	2011-12	870.7	(7.75)
	2010-11	888.0	(4.5)
	2009-10	930.0	(2.3)
	2008-09	951.2	(0.04)
	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)
	2002-03	1060.0	(1.36)
	2001-02	1074.6	0.46
	2000-01	1069.7	(1.90)

1999-00	1090.4	(2.07)
1998-99	1113.5	21.24 *7
1997-98	918.4	0.98

\*7 With the opening of the new Middle School, 7<sup>th</sup> and 8<sup>th</sup> graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

2) **ECONOMIC CONDITION AND OUTLOOK:** The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

3) **MAJOR INITIATIVES:** The school district is proud of its efforts over the past thirteen years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in light of inevitable reductions in state aid.
- Continued commitment to the district technology program.
- Continuing to address long range facility problems due to aging buildings
- Continuing efforts to provide revenue streams into district to offset reliance on tax levy.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**7) DEBT ADMINISTRATION:** At June 30, 2018 the District's outstanding debt issue is \$ 3,570,000.

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

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

**10) OTHER INFORMATION:** A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPA's P.C., was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and

schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Great Meadows Regional 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,



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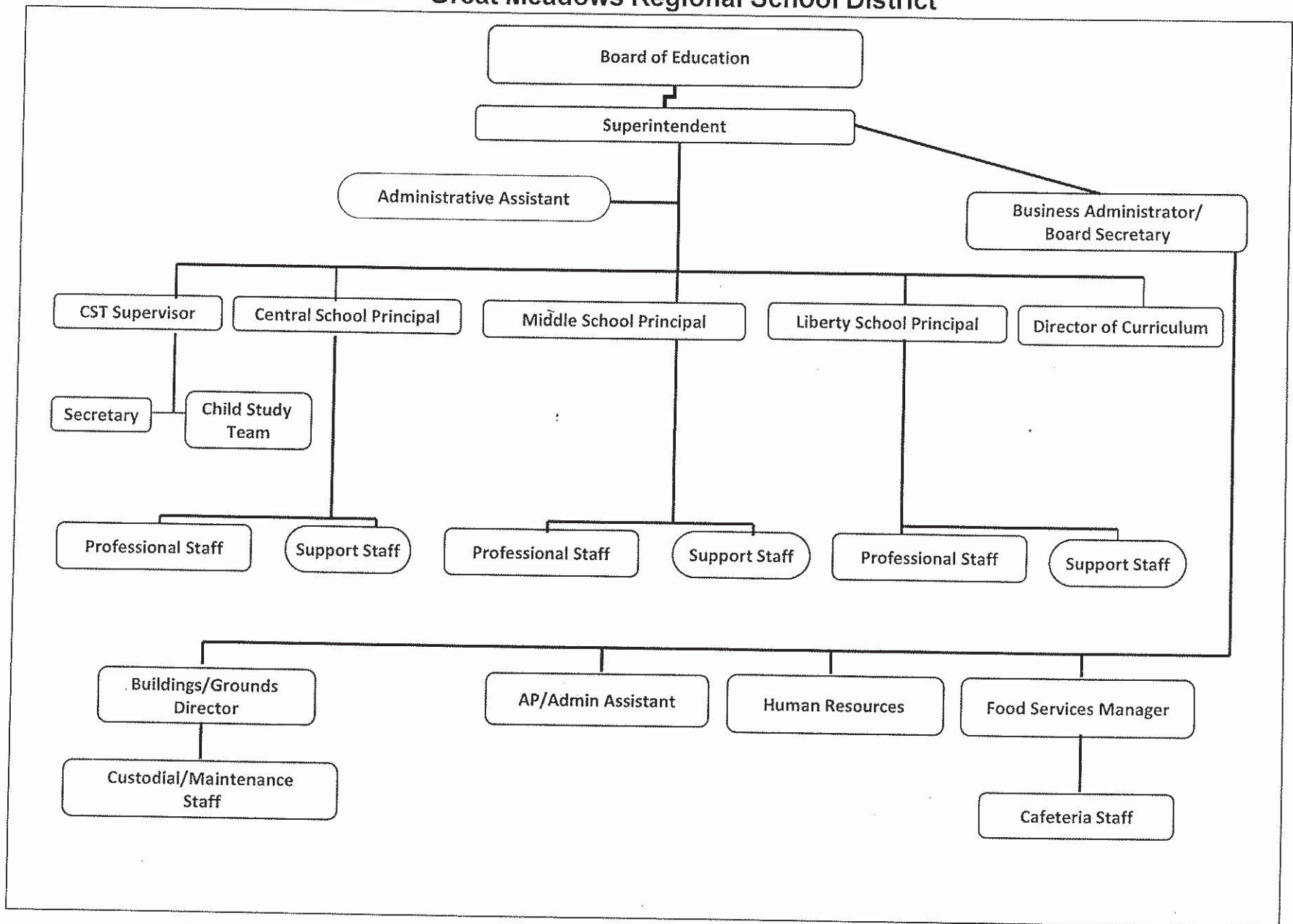
David Mango  
Superintendent



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Timothy Havlusch  
Business Administrator/Board Secretary

# Great Meadows Regional School District



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**Roster of Officials  
June 30, 2018**

**Members of the Board of Education**

**Term Expires**

Edward O'Melia, President	December 31, 2019
Joseph Mailloux, Vice President	December 31, 2019
Jamie Cicerelle	December 31, 2020
Susan Cullen	December 31, 2020
Dawn Frost	December 31, 2018
Lori Prymak	December 31, 2019
David Schmitz	December 31, 2018
Tim Koehler	December 31, 2020
William Vonder Haar	December 31, 2018

**Other Officials**

David Mango, Superintendent

Timothy Havlusch, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Mark Toscano, Esq. Attorney

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

Consultants and Advisors  
June 30, 2018

**ATTORNEY**

Comegno Law Group, PC  
521 Pleasant Valley Avenue  
Morrestown, New Jersey 08057

**AUDIT FIRM**

BKC, CPAs, PC  
114 Broad Street  
Flemington, NJ 08822

**FISCAL AGENT**

Depository Trust  
55 Water Street, 50th Floor  
New York, NY 10041

First Hope Bank  
Route 519  
Hope, New Jersey 07844

**OFFICIAL DEPOSITORIES**

First Hope Bank  
Route 519  
Hope, New Jersey 07844





Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Meadows Regional School District (the District) in the County of Warren, as of and for the year ended June 30, 2018, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

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 Great Meadows Regional School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of 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 combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA

February 26, 2019  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

This section of the Great Meadows Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Our discussion and analysis of the Great Meadows Regional School District financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter and the District's financial statements.

**Financial Highlights**

- In total, net position increased \$887,071, which represents a 59.64 percent increase from 2017.
- General revenues accounted for \$26,736,906 in revenue, or 95.54 percent of all revenues. Program specific revenues in the form of charges for services and operating grants were \$1,248,188 or 4.46 percent of total revenues of \$27,985,094.
- Total assets of governmental activities increased by \$113,907 as cash and cash equivalents increased by \$570,133, receivables decreased by \$265,259, prepaid expenses increased by \$48,566 and capital assets decreased by \$239,533.
- The School District had \$27,098,023 in expenses; only \$1,248,188 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$26,736,906 were adequate to provide for these programs.
- Among major funds, the general fund had \$21,954,703 in revenues and \$21,944,915 in expenditures. After factoring in \$442,103 of other financing sources, the general fund balance increased by \$451,891 from fiscal year 2017.

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

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District, as a whole and present a long-term view of the District's finances. Fund financial statements start on page 26. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

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**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

Our analysis of the District as a whole begins with the Statement of Net Position and Statement of Activities. One of the most important questions asked about the District's finances; "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about the activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's capital assets to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** most of the School District's basic services are reported here, including general administration. Local taxes, tuition, and state and federal aid finance most of these activities.
- **Business-type Activity:** The District has one proprietary fund, which is the food service fund. The food service fund provides low cost, well balanced meals to the students and staff in the District.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State Law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental Funds**

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily

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converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic service it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds**

When the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**The District as Trustee**

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for the student activity and payroll and agency funds. All of the District's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The School District as a Whole**

The Statement of Net Position provides the perspectives of the District as a whole, showing assets, liabilities, and the difference between them (net position). Net position may serve over time as a useful indicator of a district's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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Table 1 provides a summary of the District's net position at June 30, 2018 with comparisons to June 30, 2017.

	<b>Table 1</b>		<b>Net Position</b>	
	<u>06/30/2018</u>	<u>06/30/2017</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>%</u>
<b>ASSETS</b>				
Current & Other Assets	\$ 1,419,255	\$ 1,080,716	\$ 338,539	31.33%
Capital Assets	10,674,105	10,915,389	(241,284)	-2.21%
Total Assets	<u>12,093,360</u>	<u>11,996,105</u>	<u>97,255</u>	0.81%
Deferred Outflows of Resources				
Deferred Amount on Pension Activity	<u>1,000,842</u>	<u>1,424,898</u>	<u>86,886</u>	9.51%
<b>LIABILITIES</b>				
Long-Term Liabilities	9,562,600	11,364,346	(1,801,746)	-15.85%
Other Liabilities	<u>152,390</u>	<u>224,279</u>	<u>(71,889)</u>	-32.05%
Total Liabilities	<u>9,714,990</u>	<u>11,588,625</u>	<u>(1,873,635)</u>	-16.17%
Deferred Outflows of Resources				
Deferred Amount on Pension Activity	<u>1,004,794</u>	<u>345,031</u>	<u>659,763</u>	191.22%
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,855,047	4,087,735	767,312	18.77%
Restricted	1,061,750	862,712	199,038	23.07%
Unrestricted	<u>(3,542,379)</u>	<u>(3,463,100)</u>	<u>(79,279)</u>	-2.29%
Total Net Position	<u>\$ 2,374,418</u>	<u>\$ 1,487,347</u>	<u>\$ 887,071</u>	59.64%

The net position of the District's activities increased by 59.64 percent. Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased by \$79,279 or 2.29 percent. Restricted net position, those restricted mainly for capital projects increased by \$199,038 or 23.07 percent. The net investment in capital assets increased by \$767,312 or 18.77 percent.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.



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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2018 with comparisons to fiscal year June 30, 2017.

**Table 2**  
**Changes in Net Position**

	06/30/2018	06/30/2017	Variance	
			Dollars	%
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 494,401	\$ 547,830	\$ (53,429)	-9.75%
Operating Grants	385,611	375,373	10,238	2.73%
Capital Grants	368,176	-	368,176	100.00%
General Revenues				
Property Taxes	14,428,154	14,216,811	211,343	1.49%
Unrestricted Grants	12,239,143	11,040,473	1,198,670	10.86%
Other	69,609	68,117	1,492	2.19%
<b>Total Revenues</b>	<u>27,985,094</u>	<u>26,248,604</u>	<u>1,736,490</u>	<u>6.62%</u>
<b>Program Expenses</b>				
Instruction				
Regular	7,961,570	8,368,806	(407,236)	-4.87%
Special	3,809,930	2,952,136	857,794	29.06%
Other	1,010,478	700,181	310,297	44.32%
Support Services				
Tuition	6,259,441	6,163,701	95,740	1.55%
Student & Instructional Staff	2,513,196	2,163,420	349,776	16.17%
General & Business Administration	895,058	713,839	181,219	25.39%
School Administration	1,228,043	1,119,479	108,564	9.70%
Maintenance	1,599,573	1,383,480	216,093	15.62%
Transportation	1,305,574	1,181,826	123,748	10.47%
Charter Schools	76,004	22,811	53,193	233.19%
Food Service	206,372	209,843	(3,471)	-1.65%
Interest on Long-Term Debt	232,784	252,774	(19,990)	-7.91%
<b>Total Expenses</b>	<u>27,098,023</u>	<u>25,232,296</u>	<u>1,865,727</u>	<u>7.39%</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 887,071</u>	<u>\$ 1,016,308</u>	<u>\$ (129,237)</u>	<u>-12.72%</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 51.91 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2018. The District's total governmental revenues were \$27,794,353 for the year ended June 30, 2018.

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The total cost of all program expenses and services for governmental activities was \$26,891,651.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services in fiscal year ending June 30, 2018 and fiscal year ending June 30, 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Instruction	\$ 12,781,978	\$ 12,021,123	\$ 12,232,675	\$ 11,778,459
Support Services				
Tuition	6,259,441	6,163,701	5,995,361	5,811,449
Student & Instructional Staff	2,513,196	2,163,420	2,360,783	2,106,892
General & Business Administration	895,058	713,839	870,570	713,839
School Administration	1,228,043	1,119,479	1,203,681	1,119,479
Plant Operations & Maintenance	1,599,573	1,383,480	1,584,505	1,353,480
Pupil Transportation	1,305,574	1,181,826	1,276,855	1,132,901
Charter Schools	76,004	22,811	76,004	22,811
Interest on Long-Term Debt	232,784	252,774	232,784	252,774
Total Expenses	<u>\$ 26,891,651</u>	<u>\$ 25,022,453</u>	<u>\$ 25,833,218</u>	<u>\$ 24,292,084</u>

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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Extracurricular activities include expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

**The School District's Funds**

All governmental funds, which are comprised of the general fund, special revenue fund, capital projects fund, and debt service fund, presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$23,341,467, expenditures were \$23,026,948 and net other financing sources were \$90,173. The net increase in fund balance was most significant in the general fund due to the return of unused balances transferred from the capital projects fund.

**General Fund Budgeting Highlights**

The Great Meadows Regional School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Budgets are prepared in December/January with revenue information made available in February/March. The budget must be approved by the Board of Education in the beginning of March and sent to the county office for review. The budget is then approved by the Board of Education in late April. The fiscal year runs from July 1 through June 30. Changes can occur over that 18-month period.

Unanticipated shifts in enrollment, staffing needs, students requiring special services, uncertain energy costs, and unfunded programs are often mandated after a budget is adopted.

The District builds a budget to meet the needs of its students based on the information and projections that are available during the budget cycle.

During the course of the 2018 fiscal year, the District amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts.

For the general fund, budgeted revenues were \$20,200,868, which was \$67,516 above original budget estimates of \$20,133,352. The difference was due primarily to state aid exceeding budget amounts. General fund revenues and other financing sources were more than expenditures and other financing uses by \$458,162.

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**Capital Assets**

At the end of the fiscal year 2018, the School District had \$10,674,105 invested in land, buildings, furniture and equipment, vehicles and construction in progress.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2018 with comparisons to June 30, 2017.

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

	06/30/2018	06/30/2017	Variance	
			Dollars	%
Land	\$ 159,653	\$ 159,653	\$ -	0.00%
Construction in Progress	41,749	32,748	9,001	27.49%
Land Improvements	129,145	138,134	(8,989)	-6.51%
Buildings & Improvements	10,204,678	10,471,364	(266,686)	-2.55%
Furniture & Equipment	138,880	113,490	25,390	22.37%
<b>Total</b>	<b>\$ 10,674,105</b>	<b>\$ 10,915,389</b>	<b>\$ (241,284)</b>	<b>-2.21%</b>

Overall capital assets decreased \$241,284 from fiscal year 2017 to fiscal year 2018. This is attributable to depreciation expense exceeding capital outlays for the fiscal year.

**Long-term Liabilities and Debt**

At year end, the District had total long-term liabilities of \$9,562,600 outstanding as compared to \$11,364,346 in the previous year - a decrease of 15.85 percent - as shown in Table 5. Increases in premium on bonds were offset by decreases in amounts for pension liability, bonded debt and capital leases.

Table 5 provides a summary of the District's long-term liabilities at June 30, 2018 with comparisons to June 30, 2017.

**Table 5**  
**Long-term Liabilities at Year-end**

	06/30/2018	06/30/2017	Variance	
			Dollars	%
PERS Net Pension Liability	\$ 3,263,875	\$ 4,295,820	\$ (1,031,945)	-24.02%
General Obligation Bonds Payable	3,570,000	4,235,000	(665,000)	-15.70%
Premium on Bonds	255,133	-	255,133	100.00%
Capital Leases Payable	2,249,058	2,592,654	(343,596)	-13.25%
Compensated Absences	224,534	240,872	(16,338)	-6.78%
<b>Total</b>	<b>\$ 9,562,600</b>	<b>\$ 11,364,346</b>	<b>\$ (1,801,746)</b>	<b>-15.85%</b>

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The general obligation bonded debt of the District is limited by State law to 3 percent of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$25,534,909. General obligation debt authorized and outstanding at June 30, 2018 is \$3,570,000 resulting in a legal debt margin of \$21,964,909.

An analysis of the District's debt is presented in Note 5 to the basic financial statements.

**Factors Bearing on the District's Future**

The Great Meadows Regional School District is working to be in good financial condition. A major concern is the ever-increasing cost of special education with an increased reliance on property taxes to fund the District programs. Future finances are not without challenges as the community continues to struggle in these difficult financial circumstances. District generated tuition amounts and cost avoidance due to in-house programs continue to trend in a positive direction. This coupled with the exemplary practice of sharing costs and services with the Hackettstown School District are just some of the beneficial practices within The Great Meadows Regional School District to offer some relief on the reliance on local property taxes. However, the district is a major crossroads due to the fact that all three educational facilities are currently showing ADE well below a baseline of 300 students per building. While this fact has been known for quite some time, recent legislation pertaining to projected and definable losses in state aid due correlated to this enrollment decline will require some hard decisions to be made by this and future Boards of Education as these reductions in resources become reality.

The Great Meadows Regional School District will continue to make every possible effort to keep the local tax levy increase within the 2 percent cap. This tax levy cap presents significant challenges to the district as costs for special education, personnel, benefits and operating costs tend to rise at a faster rate. That fact in conjunction with a pending decrease in state aid will provide substantial challenges and hurdles as the District continues to move forward as it relates to the education of the students in the district.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact, Timothy Havlusch, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 26,728	\$ 9,050	\$ 35,778
Due from other funds	4,443	-	4,443
Receivables, net	322,659	3,359	326,018
Prepaid expenses	48,566	-	48,566
Inventory	-	5,117	5,117
<b>Restricted assets</b>			
Capital reserve account - cash	821,718	-	821,718
Maintenance reserve account - cash	177,615	-	177,615
<b>Capital assets, net</b>			
Land and construction in progress	201,402	-	201,402
Other capital assets, net of depreciation	10,471,529	1,174	10,472,703
Total assets	<u>12,074,660</u>	<u>18,700</u>	<u>12,093,360</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	<u>1,000,842</u>	<u>-</u>	<u>1,000,842</u>
<b>Liabilities</b>			
Accounts payable	68,335	-	68,335
Accrued interest	77,871	-	77,871
Unearned revenue	1,066	5,118	6,184
<b>Long-term liabilities</b>			
Due within one year	898,788	-	898,788
Due beyond one year	8,663,812	-	8,663,812
Total liabilities	<u>9,709,872</u>	<u>5,118</u>	<u>9,714,990</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	<u>1,004,794</u>	<u>-</u>	<u>1,004,794</u>
<b>Net position</b>			
Net investment in capital assets	4,853,873	1,174	4,855,047
<b>Restricted for</b>			
Capital reserve	857,407	-	857,407
Maintenance reserve	177,615	-	177,615
Debt service	26,728	-	26,728
Unrestricted	<u>(3,554,787)</u>	<u>12,408</u>	<u>(3,542,379)</u>
<b>Total net position</b>	<u>\$ 2,360,836</u>	<u>\$ 13,582</u>	<u>\$ 2,374,418</u>

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Statement of Activities**  
**June 30, 2018**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,706,329	\$ 4,255,241	\$ 61,945	\$ 2,276	\$ 159,865	\$ (7,737,484)	\$ -	\$ (7,737,484)
Special education	1,681,960	2,127,970	157,130	5,048	72,714	(3,575,038)	-	(3,575,038)
Other special instruction	407,081	509,756	-	70,548	17,599	(828,690)	-	(828,690)
Other instruction	50,373	43,268	-	-	2,178	(91,463)	-	(91,463)
Support services								
Tuition	6,259,441	-	59,997	204,083	-	(5,995,361)	-	(5,995,361)
Students and instruction related services	1,597,021	916,175	47,907	37,536	66,970	(2,360,783)	-	(2,360,783)
General and business administration services	623,675	271,383	-	-	24,488	(870,570)	-	(870,570)
School administration services	563,536	664,507	-	-	24,362	(1,203,681)	-	(1,203,681)
Plant operations and maintenance	1,154,768	444,805	15,068	-	-	(1,584,505)	-	(1,584,505)
Pupil transportation	1,305,574	-	28,719	-	-	(1,276,855)	-	(1,276,855)
Transfer to charter schools	76,004	-	-	-	-	(76,004)	-	(76,004)
Interest on long-term debt	232,784	-	-	-	-	(232,784)	-	(232,784)
Total governmental activities	<u>17,658,546</u>	<u>9,233,105</u>	<u>370,766</u>	<u>319,491</u>	<u>368,176</u>	<u>(25,833,218)</u>	<u>-</u>	<u>(25,833,218)</u>
Business-type activities								
Food service	206,372	-	123,635	66,120	-	-	(16,617)	(16,617)
Total business-type activities	<u>206,372</u>	<u>-</u>	<u>123,635</u>	<u>66,120</u>	<u>-</u>	<u>-</u>	<u>(16,617)</u>	<u>(16,617)</u>
Total primary government	<u>\$ 17,864,918</u>	<u>\$ 9,233,105</u>	<u>\$ 494,401</u>	<u>\$ 385,611</u>	<u>\$ 368,176</u>	<u>(25,833,218)</u>	<u>(16,617)</u>	<u>(25,849,835)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			13,910,278	-	13,910,278
			Property taxes levied for debt service			517,876	-	517,876
			Federal and state aid not restricted			12,239,143	-	12,239,143
			Investment earnings			24,275	986	25,261
			Miscellaneous income			44,348	-	44,348
			Total general revenues and special items			<u>26,735,920</u>	<u>986</u>	<u>26,736,906</u>
			Change in net position			902,702	(15,631)	887,071
			Net position - beginning			1,458,134	29,213	1,487,347
			Net position - ending			<u>\$ 2,360,836</u>	<u>\$ 13,582</u>	<u>\$ 2,374,418</u>

See accompanying notes to financial statements.



## **FUND FINANCIAL STATEMENTS**

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 26,728	\$ 26,728
Due from other funds	11,293	-	-	-	11,293
Receivables from other governments					
Federal	-	5,741	-	-	5,741
State	170,761	-	-	-	170,761
Local	128,040	2,276	-	-	130,316
Other accounts receivable	15,841	-	-	-	15,841
Prepaid expenses	48,566	-	-	-	48,566
Restricted cash and equivalents	999,333	-	-	-	999,333
<b>Total assets</b>	<b>\$ 1,373,834</b>	<b>\$ 8,017</b>	<b>\$ -</b>	<b>\$ 26,728</b>	<b>\$ 1,408,579</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 6,850	\$ -	\$ -	\$ 6,850
Accounts payable	68,234	101	-	-	68,335
Unearned revenue	-	1,066	-	-	1,066
<b>Total liabilities</b>	<b>68,234</b>	<b>8,017</b>	<b>-</b>	<b>-</b>	<b>76,251</b>

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 46,372	\$ -	\$ -	\$ -	\$ 46,372
Capital reserve account	857,407	-	-	-	857,407
Maintenance reserve account	177,615	-	-	-	177,615
Committed fund balance					
Year-end encumbrances	339,170	-	-	-	339,170
Assigned fund balance					
Debt service fund balance	-	-	-	26,728	26,728
Unassigned fund balance	(114,964)	-	-	-	(114,964)
Total fund balances	<u>1,305,600</u>	<u>-</u>	<u>-</u>	<u>26,728</u>	<u>1,332,328</u>
Total liabilities and fund balances	<u>\$ 1,373,834</u>	<u>\$ 8,017</u>	<u>\$ -</u>	<u>\$ 26,728</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$20,606,545 and the accumulated depreciation is \$9,933,614.	10,672,931
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(3,952)
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.	(9,562,600)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(77,871)</u>
Total net position of governmental activities	<u>\$ 2,360,836</u>

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 13,910,278	\$ -	\$ -	\$ 517,876	\$ 14,428,154
Tuition - individuals	53,506	-	-	-	53,506
Tuition - other LEA's	157,130	-	-	-	157,130
Interest earned on capital reserve funds	4,317	-	-	-	4,317
Interest on investments	19,958	-	-	-	19,958
Rents and royalties	15,068	-	-	-	15,068
Miscellaneous	21,213	8,878	-	3,509	33,600
Total local sources	<u>14,181,470</u>	<u>8,878</u>	<u>-</u>	<u>521,385</u>	<u>14,711,733</u>
State sources	7,773,233	-	368,176	177,712	8,319,121
Federal sources	-	310,613	-	-	310,613
Total revenues	<u>21,954,703</u>	<u>319,491</u>	<u>368,176</u>	<u>699,097</u>	<u>23,341,467</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	3,695,614	2,276	-	-	3,697,890
Special education instruction	1,676,912	5,048	-	-	1,681,960
Other special instruction	336,533	70,548	-	-	407,081
Other instruction	50,373	-	-	-	50,373
<b>Support service and undistributed costs</b>					
Tuition	5,995,361	204,083	-	-	6,199,444
Student and instruction related services	1,511,578	37,536	-	-	1,549,114
General and business administrative services	566,446	-	90,173	-	656,619
School administrative services	563,536	-	-	-	563,536
Plant operations and maintenance	1,377,948	-	-	-	1,377,948
Pupil transportation	1,276,855	-	-	-	1,276,855
Unallocated benefits	4,370,658	-	-	-	4,370,658

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 299,179	\$ -	\$ -	\$ -	\$ 299,179
Transfer to charter schools	76,004	-	-	-	76,004
Debt service					
Principal	145,657	-	-	550,000	695,657
Interest and other charges	2,261	-	-	122,369	124,630
Total expenditures	<u>21,944,915</u>	<u>319,491</u>	<u>90,173</u>	<u>672,369</u>	<u>23,026,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,788</u>	<u>-</u>	<u>278,003</u>	<u>26,728</u>	<u>314,519</u>
Other financing sources (uses)					
Transfers in	442,103	-	-	-	442,103
Transfers out	-	-	(442,103)	-	(442,103)
Proceeds from bond issues	-	-	3,600,000	-	3,600,000
Premium on refunding of bond issue	-	-	274,759	-	274,759
Payment to refunding bond agent	-	-	(3,784,586)	-	(3,784,586)
Total other financing sources (uses)	<u>442,103</u>	<u>-</u>	<u>(351,930)</u>	<u>-</u>	<u>90,173</u>
Net change in fund balance	451,891	-	(73,927)	26,728	404,692
Fund balances, July 1	<u>853,709</u>	<u>-</u>	<u>73,927</u>	<u>-</u>	<u>927,636</u>
Fund balances, June 30	<u>\$ 1,305,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,728</u>	<u>\$ 1,332,328</u>

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

Total net changes in fund balances - governmental fund (from B-2) \$ 404,692

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 299,179	
Depreciation expense	<u>(538,712)</u>	
		(239,533)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Bond principal payments	550,000	
Payment to refunding bond agent - bond principal portion	3,715,000	
Capital lease payments	<u>343,596</u>	
		4,608,596

Proceeds from debt issues are financing sources in the governmental funds. They are not revenue in the Statement of Activities. The issuance of debt increase long-term liabilities in the Statement of Net Position:

Proceeds of bond sale		(3,600,000)
-----------------------	--	-------------

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Proceeds from bond premium	(274,759)	
Amortization of bond premium	<u>19,626</u>	
		(255,133)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(51,874)

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**For the Fiscal Year Ended June 30, 2018**

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. \$ 19,616

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 16,338

Change in net position of governmental activities \$ 902,702

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 9,050
Receivables from other governments	
State	139
Federal	3,220
Inventory	5,117
Total current assets	<u>17,526</u>
Noncurrent assets	
Capital assets	286,561
Less: accumulated depreciation	285,387
Total noncurrent assets	<u>1,174</u>
Total assets	<u>18,700</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	2,228
Unearned revenues - prepaid sales	2,890
Total liabilities	<u>5,118</u>
Net position	
Net investment in capital assets	1,174
Unrestricted	12,408
Total net position	<u>\$ 13,582</u>

See accompanying notes to financial statements.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 88,343
Daily sales - non-reimbursable programs	35,292
Total operating revenues	123,635
Operating expenses	
Cost of sales - reimbursable programs	65,094
Cost of sales - non-reimbursable programs	15,508
Commodity food costs	14,862
Salaries	75,671
Support services - employee benefits	8,923
Purchased property services	2,634
Other purchased services	
Insurance	1,268
Management fee	10,758
Other	4,987
Supplies and materials	3,883
Depreciation expense	1,751
Miscellaneous expenditures	1,033
Total operating expenses	206,372
Operating income (loss)	(82,737)
Non-operating revenues (expenses)	
State sources	
State school lunch program	2,173
Federal sources	
National school lunch program	49,085
Food donation program	14,862
Miscellaneous	986
Total non-operating revenues (expenses)	67,106
Change in net position	(15,631)
Net position, beginning	29,213
Net position, ending	\$ 13,582

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 123,374
Payments to employees	(12,830)
Payments to Food Service Management Company	(173,206)
Payments to vendors	(3,387)
Net cash provided by (used for) operating activities	<u>(66,049)</u>
Cash flows from noncapital related financing activities	
State sources	2,134
Federal sources	48,281
General fund interfund activity	6
Miscellaneous	986
Net cash provided by (used for) noncapital financing activities	<u>51,407</u>
Net increase (decrease) in cash and cash equivalents	(14,642)
Cash and cash equivalents, beginning	<u>23,692</u>
Cash and cash equivalents, ending	<u><u>\$ 9,050</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (82,737)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,751
Federal food donation program	14,862
(Increase) decrease in inventory	1,096
Increase (decrease) in unearned revenues	<u>(1,021)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (66,049)</u></u>

See accompanying notes to financial statements.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 27,912	\$ 23,239
Total assets	<u>\$ 27,912</u>	<u>\$ 23,239</u>
Liabilities		
Due to other funds	\$ -	\$ 4,443
Due to student groups	27,912	-
Payroll deductions and withholdings	-	18,796
Total liabilities	<u>\$ 27,912</u>	<u>\$ 23,239</u>

See accompanying notes to financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Great Meadows Regional School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District also has a sending/receiving relationship with Hackettstown school district for Grades 9-12. The District serves the communities of the Township of Independence and the Township of Liberty. The District had an approximate enrollment at June 30, 2018 of 690 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, 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 property taxes, and unrestricted State Aids.

Proprietary funds distinguish operating revenues and expenses from non-operating 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

*Proprietary Fund* - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

*Enterprise Fund* - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

*Trust and Agency Funds* - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

*Student Activities Agency Fund* - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

*Payroll Agency Fund* - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

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

H. Short-term interfund receivable and payables

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	45 - 50
Building improvements & portable classroom	10 - 45
Land improvements	12 - 20
Furniture	20
Maintenance equipment	10 - 15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	7 - 10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

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

Unearned revenue in the enterprise fund includes United States government commodity inventories at year end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of 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.

O. Fund balances - governmental funds

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

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of 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 the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks. As of June 30, 2018, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits, cash equivalents, and investments (continued)

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. 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 District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

As of June 30, 2018, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,094,530
Total bank balances	<u>\$ 1,344,530</u>

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash		<u>\$ 1,086,262</u>
	<u>Ref.</u>	
Unrestricted cash		
Government funds, Balance Sheet	B-1	\$ 26,728
Enterprise funds, Statement of Net Position	B-4	9,050
Fiduciary funds, Statement of Net Position	B-7	51,151
Restricted cash		
Governmental funds, Balance Sheet	B-1	999,333
Total cash		<u>\$ 1,086,262</u>



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 159,653	\$ -	\$ -	\$ 159,653
Construction in progress	32,748	9,001	-	41,749
Total	<u>192,401</u>	<u>9,001</u>	<u>-</u>	<u>201,402</u>
Capital assets, being depreciated				
Land improvements	861,487	-	-	861,487
Building and improvements	18,858,220	241,195	-	19,099,415
Furniture and equipment	397,458	48,983	2,200	444,241
Total	<u>20,117,165</u>	<u>290,178</u>	<u>2,200</u>	<u>20,405,143</u>
Accumulated depreciation				
Land improvements	723,353	8,989	-	732,342
Building and improvements	8,386,856	507,881	-	8,894,737
Furniture and equipment	286,893	21,842	2,200	306,535
Total	<u>9,397,102</u>	<u>538,712</u>	<u>2,200</u>	<u>9,933,614</u>
Total capital assets, being depreciated, net	<u>10,720,063</u>	<u>(248,534)</u>	<u>-</u>	<u>10,471,529</u>
Governmental activities capital assets, net	<u>\$ 10,912,464</u>	<u>\$ (239,533)</u>	<u>\$ -</u>	<u>\$ 10,672,931</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture and equipment	\$ 286,561	\$ -	\$ -	\$ 286,561
Less: accumulated depreciation	283,636	1,751	-	285,387
Business type activities capital assets, net	<u>\$ 2,925</u>	<u>\$ (1,751)</u>	<u>\$ -</u>	<u>\$ 1,174</u>

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	236,041
Special education		101,629
Other special instruction		24,597
Co-curricular activities		3,044
Support services		
Student and instruction		93,703
General and business administration		39,675
School administration		34,050
Plant maintenance		5,973
Total depreciation expense, governmental activities	\$	<u>538,712</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 4,235,000	\$ 3,600,000	\$ 4,265,000	\$ 3,570,000	\$ 510,000
Premium on bonds	-	274,759	19,626	255,133	39,251
Compensated absences payable	240,872	6,508	22,846	224,534	52,281
PERS net pension liability	4,295,820	-	1,031,945	3,263,875	-
Capital leases payable	<u>2,592,654</u>	<u>-</u>	<u>343,596</u>	<u>2,249,058</u>	<u>297,256</u>
Total governmental activities long-term liabilities	<u>\$ 11,364,346</u>	<u>\$ 3,881,267</u>	<u>\$ 5,683,013</u>	<u>\$ 9,562,600</u>	<u>\$ 898,788</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 510,000	\$ 137,700	\$ 647,700
2020	510,000	122,400	632,400
2021	505,000	102,000	607,000
2022	505,000	81,800	586,800
2023	495,000	61,600	556,600
2024 - 2025	1,045,000	62,800	1,107,800
Total	<u>\$ 3,570,000</u>	<u>\$ 568,300</u>	<u>\$ 4,138,300</u>

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2018, with their outstanding balances are comprised of the following individual issues:

\$3,600,000 - general obligation school refunding bonds, interest at 2.00% to 4.00%, due in annual installments beginning January 15, 2018 to January 15, 2025.	<u>\$ 3,570,000</u>
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*Capital Leases Payable* - The District is undergoing renovations to all buildings and implementing an energy savings project. Both projects are financed by capital leases. The following is a schedule of the future minimum lease payments under the capital leases and the net minimum lease payment at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 348,519
2020	201,449
2021	171,146
2022	176,650
2023	182,332
2024 - 2028	1,003,539
2029 - 2031	512,689
Total minimum lease payments	<u>2,596,324</u>
Amount representing interest	<u>347,266</u>
Total	<u>\$ 2,249,058</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$25,534,909. General obligation debt at June 30, 2018 is \$3,570,000, resulting in a legal debt margin of \$21,964,909.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2007

On November 15, 2017, the District issued \$3,600,000 in general obligation bonds with an average interest rate of 3.96% to advance refund \$3,600,000 of outstanding 2007 series bonds with an average interest rate of 4.05%. The net proceeds of \$3,859,758 (issue amount of \$3,600,000, plus the bond premium of \$274,758, less \$15,000 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2007 series bonds. The advance refunding of outstanding callable 2007 series bonds generated \$206,806 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments) of \$195,603.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public employees' retirement systems (PERS)

Plan description

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

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 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
A. Public employees' retirement systems (PERS) (continued)  
Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 before age 62 with 25 or more years of service credit 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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2017:

	2017
Total pension liability	\$ 6,288,770
Plan fiduciary net position	3,024,895
Net pension liability	\$ 3,263,875

Plan fiduciary net position as a percentage of the total pension liability 48.10%

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

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

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

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 Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	2017
At current discount rate (5.00%)	\$ 3,263,875
At a 1% lower rate (4.00%)	4,049,058
At a 1% higher rate (6.00%)	2,609,720

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,853	\$ -
Changes of assumptions	657,558	655,148
Net difference between projected and actual earnings on pension plan investments	22,225	-
Changes in proportion and differences between District contributions and proportionate share of contributions	114,316	349,646
District contributions subsequent to the measurement date	129,890	-
Total	\$ 1,000,842	\$ 1,004,794

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) of \$129,890 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 77,226	\$ 23,834	\$ 24,207	\$ 76,853
Changes of assumptions	860,203	-	202,645	657,558
Difference between projected and actual earnings on pension plan investments	158,344	(139,897)	(3,778)	22,225
Deferred inflows of resources				
Changes in assumptions	-	(801,386)	(146,238)	(655,148)
Net of deferred outflows	<u>\$ 1,095,773</u>	<u>\$ (917,449)</u>	<u>\$ 76,836</u>	<u>\$ 101,488</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$ 76,835
2019	115,946
2020	70,257
2021	(93,442)
2022	(68,108)
Total	<u>\$ 101,488</u>

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of \$180,445, which represents the District's proportionate share of allocable plan pension expense of \$235,418, less the net amortization of deferred amounts from changes in proportion of \$53,939, less other adjustments to the net pension liability of \$1,034. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2018 are as follows:

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
A. Public employees' retirement systems (PERS) (continued)  
Pension expense (continued)

Service cost	\$	152,234
Interest on total pension liability		276,253
Member contributions		(72,416)
Administrative expense		1,895
Expected investment return net of investment expense		(197,242)
Pension expense related to specific liabilities of individual employers		(2,142)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		56,407
Amortization of expected versus actual experience		24,207
Amortization of projected versus actual investment earnings on pension plan investments		(3,778)
Pension expense	\$	235,418

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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 10-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 enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

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 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10-years of service credit and have not reached the service retirement age for the respective Tier.

Contributions

The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2017, the State of New Jersey contributed \$597,858 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Components of the net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ending June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 35,897,530
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	2,486,799
Non-employer contribution	597,858
Allocable proportionate percentage	.0532417836%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2017 are as follows:

Service cost	\$ 1,606,652
Interest on total pension liability	1,753,222
Member contributions	(419,495)
Administrative expense	6,325
Expected investment return net of investment expense	(852,450)
Pension expense related to specific liabilities of individual employers	(190)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	383,976
Amortization of expected versus actual experience	28,291
Amortization of projected versus actual investment earnings on pension plan investments	(19,532)
Pension expense	\$ 2,486,799

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 48,128,307
Plan fiduciary net position	12,230,777
Net pension liability	\$ 35,897,530

Plan fiduciary net position as a percentage of the total pension liability 25.41%

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

Inflation rate	2.25%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

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

Long-term expected rate of return

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)  
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's proportionate share of the net pension liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 35,897,530
At a 1% lower rate (3.25%)	42,647,392
At a 1% higher rate (5.25%)	30,336,965

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcprp](http://www.prudential.com/njdcprp).

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2018 was \$294.

D. Other pension plan information

During the year ended June 30, 2018, the State of New Jersey contributed \$529,460 to the TPAF for post-retirement medical benefits, \$19,422 for non-contributory insurance premiums, \$1,323 for long-term disability insurance, and \$800,329 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$409,572 during the year ended June 30, 2018 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25-years of credited service or on a disability retirement. Chapter 103 of PL 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

*Plan Description* - The School District participates in the State Health Benefits Program (SHBP), a multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to state employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to employees, retirees, and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a Resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at ([www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)).

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

*Funding Policy* - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

*Total OPEB liability* - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	31,237,261
Employer pension expense and related revenue	1,801,399
Allocable proportionate percentage	.0582351847%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 33,733,459
Service cost	1,249,404
Interest cost	987,151
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(4,035,874)
Member contributions	26,642
Gross benefit payments	(723,521)
Total OPEB liability at June 30, 2017	\$ 31,237,261

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

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

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

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.

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 was 3.58%. 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.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 31,237,261
At a 1% lower rate (2.58%)	37,080,882
At a 1% higher rate (4.58%)	26,602,045

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 31,237,261
At a 1% lower rate (1% decrease)	25,689,627
At a 1% higher rate (1% increase)	38,604,453

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$1,801,399 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 8 - Deferred compensation (continued)

AXA Equitable  
 Siracusa Benefits  
 Lincoln Investment Planning

Note 9 - Interfund receivable and payables

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

Fund	Receivable Fund	Payable Fund
General fund	\$ 11,293	\$ -
Special revenue fund	-	6,850
Payroll agency fund	-	4,443
Total	\$ 11,293	\$ 11,293

As of June 30, 2018, the following interfunds were on the District's records. The special revenue fund had an interfund payable to the general fund for \$6,850 representing a loan due to cash flow issues relating to the delayed receipt of grant revenues. The payroll agency fund had an interfund balance for \$4,443 due to the general fund for interest and an imprest balance.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 4,083
Supplies	1,034
Total	\$ 5,117

Note 11 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Receipts and/or receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in 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 District expects such amount, if any, to be immaterial.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Risk management

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

*Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

Note 13 - Legal reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Legal reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$31,000 to their capital reserve Account and \$16,000 to their maintenance reserve account by Board Resolution in June 2018 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 627,170	\$ 31,000	\$ 4,317	\$ 418,217	\$ 223,297	\$ 857,407
Maintenance	161,615	16,000	-	-	-	177,615
Total	<u>\$ 788,785</u>	<u>\$ 47,000</u>	<u>\$ 4,317</u>	<u>\$ 418,217</u>	<u>\$ 223,297</u>	<u>\$ 1,035,022</u>

Note 14 - Fund balance-general fund

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures.

Amount appropriated in the succeeding year's budget to reduce tax requirements. \$ 46,372

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan. 857,407

Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9). 177,615

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30. 339,170

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated. 468,982

Total fund balance - budgetary basis (Exhibit C-1) 1,889,546

Last state aid payments recognized on GAAP basis (583,946)

Total fund balance - GAAP basis (Exhibit B-1) \$ 1,305,600

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve 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 \$0.

Note 16 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of \$(3,554,787) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 18 - Deficit fund balance

The District is reporting a deficit balance in unassigned fund balance in the general fund as of June 30, 2017 of (\$114,964) on Schedule B-1 Balance Sheet - Governmental Funds. 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, districts must record the last State aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for School Districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the June State aid payments in the subsequent fiscal year, the School District cannot recognize the June State aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June State aid payments, the unreserved, undesignated general fund balance deficit does not alone indicate that the District is facing financial difficulties.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 18 - Deficit fund balance (continued)

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 District deficit in unassigned fund balance of \$114,964 is less than the last state aid payment of \$583,946.

Note 19 - Operating leases

At June 30, 2018, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30

2019	\$	19,448
2020		12,966
Total minimum lease payments		\$ 32,414

Note 20 - Tax abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, one of the municipalities in which the school district is situated has entered into tax abatement agreements. These agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers located within the applicable municipality and remitted to the school district.

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

Note - 21 Subsequent events

The District has evaluated subsequent events through February 26, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources					
Local tax levy	\$ 13,910,278	\$ -	\$ 13,910,278	\$ 13,910,278	\$ -
Tuition from individuals	40,000	-	40,000	53,506	13,506
Tuition from other LEA's within the state	150,000	-	150,000	157,130	7,130
Rents and royalties	20,000	-	20,000	15,068	(4,932)
Unrestricted miscellaneous revenues	30,000	-	30,000	41,171	11,171
Interest earned on capital reserve funds	-	-	-	4,317	4,317
<b>Total</b>	<b>14,150,278</b>	<b>-</b>	<b>14,150,278</b>	<b>14,181,470</b>	<b>31,192</b>
State sources					
Categorical transportation aid	309,702	-	309,702	309,702	-
Extraordinary aid	65,000	-	65,000	117,713	52,713
Categorical special education aid	763,471	-	763,471	763,471	-
Equalization aid	4,672,930	-	4,672,930	4,672,930	-
Categorical security aid	105,232	-	105,232	105,232	-
Adjustment aid	32,369	(32,369)	-	-	-
PARCC readiness aid	11,800	-	11,800	11,800	-
Per pupil growth aid	11,800	-	11,800	11,800	-
Professional learning community aid	10,770	-	10,770	10,770	-
Lead testing for drinking water	-	-	-	2,930	2,930
Other state aid	-	-	-	13,050	13,050
TPAF pension (on-behalf)	-	-	-	819,751	819,751
TPAF social security (reimbursed)	-	-	-	409,572	409,572
TPAF post retirement benefits	-	-	-	529,460	529,460
TPAF long-term disability insurance	-	-	-	1,323	1,323
<b>Total</b>	<b>5,983,074</b>	<b>(32,369)</b>	<b>5,950,705</b>	<b>7,779,504</b>	<b>1,828,799</b>
<b>Total revenues</b>	<b>\$ 20,133,352</b>	<b>\$ (32,369)</b>	<b>\$ 20,100,983</b>	<b>\$ 21,960,974</b>	<b>\$ 1,859,991</b>
<b>EXPENDITURES</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 213,120	\$ (280)	\$ 212,840	\$ 212,840	\$ -
Grades 1-5	1,609,750	(246,016)	1,363,734	1,363,734	-
Grades 6-8	1,747,752	(259,934)	1,487,818	1,487,818	-
Home instruction					
Salaries of teacher	7,500	(5,508)	1,992	1,992	-
Purchased professional - educational services	-	220	220	220	-
Other purchased services	12,500	(12,500)	-	-	-
Regular programs - undistributed instruction					
Purchased professional - educational services	8,500	(8,500)	-	-	-
Purchased technical services	22,840	237,279	260,119	260,074	45
Other purchased services	66,823	6,488	73,311	73,311	-
General supplies	163,037	34,252	197,289	197,289	-
Textbooks	27,431	65,820	93,251	93,251	-
Other objects	1,950	3,175	5,125	5,085	40
<b>Total</b>	<b>3,881,203</b>	<b>(185,504)</b>	<b>3,695,699</b>	<b>3,695,614</b>	<b>85</b>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 231,420	\$ 23,906	\$ 255,326	\$ 255,326	\$ -
Other salaries for instruction	79,710	(9,025)	70,685	70,685	-
General supplies	2,511	189	2,700	2,341	359
Total	<u>313,641</u>	<u>15,070</u>	<u>328,711</u>	<u>328,352</u>	<u>359</u>
Behavioral disabilities					
Salaries of teachers	109,210	43,919	153,129	153,129	-
Other salaries for instruction	47,500	21,978	69,478	69,478	-
General supplies	3,451	50	3,501	3,501	-
Total	<u>160,161</u>	<u>65,947</u>	<u>226,108</u>	<u>226,108</u>	<u>-</u>
Multiple disabilities					
Salaries of teachers	-	26,795	26,795	26,795	-
Other salaries for instruction	-	3,969	3,969	3,969	-
Total	<u>-</u>	<u>30,764</u>	<u>30,764</u>	<u>30,764</u>	<u>-</u>
Resource room/resource center					
Salaries of teachers	645,630	108,233	753,863	753,863	-
Other salaries for instruction	181,500	(29,698)	151,802	151,802	-
General supplies	-	1,834	1,834	1,834	-
Total	<u>827,130</u>	<u>80,369</u>	<u>907,499</u>	<u>907,499</u>	<u>-</u>
Preschool disabilities - part-time					
Salaries of teachers	-	137,599	137,599	137,599	-
Other salaries for instruction	-	44,999	44,999	44,908	91
Purchased professional - educational services	-	200	200	200	-
General supplies	-	1,484	1,484	1,482	2
Total	<u>-</u>	<u>184,282</u>	<u>184,282</u>	<u>184,189</u>	<u>93</u>
Preschool disabilities - full-time					
Salaries of teachers	126,445	(126,445)	-	-	-
Other salaries for instruction	45,000	(45,000)	-	-	-
Purchased professional - educational services	4,648	(4,648)	-	-	-
General supplies	1,200	(1,200)	-	-	-
Total	<u>177,293</u>	<u>(177,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special education	<u>1,478,225</u>	<u>199,139</u>	<u>1,677,364</u>	<u>1,676,912</u>	<u>452</u>
Basic skills/remedial					
Salaries of teachers	264,945	69,412	334,357	334,357	-
General supplies	2,733	(557)	2,176	2,176	-
Total	<u>267,678</u>	<u>68,855</u>	<u>336,533</u>	<u>336,533</u>	<u>-</u>
Bilingual education - instruction					
Salaries of teachers	59,925	(59,925)	-	-	-
Total	<u>59,925</u>	<u>(59,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 24,250	\$ (15,812)	\$ 8,438	\$ 8,438	\$ -
Supplies and materials	200	93	293	293	-
Total	<u>24,450</u>	<u>(15,719)</u>	<u>8,731</u>	<u>8,731</u>	<u>-</u>
School-sponsored athletics - instruction					
Salaries	3,400	2,906	6,306	6,306	-
Supplies and materials	9,950	(9,950)	-	-	-
Total	<u>13,350</u>	<u>(7,044)</u>	<u>6,306</u>	<u>6,306</u>	<u>-</u>
Summer school - instruction					
Salaries of teachers	13,750	21,586	35,336	35,336	-
Other salaries of instruction	1,650	(1,650)	-	-	-
Total	<u>15,400</u>	<u>19,936</u>	<u>35,336</u>	<u>35,336</u>	<u>-</u>
Total instruction regular	<u>\$ 5,740,231</u>	<u>\$ 19,738</u>	<u>\$ 5,759,969</u>	<u>\$ 5,759,432</u>	<u>\$ 537</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEA's within the state - regular	\$ 4,617,168	\$ 4,446	\$ 4,621,614	\$ 4,621,614	\$ -
Tuition to other LEA's within the state - special	247,504	5,508	253,012	251,754	1,258
Tuition to county vocational school district - regular	144,400	-	144,400	144,400	-
Tuition to county vocational school district - special	37,440	-	37,440	37,440	-
Tuition to cssd & regional day schools	235,040	53,990	289,030	289,030	-
Tuition to priv. school for the disabled w/i state	624,172	26,951	651,123	651,123	-
Total	<u>5,905,724</u>	<u>90,895</u>	<u>5,996,619</u>	<u>5,995,361</u>	<u>1,258</u>
Undistributed expenditures - health services					
Salaries	177,220	5,797	183,017	183,017	-
Purchased professional and technical services	4,872	3	4,875	4,875	-
Supplies and materials	15,219	(9,462)	5,757	5,757	-
Total	<u>197,311</u>	<u>(3,662)</u>	<u>193,649</u>	<u>193,649</u>	<u>-</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	158,850	(16,548)	142,302	142,302	-
Purchased professional - educational services	59,890	93,315	153,205	153,205	-
Supplies and materials	171	1,207	1,378	1,140	238
Total	<u>218,911</u>	<u>77,974</u>	<u>296,885</u>	<u>296,647</u>	<u>238</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	76,760	(26,859)	49,901	49,791	110
Purchased professional - educational services	125,415	82,974	208,389	208,389	-
Total	<u>202,175</u>	<u>56,115</u>	<u>258,290</u>	<u>258,180</u>	<u>110</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 119,845	\$ (580)	\$ 119,265	\$ 119,265	\$ -
Purchased professional - educational services	692	(692)	-	-	-
Supplies and materials	-	138	138	138	-
Other objects	-	50	50	50	-
Total	<u>120,537</u>	<u>(1,084)</u>	<u>119,453</u>	<u>119,453</u>	<u>-</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	2,000	(2,000)	-	-	-
Salaries of secretarial and clerical assistants	20,394	(20,394)	-	-	-
Purchased professional - educational services	266,500	86,844	353,344	353,344	-
Supplies and materials	10,769	(2,250)	8,519	8,296	223
Total	<u>299,663</u>	<u>62,200</u>	<u>361,863</u>	<u>361,640</u>	<u>223</u>
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	18,000	(9,000)	9,000	9,000	-
Salaries of secretarial & clerical assist	3,475	(3,475)	-	-	-
Other salaries	75,000	(40,600)	34,400	34,400	-
Purchased professional - educational services	69,071	(15,715)	53,356	53,356	-
Other purchased services	3,500	(300)	3,200	3,200	-
Supplies and materials	800	(800)	-	-	-
Other objects	1,200	(94)	1,106	1,106	-
Total	<u>171,046</u>	<u>(69,984)</u>	<u>101,062</u>	<u>101,062</u>	<u>-</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	108,590	(5,262)	103,328	103,328	-
Salaries of technology coordinators	35,000	(5,000)	30,000	30,000	-
Supplies and materials	50,410	(5,975)	44,435	44,435	-
Total	<u>194,000</u>	<u>(16,237)</u>	<u>177,763</u>	<u>177,763</u>	<u>-</u>
Undistributed expenditures - instructional staff training services					
Other purchased services	-	3,184	3,184	3,184	-
Total	<u>-</u>	<u>3,184</u>	<u>3,184</u>	<u>3,184</u>	<u>-</u>
Undistributed expend. - support service - general admin.					
Salaries	15,000	(8,232)	6,768	6,768	-
Legal services	45,000	(27,065)	17,935	17,935	-
Audit fees	22,000	(2,000)	20,000	19,950	50
Architectural/engineering services	-	12,500	12,500	12,500	-
Other purchased professional services	24,443	59,650	84,093	84,093	-
Purchased technical services	500	(352)	148	148	-
Communications/telephone	30,900	4,829	35,729	35,729	-
BOE other purchased services	-	2,041	2,041	2,041	-
Misc purch services	156,003	(63,543)	92,460	85,335	7,125
General supplies	1,200	(655)	545	545	-
BOE in-house training/meeting supplies	150	-	150	52	98
Miscellaneous expenditures	20,507	2,077	22,584	18,514	4,070
Total	<u>315,703</u>	<u>(20,750)</u>	<u>294,953</u>	<u>283,610</u>	<u>11,343</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	\$ 396,831	\$ 2,745	\$ 399,576	\$ 399,576	\$ -
Salaries of secretarial and clerical assistants	128,587	1,928	130,515	130,515	-
Supplies and materials	12,728	4,375	17,103	17,103	-
Other objects	3,350	(26)	3,324	2,703	621
Total	541,496	9,022	550,518	549,897	621
Undistributed expenditures - central services					
Salaries	206,997	(2,766)	204,231	204,180	51
Purchased professional services	3,500	19,160	22,660	22,660	-
Miscellaneous purchased services	37,150	(11,102)	26,048	18,923	7,125
Supplies and materials	3,150	-	3,150	1,257	1,893
Interest on lease purchase agreements	44,027	(10,102)	33,925	32,944	981
Other objects	2,750	200	2,950	2,872	78
Total	297,574	(4,610)	292,964	282,836	10,128
Undistributed expenditures - admin. info. technology					
Salaries	6,000	2,490	8,490	8,490	-
Purchased professional services	2,350	2,134	4,484	4,484	-
Supplies and materials	3,000	(1,741)	1,259	665	594
Total	11,350	2,883	14,233	13,639	594
Undistributed expend. - required maint. for school facilities					
Salaries	90,868	5,444	96,312	96,312	-
Cleaning, repair, and maintenance services	103,894	40,954	144,848	144,848	-
General supplies	62,000	(56,578)	5,422	5,422	-
Other objects	1,500	(556)	944	410	534
Total	258,262	(10,736)	247,526	246,992	534
Undistributed expenditures - custodial services					
Salaries	403,734	(3,692)	400,042	400,042	-
Purchased professional and technical services	59,794	(6,498)	53,296	46,414	6,882
Cleaning, repair, and maintenance service	53,318	(184)	53,134	53,134	-
Lease purchase pymts - energy savings impr prog	223,179	-	223,179	223,179	-
Insurance	59,950	(2,137)	57,813	57,813	-
Miscellaneous purchased services	17,650	(14,931)	2,719	2,715	4
General supplies	44,450	4,367	48,817	48,624	193
Energy (natural gas)	33,600	(6,952)	26,648	26,648	-
Energy (electricity)	125,000	25,055	150,055	150,055	-
Energy (oil)	20,000	16,270	36,270	36,270	-
Energy (gasoline)	5,000	(5,000)	-	-	-
Other objects	3,000	(1,500)	1,500	1,268	232
Total	1,048,675	4,798	1,053,473	1,046,162	7,311
Undistributed expenditures - care and upkeep of grounds					
Salaries	31,250	(1,406)	29,844	29,844	-
Purchased professional and technical services	5,000	(1,516)	3,484	3,484	-
Cleaning, repair, and maintenance service	18,750	(18,750)	-	-	-
General supplies	9,500	2,300	11,800	11,800	-
Total	64,500	(19,372)	45,128	45,128	-

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - security					
Salaries	\$ 15,000	\$ (15,000)	\$ -	\$ -	\$ -
Purchased professional and technical services	7,425	(4,662)	2,763	2,763	-
Cleaning, repair, and maintenance service	27,675	5,784	33,459	33,459	-
General supplies	5,000	(1,556)	3,444	3,444	-
Total	<u>55,100</u>	<u>(15,434)</u>	<u>39,666</u>	<u>39,666</u>	<u>-</u>
Undistributed expenditures - student transportation service					
Management fee - esc & ctsa trans. program	39,700	607	40,307	40,307	-
Other purchased professional and technical service	22,250	(5,086)	17,164	17,164	-
Contract service-aid in lieu pymts - non-public schools	60,112	(14,396)	45,716	45,716	-
Contract service-aid in lieu pymts-charter school students	1,768	4,232	6,000	6,000	-
Contract service (between home & school) - vendors	644,313	(9,661)	634,652	634,652	-
Contr service (oth. than between home & school) - vend	4,070	(558)	3,512	3,512	-
Contract service (sp ed stds) - joint agreements	33,000	(3,574)	29,426	29,426	-
Contract service (spl. ed. students) - escs & ctsas	397,262	102,816	500,078	500,078	-
General supplies	1,500	(1,500)	-	-	-
Other objects	500	(500)	-	-	-
Total	<u>1,204,475</u>	<u>72,380</u>	<u>1,276,855</u>	<u>1,276,855</u>	<u>-</u>
Allocated benefits - employee benefits					
Regular programs - instruction					
Other employee benefits	22,500	(22,500)	-	-	-
Total	<u>22,500</u>	<u>(22,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total allocated benefits - employees	<u>\$ 22,500</u>	<u>\$ (22,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unallocated benefits - employee benefits					
Social security contributions	\$ 124,695	\$ (3,265)	\$ 121,430	\$ 121,430	\$ -
Other retirement contributions - PERS	149,950	(17,279)	132,671	132,671	-
Other retirement contributions - regular	6,510	(1,064)	5,446	5,446	-
Unemployment compensation	15,400	13,919	29,319	29,319	-
Workmen's compensation	71,400	(13,816)	57,584	57,584	-
Health benefits	2,397,872	(185,272)	2,212,600	2,212,600	-
Tuition reimbursement	30,000	(1,220)	28,780	28,780	-
Other employee benefits	54,000	(52,500)	1,500	1,500	-
Unused sick payment to terminated/retired staff	-	21,222	21,222	21,222	-
Total	<u>2,849,827</u>	<u>(239,275)</u>	<u>2,610,552</u>	<u>2,610,552</u>	<u>-</u>
On-behalf TPAF pension contribution	-	-	-	819,751	(819,751)
On-behalf TPAF post retirement medical benefits	-	-	-	529,460	(529,460)
On-behalf TPAF long-term disability insurance	-	-	-	1,323	(1,323)
Reimbursed TPAF social security contribution	-	-	-	409,572	(409,572)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,106</u>	<u>(1,760,106)</u>
Total undistributed expenditures	<u>\$ 13,978,829</u>	<u>\$ (44,193)</u>	<u>\$ 13,934,636</u>	<u>\$ 15,662,382</u>	<u>\$ (1,727,746)</u>
Total current	<u>\$ 19,719,060</u>	<u>\$ (24,455)</u>	<u>\$ 19,694,605</u>	<u>\$ 21,421,814</u>	<u>\$ (1,727,209)</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 16,223	\$ (3,634)	\$ 12,589	\$ 12,589	\$ -
Undistributed expend. - required maint. for school facilities	51,394	(15,000)	36,394	36,394	-
Undistributed expenditures - care and upkeep of grounds	4,000	(4,000)	-	-	-
Total equipment	<u>71,617</u>	<u>(22,634)</u>	<u>48,983</u>	<u>48,983</u>	<u>-</u>
Facilities acquisition and construction service					
Architectural/engineering services	32,000	(32,000)	-	-	-
Other purchased professional and technology services	-	5,258	5,258	5,257	1
Construction services	269,375	293,814	563,189	244,939	318,250
Lease purchase agreements - principal	145,657	-	145,657	145,657	-
Assessment for debt service on SDA funding	2,261	-	2,261	2,261	-
Total facilities acquisition and construction service	<u>449,293</u>	<u>267,072</u>	<u>716,365</u>	<u>398,114</u>	<u>318,251</u>
Total capital outlay	<u>\$ 520,910</u>	<u>\$ 244,438</u>	<u>\$ 765,348</u>	<u>\$ 447,097</u>	<u>\$ 318,251</u>
Transfer of funds to charter schools	<u>\$ 22,811</u>	<u>\$ 53,197</u>	<u>\$ 76,008</u>	<u>\$ 76,004</u>	<u>\$ 4</u>
Total expenditures	<u>\$ 20,262,781</u>	<u>\$ 273,180</u>	<u>\$ 20,535,961</u>	<u>\$ 21,944,915</u>	<u>\$ (1,408,954)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (129,429)</u>	<u>\$ (305,549)</u>	<u>\$ (434,978)</u>	<u>\$ 16,059</u>	<u>\$ 451,037</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	-	-	-	442,103	442,103
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,103</u>	<u>442,103</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(129,429)	(305,549)	(434,978)	458,162	893,140
Fund balances, July 1	<u>1,431,384</u>	<u>-</u>	<u>1,431,384</u>	<u>1,431,384</u>	<u>-</u>
Fund balances, June 30	<u>\$ 1,301,955</u>	<u>\$ (305,549)</u>	<u>\$ 996,406</u>	<u>\$ 1,889,546</u>	<u>\$ 893,140</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (129,429)	\$ -	\$ (129,429)	\$ (129,429)	\$ -
Increase in capital reserve	-	31,000	31,000	449,217	418,217
Interest deposit to capital reserve	-	-	-	4,317	4,317
Withdrawal from capital reserve	-	(223,297)	(223,297)	(223,297)	-
Increase in maintenance reserve	-	16,000	16,000	16,000	-
Budgeted fund balance	-	(129,252)	(129,252)	341,354	470,606
<b>Total</b>	<b>\$ (129,429)</b>	<b>\$ (305,549)</b>	<b>\$ (434,978)</b>	<b>\$ 458,162</b>	<b>\$ 893,140</b>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 46,372	
Capital reserve				857,407	
Maintenance reserve				177,615	
Committed fund balance					
Year-end encumbrances				339,170	
Unassigned fund balance				<u>468,982</u>	
Fund balance per budgetary basis				1,889,546	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(583,946)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,305,600</u>	

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 10,511	\$ -	\$ 10,511	\$ 9,445	\$ (1,066)
Federal sources	315,845	-	315,845	306,033	(9,812)
Total revenues	<u>\$ 326,356</u>	<u>\$ -</u>	<u>\$ 326,356</u>	<u>\$ 315,478</u>	<u>\$ (10,878)</u>
Expenditures					
Instruction					
Salaries	\$ 59,583	\$ -	\$ 59,583	\$ 59,412	\$ 171
Tuition	204,083	-	204,083	204,083	-
Other purchased services	-	5,048	5,048	5,048	-
General supplies	29,989	(15,266)	14,723	9,399	5,324
Totals	<u>293,655</u>	<u>(10,218)</u>	<u>283,437</u>	<u>277,942</u>	<u>5,495</u>
Support services					
Purchased professional and technical services	27,333	(1,736)	25,597	21,533	4,064
Other purchased services	5,368	2,550	7,918	7,665	253
General supplies	-	9,404	9,404	8,338	1,066
Total	<u>32,701</u>	<u>10,218</u>	<u>42,919</u>	<u>37,536</u>	<u>5,383</u>
Total expenditures	<u>\$ 326,356</u>	<u>\$ -</u>	<u>\$ 326,356</u>	<u>\$ 315,478</u>	<u>\$ 10,878</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**

Explanation of Differences Between Budgetary Inflows and  
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 21,960,974	\$ 315,478
<b>Differences - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	4,580
Outstanding encumbrances - current year	-	(567)
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 expenses (GASB 33):		
State aid receivable - prior year	577,675	-
State aid receivable - current year	(583,946)	-
Total revenues (GAAP basis)	<u>\$ 21,954,703</u>	<u>\$ 319,491</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 21,944,915	\$ 315,478
<b>Differences - Budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	4,580
Outstanding encumbrances - current year	-	(567)
Total expenditures (GAAP basis)	<u>\$ 21,944,915</u>	<u>\$ 319,491</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0140210442%	0.0145045105%	0.0158783260%	0.0168460007%	0.0152673017%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 3,263,875	\$ 4,295,820	\$ 3,564,366	\$ 3,154,032	\$ 2,917,885	N/A	N/A	N/A	N/A
District's covered employee payroll	1,046,342	985,451	954,391	1,009,899	1,062,273	1,139,750	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	331.21%	450.11%	352.94%	296.91%	256.01%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of District's Contributions - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 129,890	\$ 130,174	\$ 136,511	\$ 138,876	\$ 115,036	\$ 98,136	\$ 126,145	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(129,890)	(130,174)	(136,511)	(138,876)	(115,036)	(98,136)	(126,145)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered employee payroll	1,046,342	985,451	954,391	\$ 1,009,899	\$ 1,062,273	\$ 1,139,750	\$ 1,008,137	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	12.41%	13.21%	14.30%	13.75%	10.83%	8.61%	12.51%	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	-	35,897,530	44,158,384	37,018,875	30,782,398	30,000,335	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 35,897,530	\$ 44,158,384	\$ 37,018,875	\$ 30,782,398	\$ 30,000,335	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,730,946	\$ 5,715,574	\$ 5,527,363	\$ 5,419,890	\$ 5,743,558	\$ 5,613,864	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of District's Contributions - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 819,751	\$ 598,866	\$ 449,428	\$ 316,652	\$ 243,649	\$ 383,561	\$ 188,093	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(819,751)</u>	<u>(598,866)</u>	<u>(449,428)</u>	<u>(316,652)</u>	<u>(243,649)</u>	<u>(383,561)</u>	<u>(188,093)</u>	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A
District's covered employee payroll	\$ 5,730,946	\$ 5,715,574	\$ 5,527,363	\$ 5,419,890	\$ 5,743,558	\$ 5,613,864	\$ 5,625,510	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	14.30%	10.48%	8.13%	5.84%	4.24%	6.83%	3.34%	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Other**  
**Postemployment Employee Benefits Liability**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	31,237,261	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>		<b>\$ 31,237,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	N/A	\$ 6,701,025	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: N/A = Information Not Available

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2018**

- Note 1 - Special funding situation - TPAF and other post-retirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other post-retirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS  
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits  
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits  
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.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits  
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	Various						Total
	Local Grants	ESSA Title IA	ESSA Title IIA	ESSA Title IV	IDEA Basic	IDEA Preschool	
<b>Revenues</b>							
Local sources	\$ 9,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,445
Federal sources	-	70,918	18,715	4,936	204,083	7,381	306,033
<b>Total revenues</b>	<b>\$ 9,445</b>	<b>\$ 70,918</b>	<b>\$ 18,715</b>	<b>\$ 4,936</b>	<b>\$ 204,083</b>	<b>\$ 7,381</b>	<b>\$ 315,478</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ -	\$ 59,412	\$ -	\$ -	\$ -	\$ -	\$ 59,412
Tuition	-	-	-	-	204,083	-	204,083
Other purchased services	-	-	-	-	-	5,048	5,048
General supplies	2,843	6,556	-	-	-	-	9,399
<b>Total</b>	<b>2,843</b>	<b>65,968</b>	<b>-</b>	<b>-</b>	<b>204,083</b>	<b>5,048</b>	<b>277,942</b>
<b>Support services</b>							
Purchased professional and technical services	-	-	16,000	3,200	-	2,333	21,533
Other purchased services	-	4,950	2,715	-	-	-	7,665
Supplies and materials	6,602	-	-	1,736	-	-	8,338
<b>Total</b>	<b>6,602</b>	<b>4,950</b>	<b>18,715</b>	<b>4,936</b>	<b>-</b>	<b>2,333</b>	<b>37,536</b>
<b>Total expenditures</b>	<b>\$ 9,445</b>	<b>\$ 70,918</b>	<b>\$ 18,715</b>	<b>\$ 4,936</b>	<b>\$ 204,083</b>	<b>\$ 7,381</b>	<b>\$ 315,478</b>

See independent auditors' report.



## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2018**

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Security upgrades at the Middle School	06/30/14	\$ 64,410	\$ 51,714	\$ 12,696	\$ -
Security upgrades and window replacement at Central School	06/30/14	207,660	189,999	17,661	-
Security upgrades and roof replacement at Liberty School	06/30/14	717,500	717,500	-	-
Energy savings project	02/26/15	2,600,000	2,576,113	23,887	-
		<u>\$ 3,589,570</u>	<u>\$ 3,535,326</u>	<u>\$ 54,244</u>	<u>\$ -</u>

See independent auditors' report.

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

Revenues	
State sources	
NJ SDA Aid	\$ 368,176
Expenditures and other financing uses	
Transfers to other funds	<u>442,103</u>
Excess (deficiency) of revenues over (under) expenditures	(73,927)
Fund balance - beginning	<u>73,927</u>
Fund balance - ending	<u><u>\$ -</u></u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Security Upgrades at the Middle School**  
**For the Fiscal Year Ended June 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 27,456	\$ (27,456)	\$ -	\$ -
Lease purchase proceeds	41,184	-	41,184	41,184
State sources				
NJ SDA aid	-	23,226	23,226	23,226
Total revenues	<u>68,640</u>	<u>(4,230)</u>	<u>64,410</u>	<u>64,410</u>
Expenditures and other financing uses				
Purchased professional and technical services	1,534	-	1,534	1,534
Construction services	50,180	-	50,180	50,180
Transfer to general fund	-	12,696	12,696	12,696
Total expenditures	<u>51,714</u>	<u>12,696</u>	<u>64,410</u>	<u>64,410</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 16,926</u>	<u>\$ (16,926)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-040-14-1001
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 68,640
Revised authorized cost	\$ 64,410
Percentage completion	100%

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Security Upgrades and Window Replacement at the Central School**  
**For the Fiscal Year Ended June 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 89,245	\$ (89,245)	\$ -	\$ -
Lease purchase proceeds	133,868	-	133,868	133,868
State sources				
NJ SDA aid	-	73,792	73,792	73,792
Total revenues	<u>223,113</u>	<u>(15,453)</u>	<u>207,660</u>	<u>207,660</u>
Expenditures and other financing uses				
Purchased professional and technical services				
	17,677	-	17,677	17,677
Construction services				
	172,322	-	172,322	172,322
Transfer to capital reserve				
	-	17,661	17,661	17,661
Total expenditures	<u>189,999</u>	<u>17,661</u>	<u>207,660</u>	<u>207,660</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 33,114</u>	<u>\$ (33,114)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-050-14-1002
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 223,113
Revised authorized cost	\$ 189,999
Percentage completion	100%

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Security Upgrades and Roof Replacement at the Liberty School**  
**For the Fiscal Year Ended June 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 310,763	\$ (271,158)	\$ 39,605	\$ 39,605
Lease purchase proceeds	406,737	-	406,737	406,737
State sources				
NJ SDA aid	-	271,158	271,158	271,158
Total revenues	<u>717,500</u>	<u>-</u>	<u>717,500</u>	<u>717,500</u>
Expenditures and other financing uses				
Purchased professional and technical services	51,390	-	51,390	51,390
Construction services	666,110	-	666,110	666,110
Total expenditures	<u>717,500</u>	<u>-</u>	<u>717,500</u>	<u>717,500</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-060-14-1003
Grant date	6/30/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 717,500
Revised authorized cost	\$ 717,500
Percentage completion	100%

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Energy System Improvement Plans at All District Facilities**  
**For the Fiscal Year Ended June 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Lease purchase proceeds	\$ 2,600,000	\$ -	\$ 2,600,000	\$ 2,600,000
Total revenues	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>	<u>2,600,000</u>
Expenditures and other financing uses				
Purchased professional and technical services	38,530	-	38,530	38,530
Construction services	2,537,583	-	2,537,583	2,537,583
Transfer to general fund	-	23,887	23,887	23,887
Total expenditures	<u>2,576,113</u>	<u>23,887</u>	<u>2,600,000</u>	<u>2,600,000</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>\$ 23,887</u>	<u>\$ (23,887)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	1785-040-15-1000
	1785-050-15-1000
	1785-060-15-1000
Grant date	N/A
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 2,600,000
Revised authorized cost	\$ 2,576,113
Percentage completion	100%

See independent auditors' report.

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

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



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 9,050
Receivables from other governments	
State	139
Federal	3,220
Inventory	5,117
Total current assets	<u>17,526</u>
Noncurrent assets	
Capital assets	286,561
Less: accumulated depreciation	<u>285,387</u>
Total noncurrent assets	<u>1,174</u>
Total assets	<u>18,700</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	2,228
Unearned revenues - prepaid sales	<u>2,890</u>
Total liabilities	<u>5,118</u>
Net position	
Net investment in capital assets	1,174
Unrestricted	<u>12,408</u>
Total net position	<u><u>\$ 13,582</u></u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 88,343
Daily sales - non-reimbursable programs	35,292
Total operating revenues	<u>123,635</u>
Operating expenses	
Cost of sales - reimbursable programs	65,094
Cost of sales - non-reimbursable programs	15,508
Commodity food costs	14,862
Salaries	75,671
Support services - employee benefits	8,923
Purchased property services	2,634
Other purchased services	
Other purchased services	
Insurance	1,268
Management fee	10,758
Other	4,987
Supplies and materials	3,883
Depreciation expense	1,751
Miscellaneous expenditures	1,033
Total operating expenses	<u>206,372</u>
Operating income (loss)	<u>(82,737)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	2,173
Federal sources	
National school lunch program	49,085
Food donation program	14,862
Miscellaneous	986
Total non-operating revenues (expenses)	<u>67,106</u>
Change in net position	(15,631)
Net position, beginning	<u>29,213</u>
Net position, ending	<u>\$ 13,582</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 123,374
Payments to employees	(12,830)
Payments to Food Service Management Company	(173,206)
Payments to vendors (net)	<u>(3,387)</u>
Net cash provided by (used for) operating activities	<u>(66,049)</u>
 Cash flows from noncapital related financing activities	
State sources	2,134
Federal sources	48,281
General fund interfund activity	6
Miscellaneous	<u>986</u>
Net cash provided by (used for) noncapital financing activities	<u>51,407</u>
 Net increase (decrease) in cash and cash equivalents	 (14,642)
 Cash and cash equivalents, beginning	 <u>23,692</u>
 Cash and cash equivalents, ending	 <u><u>\$ 9,050</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (82,737)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,751
Federal food donation program	14,862
(Increase) decrease in inventory	1,096
Increase (decrease) in unearned revenue	<u>(1,021)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (66,049)</u></u>

See independent auditors' report.

## **FIDUCIARY FUNDS**

### **DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district as an agent for individuals, private organizations, other government and/or other funds.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Net Position**  
**June 30, 2018**

	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 27,912	\$ 23,239	\$ 51,151
<b>Total assets</b>	<b>\$ 27,912</b>	<b>\$ 23,239</b>	<b>\$ 51,151</b>
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 4,443	\$ 4,443
Due to student groups	27,912	-	27,912
Payroll deductions and withholdings	-	18,796	18,796
<b>Total liabilities</b>	<b>\$ 27,912</b>	<b>\$ 23,239</b>	<b>\$ 51,151</b>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2018**

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
<b>Assets</b>				
Cash and cash equivalents	\$ 31,122	\$ 75,096	\$ 78,306	\$ 27,912
<b>Total assets</b>	<b>\$ 31,122</b>	<b>\$ 75,096</b>	<b>\$ 78,306</b>	<b>\$ 27,912</b>
<b>Liabilities</b>				
Due to student groups				
Central School	\$ 5,409	\$ 4,012	\$ 2,976	\$ 6,445
Liberty School	2,272	5,966	4,905	3,333
Middle School	23,441	65,118	70,425	18,134
<b>Total liabilities</b>	<b>\$ 31,122</b>	<b>\$ 75,096</b>	<b>\$ 78,306</b>	<b>\$ 27,912</b>

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**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2018**

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
<b>Assets</b>				
Cash and cash equivalents	\$ 21,972	\$ 8,023,081	\$ 8,021,814	\$ 23,239
<b>Total assets</b>	<b>\$ 21,972</b>	<b>\$ 8,023,081</b>	<b>\$ 8,021,814</b>	<b>\$ 23,239</b>
<b>Liabilities</b>				
Due to other funds	\$ 2,626	\$ 2,393	\$ 576	\$ 4,443
Payroll deductions and withholdings	19,346	3,513,675	3,514,225	18,796
Net payroll	-	4,507,013	4,507,013	-
<b>Total liabilities</b>	<b>\$ 21,972</b>	<b>\$ 8,023,081</b>	<b>\$ 8,021,814</b>	<b>\$ 23,239</b>

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
General obligation refunding school bonds of 2008	12/20/07	\$ 8,355,000				\$ 4,235,000	\$ -	\$ 4,235,000	\$ -
General obligation refunding school bonds of 2017	11/15/17	3,600,000	01/15/19	\$ 510,000	3.000%	-	3,600,000	30,000	3,570,000
			01/15/20	510,000	4.000%	-	-	-	-
			01/15/21	505,000	4.000%	-	-	-	-
			01/15/22	505,000	4.000%	-	-	-	-
			01/15/23	495,000	4.000%	-	-	-	-
			01/15/24	520,000	4.000%	-	-	-	-
			01/15/25	525,000	4.000%	-	-	-	-
						<u>\$ 4,235,000</u>	<u>\$ 3,600,000</u>	<u>\$ 4,265,000</u>	<u>\$ 3,570,000</u>

Analysis of Amount Retired

Budget expenditures	\$ 550,000
Deferred outflow for refunding of 2008 bonds	<u>3,715,000</u>
Total amount retired	<u>\$ 4,265,000</u>

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**For the Fiscal Year Ended June 30, 2018**

Description	Interest Rate	Amount of Original of Issue	Balance 07/01/17	Issued	Retired	Balance 06/30/18
Renovations at Central, Liberty and Middle Schools	2.160%	\$ 581,789	\$ 294,978	\$ -	\$ 145,657	\$ 149,321
Energy system improvement plan	2.363%	2,600,000	2,297,676	-	197,939	2,099,737
			<u>\$ 2,592,654</u>	<u>\$ -</u>	<u>\$ 343,596</u>	<u>\$ 2,249,058</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 517,876	\$ -	\$ 517,876	\$ 517,876	\$ -
Miscellaneous	-	-	-	3,509	3,509
State sources					
Debt service aid	177,712	-	177,712	177,712	-
Total revenues	<u>695,588</u>	<u>-</u>	<u>695,588</u>	<u>699,097</u>	<u>3,509</u>
Expenditures					
Regular debt service					
Interest on bonds	175,588	(30,000)	145,588	122,369	23,219
Redemption of principal	520,000	30,000	550,000	550,000	-
Total expenditures	<u>695,588</u>	<u>-</u>	<u>695,588</u>	<u>672,369</u>	<u>23,219</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	26,728	26,728
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,728</u>	<u>\$ 26,728</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-6
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-7 to J-10
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-11 to J-14
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-15 to J-16
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-17 to J-21

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ 2,169,119	\$ 2,067,713	\$ 2,223,422	\$ 2,280,547	\$ 2,580,148	\$ 2,751,359	\$ 2,906,201	\$ 3,547,474	\$ 4,084,810	\$ 4,853,873
Restricted	1,249,737	851,370	268,809	302,390	601,003	895,952	899,157	415,757	862,712	1,061,750
Unrestricted	(456,883)	(287,781)	(439,822)	(427,747)	(663,529)	(3,362,881)	(3,440,685)	(3,538,141)	(3,489,388)	(3,554,787)
Total governmental activities	<u>\$ 2,961,973</u>	<u>\$ 2,631,302</u>	<u>\$ 2,052,409</u>	<u>\$ 2,155,190</u>	<u>\$ 2,517,622</u>	<u>\$ 284,430</u>	<u>\$ 364,673</u>	<u>\$ 425,090</u>	<u>\$ 1,458,134</u>	<u>\$ 2,360,836</u>
Business-type activities										
Net investment in capital assets	\$ 40,336	\$ 40,066	\$ 57,321	\$ 35,419	\$ 24,320	\$ 14,636	\$ 6,668	\$ 4,796	\$ 2,925	\$ 1,174
Unrestricted	71,108	82,654	81,263	68,188	59,073	59,287	48,414	41,153	26,288	12,408
Total business-type activities	<u>\$ 111,444</u>	<u>\$ 122,720</u>	<u>\$ 138,584</u>	<u>\$ 103,607</u>	<u>\$ 83,393</u>	<u>\$ 73,923</u>	<u>\$ 55,082</u>	<u>\$ 45,949</u>	<u>\$ 29,213</u>	<u>\$ 13,582</u>
District-wide										
Net investment in capital assets	\$ 2,209,455	\$ 2,107,779	\$ 2,280,743	\$ 2,315,966	\$ 2,604,468	\$ 2,765,995	\$ 2,912,869	\$ 3,552,270	\$ 4,087,735	\$ 4,855,047
Restricted	1,249,737	851,370	268,809	302,390	601,003	895,952	899,157	415,757	862,712	1,061,750
Unrestricted	(385,775)	(205,127)	(358,559)	(359,559)	(604,456)	(3,303,594)	(3,392,271)	(3,496,988)	(3,463,100)	(3,542,379)
Total district-wide	<u>\$ 3,073,417</u>	<u>\$ 2,754,022</u>	<u>\$ 2,190,993</u>	<u>\$ 2,258,797</u>	<u>\$ 2,601,015</u>	<u>\$ 358,353</u>	<u>\$ 419,755</u>	<u>\$ 471,039</u>	<u>\$ 1,487,347</u>	<u>\$ 2,374,418</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,365,004	\$ 6,625,624	\$ 6,233,798	\$ 6,324,035	\$ 6,893,927	\$ 6,601,760	\$ 7,613,489	\$ 7,910,503	\$ 8,368,806	\$ 7,961,570
Special education	590,167	610,771	578,486	1,106,202	1,039,462	976,196	1,451,427	1,769,666	2,952,136	3,809,930
Other instruction	186,423	213,765	135,509	233,416	244,637	267,923	486,388	815,655	700,181	1,010,478
Support services										
Tuition	7,412,871	7,471,174	8,180,781	7,177,323	6,541,194	6,500,875	7,137,647	6,880,632	6,186,512	6,259,441
Student and instruction related services	1,518,762	1,494,296	1,377,734	1,697,007	1,713,346	1,753,640	1,813,729	2,047,647	2,163,420	2,513,196
General and business administrative services	594,160	584,263	552,999	724,352	628,034	688,811	726,105	765,762	713,839	895,058
School administration	511,007	497,091	505,510	608,888	705,221	746,416	890,623	978,926	1,119,479	1,228,043
Plant operations and maintenance	1,231,186	1,266,575	1,336,289	1,214,530	1,349,828	1,449,282	1,381,404	1,285,345	1,383,480	1,599,573
Pupil transportation	1,253,663	1,114,332	1,071,411	794,567	845,042	942,179	1,060,410	1,203,671	1,181,826	1,305,574
Transfer to charter schools	-	-	-	-	-	-	-	-	-	76,004
Interest on long-term debt	332,991	322,057	308,733	294,224	275,906	259,452	280,325	263,557	252,774	232,784
Unallocated depreciation	35,641	35,641	38,113	-	-	-	-	-	-	-
Total governmental activities expenses	<u>20,031,875</u>	<u>20,235,589</u>	<u>20,319,363</u>	<u>20,174,544</u>	<u>20,236,597</u>	<u>20,186,534</u>	<u>22,841,547</u>	<u>23,921,364</u>	<u>25,022,453</u>	<u>26,891,651</u>
Business-type activities										
Food services	228,484	226,973	214,089	264,899	223,129	224,059	218,877	203,262	209,843	206,372
Total business-type activities	<u>228,484</u>	<u>226,973</u>	<u>214,089</u>	<u>264,899</u>	<u>223,129</u>	<u>224,059</u>	<u>218,877</u>	<u>203,262</u>	<u>209,843</u>	<u>206,372</u>
Total district expenses	<u>\$ 20,260,359</u>	<u>\$ 20,462,562</u>	<u>\$ 20,533,452</u>	<u>\$ 20,439,443</u>	<u>\$ 20,459,726</u>	<u>\$ 20,410,593</u>	<u>\$ 23,060,424</u>	<u>\$ 24,124,626</u>	<u>\$ 25,232,296</u>	<u>\$ 27,098,023</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ 30,910	\$ 11,604	\$ 49,706	\$ 68,901	\$ 53,780	\$ 416,067	\$ 370,766
Operating grants and contributions	337,757	442,837	572,683	518,132	354,663	331,908	304,284	330,790	314,302	319,491
Capital grants and contributions	-	79,560	-	(18,167)	-	-	-	-	-	368,176
Total governmental activities program revenues	<u>337,757</u>	<u>522,397</u>	<u>572,683</u>	<u>530,875</u>	<u>366,267</u>	<u>381,614</u>	<u>373,185</u>	<u>384,570</u>	<u>730,369</u>	<u>1,058,433</u>
Business-type activities										
Charges for services										
Food service	180,913	179,558	172,715	161,116	145,633	148,361	142,244	133,924	131,763	123,635
Child care	(756)	-	-	-	-	-	-	-	-	-
Operating grants and contributions	57,520	58,691	57,238	67,529	58,615	66,207	57,792	60,044	61,071	66,120
Total business-type activities program revenues	<u>237,677</u>	<u>238,249</u>	<u>229,953</u>	<u>228,645</u>	<u>204,248</u>	<u>214,568</u>	<u>200,036</u>	<u>193,968</u>	<u>192,834</u>	<u>189,755</u>
Total district-program revenues	<u>\$ 575,434</u>	<u>\$ 760,646</u>	<u>\$ 802,636</u>	<u>\$ 759,520</u>	<u>\$ 570,515</u>	<u>\$ 596,182</u>	<u>\$ 573,221</u>	<u>\$ 578,538</u>	<u>\$ 923,203</u>	<u>\$ 1,248,188</u>
Net (expense) revenues										
Governmental activities	\$ (19,694,118)	\$ (19,713,192)	\$ (19,746,680)	\$ (19,643,669)	\$ (19,870,330)	\$ (19,804,920)	\$ (22,468,362)	\$ (23,536,794)	\$ (24,292,084)	\$ (25,833,218)
Business-type activities	9,193	11,276	15,864	(36,254)	(18,881)	(9,491)	(18,841)	(9,294)	(17,009)	(16,617)
Total district-wide net expenses	<u>\$ (19,684,925)</u>	<u>\$ (19,701,916)</u>	<u>\$ (19,730,816)</u>	<u>\$ (19,679,923)</u>	<u>\$ (19,889,211)</u>	<u>\$ (19,814,411)</u>	<u>\$ (22,487,203)</u>	<u>\$ (23,546,088)</u>	<u>\$ (24,309,093)</u>	<u>\$ (25,849,835)</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 11,514,907	\$ 11,664,104	\$ 11,881,979	\$ 12,119,619	\$ 12,362,011	\$ 12,609,251	\$ 12,919,163	\$ 13,258,492	\$ 13,698,655	\$ 13,910,278
Taxes levied for debt service	400,284	435,573	495,215	530,267	537,321	543,598	536,107	520,240	518,156	517,876
Unrestricted grants and contributions	7,102,805	7,175,409	6,703,258	7,145,724	7,320,869	7,208,671	9,051,461	9,809,299	11,040,473	12,239,143
Investment earnings	14,868	5,226	294	37	35	744	935	1,405	9,676	24,275
Miscellaneous income	127,297	102,209	35,907	40,780	13,176	12,313	40,939	7,775	58,168	44,348
Special item-loss on disposal of capital assets	-	-	-	-	(650)	-	-	-	-	-
Special item-prior year accounts receivable canceled	-	-	-	(51,381)	-	-	-	-	-	-
Special item-prior year grants receivable canceled	-	-	-	(38,596)	-	-	-	-	-	-
Total governmental activities	<u>19,160,161</u>	<u>19,382,521</u>	<u>19,116,653</u>	<u>19,746,450</u>	<u>20,232,762</u>	<u>20,374,577</u>	<u>22,548,605</u>	<u>23,597,211</u>	<u>25,325,128</u>	<u>26,735,920</u>
Business-type activities										
Miscellaneous	-	-	-	1,277	-	21	-	-	-	-
Special item-loss on disposal of capital assets	-	-	-	-	(1,333)	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	161	273	986
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277</u>	<u>(1,333)</u>	<u>21</u>	<u>-</u>	<u>161</u>	<u>273</u>	<u>986</u>
Total district-wide	<u>\$ 19,160,161</u>	<u>\$ 19,382,521</u>	<u>\$ 19,116,653</u>	<u>\$ 19,747,727</u>	<u>\$ 20,231,429</u>	<u>\$ 20,374,598</u>	<u>\$ 22,548,605</u>	<u>\$ 23,597,372</u>	<u>\$ 25,325,401</u>	<u>\$ 26,736,906</u>
Change in net position										
Governmental activities	\$ (533,957)	\$ (330,671)	\$ (630,027)	\$ 102,781	\$ 362,432	\$ 569,657	\$ 80,243	\$ 60,417	\$ 1,033,044	\$ 902,702
Business-type activities	9,193	11,276	15,864	(34,977)	(20,214)	(9,470)	(18,841)	(9,133)	(16,736)	(15,631)
Total district	<u>\$ (524,764)</u>	<u>\$ (319,395)</u>	<u>\$ (614,163)</u>	<u>\$ 67,804</u>	<u>\$ 342,218</u>	<u>\$ 560,187</u>	<u>\$ 61,402</u>	<u>\$ 51,284</u>	<u>\$ 1,016,308</u>	<u>\$ 887,071</u>

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 1,258,334	\$ 567,553	\$ 193,809	\$ 314,922	\$ 614,946	\$ 894,835	\$ 475,865	\$ 337,046	\$ 835,157	\$ 1,081,394
Committed	-	-	74,832	-	-	9,529	11,125	8,185	129,429	339,170
Assigned	100,000	370,000	75,000	118,616	2,307	10,024	-	-	32,369	-
Unassigned	(265,609)	(273,842)	(282,808)	(212,534)	(193,505)	(190,015)	(295,902)	(243,610)	(143,246)	(114,964)
Total general fund	<u>\$ 1,092,725</u>	<u>\$ 663,711</u>	<u>\$ 60,833</u>	<u>\$ 221,004</u>	<u>\$ 423,748</u>	<u>\$ 724,373</u>	<u>\$ 191,088</u>	<u>\$ 101,621</u>	<u>\$ 853,709</u>	<u>\$ 1,305,600</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ 183,383	\$ 45,815	\$ -	\$ -	\$ 559,129	\$ 2,763,970	\$ 78,711	\$ 73,927	\$ -
Assigned, reported in										
Debt service fund	<u>2,517</u>	<u>2,918</u>	<u>2,518</u>	<u>1,411</u>	<u>-</u>	<u>1,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,728</u>
Total all other governmental funds	<u>\$ 2,517</u>	<u>\$ 186,301</u>	<u>\$ 48,333</u>	<u>\$ 1,411</u>	<u>\$ -</u>	<u>\$ 560,236</u>	<u>\$ 2,763,970</u>	<u>\$ 78,711</u>	<u>\$ 73,927</u>	<u>\$ 26,728</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 11,915,191	\$ 12,099,677	\$ 12,377,194	\$ 12,649,886	\$ 12,899,332	\$ 13,152,849	\$ 13,455,270	\$ 13,778,732	\$ 14,216,811	\$ 14,428,154
Tuition charges	-	-	-	-	-	-	-	1,795	146,840	210,636
Miscellaneous	145,792	111,751	42,269	70,552	22,090	63,424	105,754	63,119	103,773	72,943
State sources	7,104,958	6,301,834	6,610,245	7,019,650	7,320,869	7,208,671	7,394,979	7,548,963	7,722,565	7,950,945
State sources - capital projects	-	79,560	-	(18,187)	-	-	-	-	-	368,176
Federal sources	331,977	1,312,096	659,629	638,253	351,784	325,266	294,790	327,732	307,490	310,613
<b>Total revenues</b>	<b>19,497,918</b>	<b>19,904,918</b>	<b>19,689,337</b>	<b>20,360,154</b>	<b>20,594,075</b>	<b>20,750,210</b>	<b>21,250,793</b>	<b>21,720,341</b>	<b>22,497,479</b>	<b>23,341,467</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	4,723,609	4,708,436	4,270,924	4,304,285	4,530,462	4,502,409	4,277,595	4,144,829	4,049,697	3,695,614
Special education instruction	494,767	508,255	487,624	698,902	623,344	616,111	778,883	917,848	1,391,491	1,676,912
Other special instruction	156,288	177,885	107,736	123,611	129,656	131,565	228,042	353,422	259,194	336,533
Other instruction	-	-	6,489	8,135	6,100	24,053	19,603	22,808	27,103	50,373
<b>Support services</b>										
Tuition	6,214,590	6,217,157	6,895,835	6,854,550	6,257,235	6,245,487	6,908,970	6,638,390	5,811,449	5,995,361
Student and instr. related services	1,146,349	1,202,051	1,134,397	1,092,782	1,139,792	1,198,637	1,208,427	1,259,426	1,276,851	1,511,578
General administration	306,593	294,378	280,473	329,984	290,952	336,117	333,901	339,001	240,744	283,610
School administration services	428,403	413,656	426,110	413,653	461,358	493,329	501,305	510,020	533,241	549,897
Central services	179,914	185,318	178,800	189,179	195,465	205,729	206,559	223,126	246,536	282,836
Administrative information technology	11,608	6,500	6,867	8,051	8,177	9,833	7,861	9,698	8,540	13,639
Plant operations and maintenance	1,032,166	1,053,984	1,126,400	987,553	1,130,844	1,209,408	1,133,241	1,160,555	1,288,100	1,377,948
Pupil transportation	1,051,010	927,294	903,126	789,669	831,961	941,844	1,058,610	1,203,671	1,132,901	1,276,855
Employee benefits	2,221,652	2,383,886	2,159,731	2,053,322	2,160,686	2,275,114	2,348,499	2,436,076	2,568,137	2,610,552
On-behalf TPAF pension and social security contribution	842,725	862,565	837,080	983,157	1,265,913	1,068,741	1,217,888	1,379,896	1,507,813	1,760,106
Transfer to charter schools	114,161	90,000	140,250	84,784	60,215	56,950	63,736	22,811	22,811	76,004
Capital outlay	145,634	32,529	92,940	-	220,434	70,322	26,109	22,084	226,174	299,179
Capital projects	-	15,517	137,568	-	-	22,670	783,008	2,724,864	4,784	90,173
Special revenue funds	337,757	442,837	572,683	518,132	354,663	331,908	304,284	330,790	314,302	319,491
<b>Debt service</b>										
Principal	235,000	300,000	350,000	415,000	440,000	465,000	530,000	574,728	642,083	695,657
Interest and other charges	337,300	327,900	315,150	301,832	285,485	265,911	243,823	221,024	198,224	124,630
<b>Total expenditures</b>	<b>19,979,526</b>	<b>20,150,148</b>	<b>20,430,183</b>	<b>20,156,581</b>	<b>20,392,742</b>	<b>20,471,138</b>	<b>22,180,344</b>	<b>24,495,067</b>	<b>21,750,175</b>	<b>23,026,948</b>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ (481,608)	\$ (245,230)	\$ (740,846)	\$ 203,573	\$ 201,333	\$ 279,072	\$ (929,551)	\$ (2,774,726)	\$ 747,304	\$ 314,519
Other financing sources (uses)										
Proceeds from bond issue & refunding bond issue	-	-	-	-	-	-	-	-	-	3,600,000
Premium on bond issue	-	-	-	-	-	-	-	-	-	274,759
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(3,784,586)
Prior year accounts receivable canceled	-	-	-	(51,381)	-	-	-	-	-	-
Prior year grant receivable canceled	-	-	-	(38,596)	-	-	-	-	-	-
Lease purchase proceeds	-	-	-	-	-	581,789	2,600,000	-	-	-
Total other financing sources (use)	-	-	-	(89,977)	-	581,789	2,600,000	-	-	90,173
Net change in fund balances	<u>\$ (481,608)</u>	<u>\$ (245,230)</u>	<u>\$ (740,846)</u>	<u>\$ 113,596</u>	<u>\$ 201,333</u>	<u>\$ 860,861</u>	<u>\$ 1,670,449</u>	<u>\$ (2,774,726)</u>	<u>\$ 747,304</u>	<u>\$ 404,692</u>
Debt service as a percentage of non-capital expenditures	2.97%	3.22%	3.40%	3.69%	3.73%	3.72%	3.76%	3.80%	4.06%	3.76%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Local Tax Levy by Constituent District**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Township of Independence</u>	<u>Township of Liberty</u>	<u>Totals</u>
2009	\$ 7,398,483	\$ 4,516,708	\$ 11,915,191
2010	7,472,585	4,627,092	12,099,677
2011	7,675,912	4,701,282	12,377,194
2012	7,827,349	4,822,537	12,649,886
2013	8,018,233	4,881,099	12,899,332
2014	8,266,020	4,886,829	13,152,849
2015	8,520,575	4,934,695	13,455,270
2016	8,932,297	4,846,435	13,778,732
2017	9,095,701	5,121,110	14,216,811
2018	9,533,608	4,894,546	14,428,154

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 14,868	\$ 1,226	\$ 294	\$ 37	\$ 35	\$ 734	\$ 844	\$ 1,405	\$ 9,676	\$ 24,275
Tuition	95,743	3,272	-	-	-	-	-	1,795	146,840	210,636
Prior year refunds	12,983	65,798	19,741	11,471	6,019	3,692	12,316	2,510	3,030	8,476
Prior year accounts payable canceled	-	-	-	5,596	1,019	8,114	2,641	-	-	-
Prior year outstanding checks canceled	-	-	-	5,889	-	-	6,623	-	9,249	-
Grants/Donations	-	-	-	-	5,300	-	7,971	-	300	-
Building use fees	17,900	18,960	14,265	23,762	6,000	43,725	53,995	50,673	29,000	15,068
Local government energy audit program	-	-	-	13,625	-	-	-	-	-	-
E-Rate rebates	-	-	-	-	-	-	11,092	-	10,207	4,924
Book fines	-	-	-	305	6	205	291	208	97	60
ESIP Rebate	-	-	-	-	-	-	-	-	21,655	887
Prior year FEMA refunds	-	-	-	-	-	-	-	-	9,488	-
Miscellaneous	671	14,179	1,901	2,083	125	302	296	5,265	4,239	6,866
Annual totals	<u>\$ 142,165</u>	<u>\$ 103,435</u>	<u>\$ 36,201</u>	<u>\$ 62,768</u>	<u>\$ 18,504</u>	<u>\$ 56,772</u>	<u>\$ 96,069</u>	<u>\$ 61,856</u>	<u>\$ 243,781</u>	<u>\$ 271,192</u>

Source: District Records

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
**All Constituent Districts**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 19,413,700	\$ 19,332,800	\$ 19,113,800	\$ 18,597,300	\$ 17,876,500	\$ 13,211,100	\$ 12,883,600	\$ 11,921,300	\$ 10,256,000	\$ 9,997,600
Residential	833,494,500	834,269,500	837,270,000	833,245,800	828,498,100	660,238,600	660,580,300	661,887,900	665,387,800	668,143,500
Farm regular	53,753,400	54,209,800	52,998,200	54,572,200	53,342,400	44,767,900	44,274,300	43,811,800	42,688,700	41,191,600
Q farm	2,797,334	2,821,419	2,783,545	2,808,273	2,780,610	2,700,400	2,594,900	2,611,500	2,568,500	2,617,400
Commercial	37,112,500	37,153,200	36,283,000	36,900,400	36,352,300	31,201,100	31,196,800	30,986,700	30,965,700	30,973,800
Industrial	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	2,413,500	2,413,500	2,413,500	2,413,500	2,413,500
Apartment	15,873,100	15,873,100	15,873,100	15,873,100	15,873,100	15,470,400	15,470,400	15,470,400	15,470,400	15,470,400
<b>Total assessed value</b>	<b>966,305,734</b>	<b>967,521,019</b>	<b>968,182,845</b>	<b>965,858,273</b>	<b>958,584,210</b>	<b>770,003,000</b>	<b>769,413,800</b>	<b>769,103,100</b>	<b>769,750,600</b>	<b>770,807,800</b>
Public utilities (a)	1,882,266	2,122,818	2,108,017	2,142,576	593,543	406,852	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 968,188,000</b>	<b>\$ 969,643,837</b>	<b>\$ 970,290,862</b>	<b>\$ 968,000,849</b>	<b>\$ 959,177,753</b>	<b>\$ 770,409,852</b>	<b>\$ 769,413,800</b>	<b>\$ 769,103,100</b>	<b>\$ 769,750,600</b>	<b>\$ 770,807,800</b>
Estimated actual county equalized value	\$ 1,116,630,470	\$ 1,053,459,199	\$ 1,008,668,990	\$ 964,897,334	\$ 884,947,944	\$ 800,770,196	\$ 815,789,959	\$ 835,486,916	\$ 847,314,185	\$ 872,415,145
Percentage of net valuation to estimated actual equalized value	86.71%	92.04%	96.20%	100.32%	108.39%	96.21%	94.32%	92.05%	90.85%	88.35%
Regional school tax rate by constituent district										
Independence Township	\$ 1.07	\$ 1.10	\$ 1.12	\$ 1.15	\$ 1.20	\$ 1.70	\$ 1.79	\$ 1.82	\$ 1.90	\$ 1.89
Liberty Township	\$ 1.71	\$ 1.73	\$ 1.79	\$ 1.79	\$ 1.80	\$ 1.83	\$ 1.80	\$ 1.91	\$ 1.83	\$ 1.93

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

\* Revalued/Reassessed

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property (continued)**  
**Township of Independence**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 12,669,300	\$ 12,659,900	\$ 12,709,200	\$ 12,211,100	\$ 11,240,300	\$ 7,238,900	\$ 7,086,400	\$ 6,480,400	\$ 6,182,900	\$ 5,846,500
Residential	603,000,600	602,981,100	604,215,100	600,488,000	595,375,400	427,583,300	428,317,600	428,718,500	432,070,000	433,039,200
Farm regular	28,542,600	28,508,300	28,169,600	29,908,200	29,659,700	21,344,100	20,818,200	20,930,400	20,007,000	19,739,000
Q farm	2,082,234	2,082,219	2,079,945	2,104,673	2,101,410	2,020,900	1,934,500	1,949,200	1,905,100	1,905,100
Commercial	30,144,100	30,184,800	29,412,600	30,030,000	29,700,500	24,811,900	24,807,600	24,597,500	24,696,900	24,705,000
Industrial	3,861,200	3,861,200	3,861,200	3,861,200	3,861,200	2,413,500	2,413,500	2,413,500	2,413,500	2,413,500
Apartment	15,564,300	15,564,300	15,564,300	15,564,300	15,564,300	15,161,600	15,161,600	15,161,600	15,161,600	15,161,600
<b>Total assessed value</b>	<b>695,864,334</b>	<b>695,841,819</b>	<b>696,011,945</b>	<b>694,167,473</b>	<b>687,502,810</b>	<b>500,574,200</b>	<b>500,539,400</b>	<b>500,251,100</b>	<b>502,437,000</b>	<b>502,809,900</b>
Public utilities (a)	1,409,604	1,497,259	1,388,202	1,341,402	593,543	406,852	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 697,273,938</b>	<b>\$ 697,339,078</b>	<b>\$ 697,400,147</b>	<b>\$ 695,508,875</b>	<b>\$ 688,096,353</b>	<b>\$ 500,981,052</b>	<b>\$ 500,539,400</b>	<b>\$ 500,251,100</b>	<b>\$ 502,437,000</b>	<b>\$ 502,809,900</b>
Estimated actual county equalized value	\$ 749,193,014	\$ 707,455,694	\$ 678,772,090	\$ 652,835,980	\$ 602,188,582	\$ 535,923,248	\$ 558,887,226	\$ 561,260,070	\$ 573,427,300	\$ 593,076,079
Percentage of net valuation to estimated actual equalized value	93.07%	98.57%	102.74%	106.54%	114.27%	93.48%	89.56%	89.13%	87.62%	84.78%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.07</b>	<b>\$ 1.10</b>	<b>\$ 1.12</b>	<b>\$ 1.15</b>	<b>\$ 1.20</b>	<b>\$ 1.70</b>	<b>\$ 1.79</b>	<b>\$ 1.82</b>	<b>\$ 1.90</b>	<b>\$ 1.89</b>

\*

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

(a) Taxable value of machinery, implements and equipment of telephone and messenger system companies

(b) Tax rates are per \$100

\* Revalued/Reassessed

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property (continued)**  
**Township of Liberty**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 6,744,400	\$ 6,672,900	\$ 6,404,600	\$ 6,386,200	\$ 6,636,200	\$ 5,972,200	\$ 5,797,200	\$ 5,440,900	\$ 4,073,100	\$ 4,151,100
Residential	230,493,900	231,288,400	233,054,900	232,757,800	233,122,700	232,655,300	232,262,700	233,169,400	233,317,800	235,104,300
Farm regular	25,210,800	25,701,500	24,828,600	24,664,000	23,682,700	23,423,800	23,456,100	22,881,400	22,681,700	21,452,600
Q farm	715,100	739,200	703,600	703,600	679,200	679,500	660,400	662,300	663,400	712,300
Commercial	6,968,400	6,968,400	6,870,400	6,870,400	6,651,800	6,389,200	6,389,200	6,389,200	6,268,800	6,268,800
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800	308,800
<b>Total assessed value</b>	<b>270,441,400</b>	<b>271,679,200</b>	<b>272,170,900</b>	<b>271,690,800</b>	<b>271,081,400</b>	<b>269,428,800</b>	<b>268,874,400</b>	<b>268,852,000</b>	<b>267,313,600</b>	<b>267,997,900</b>
Public utilities (a)	472,662	625,559	719,815	801,174	-	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 270,914,062</b>	<b>\$ 272,304,759</b>	<b>\$ 272,890,715</b>	<b>\$ 272,491,974</b>	<b>\$ 271,081,400</b>	<b>\$ 269,428,800</b>	<b>\$ 268,874,400</b>	<b>\$ 268,852,000</b>	<b>\$ 267,313,600</b>	<b>\$ 267,997,900</b>
Estimated actual county equalized value	\$ 367,437,456	\$ 346,003,505	\$ 329,896,900	\$ 312,061,354	\$ 282,759,362	\$ 264,846,948	\$ 256,902,733	\$ 274,226,846	\$ 273,886,885	\$ 279,339,066
Percentage of net valuation to estimated actual equalized value	73.73%	78.70%	82.72%	87.32%	95.87%	101.73%	104.66%	98.04%	97.60%	95.94%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.71</b>	<b>\$ 1.73</b>	<b>\$ 1.79</b>	<b>\$ 1.79</b>	<b>\$ 1.80</b>	<b>\$ 1.83</b>	<b>\$ 1.80</b>	<b>\$ 1.91</b>	<b>\$ 1.83</b>	<b>\$ 1.93</b>

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates by Constituent District**  
**Township of Independence**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-7) Total Direct School Tax Rate	Municipality	County	
2009	\$ 1.03	\$ 0.04	\$ 1.07	\$ 0.25	\$ 0.66	\$ 1.98
2010	1.06	0.04	1.10	0.26	0.63	1.99
2011	1.07	0.05	1.12	0.28	0.62	2.02
2012	1.10	0.05	1.15	0.31	0.64	2.10
2013	1.15	0.05	1.20	0.35	0.62	2.17
2014	* 1.63	0.07	1.70	0.50	0.83	3.03
2015	1.72	0.07	1.79	0.51	0.87	3.17
2016	1.75	0.07	1.82	0.54	0.86	3.22
2017	1.83	0.07	1.90	0.55	0.87	3.32
2018	1.83	0.06	1.89	0.56	0.87	3.32

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates by Constituent District (continued)**  
**Township of Liberty**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-7) Total Direct School Tax Rate	Municipality	County	
2009	\$ 1.65	\$ 0.06	\$ 1.71	\$ 0.32	\$ 0.85	\$ 2.88
2010	1.66	0.07	1.73	0.34	0.78	2.85
2011	1.71	0.08	1.79	0.34	0.77	2.90
2012	1.72	0.07	1.79	0.34	0.75	2.88
2013	1.73	0.07	1.80	0.34	0.75	2.89
2014	1.76	0.07	1.83	0.34	0.76	2.93
2015	1.73	0.07	1.80	0.33	0.75	2.88
2016	1.84	0.07	1.91	0.33	0.78	3.02
2017	1.76	0.07	1.83	0.34	0.78	2.95
2018	1.86	0.07	1.93	0.34	0.76	3.03

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Principal Property Taxpayers by Constituent District  
Township of Independence  
Current Year and Six Years Prior**

	2018			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Towpath Associates LLC	\$ 12,542,900	1	2.49%	\$ 12,100,000	1	1.74%
Extra Space Properties Eighty LLC	4,664,000	2	0.93%	-	-	-
Axar Properties LLC C/O Cervelli	3,854,800	3	0.77%	4,124,000	3	0.59%
Saloga, LP	1,688,000	4	0.34%	1,898,200	5	0.27%
NUJA Realty Corp. C/O Di Carlo Jr	1,396,600	5	0.28%	1,849,100	6	0.27%
Individual Tax Payer #1	1,284,500	6	0.26%	-	-	-
Individual Tax Payer #2	1,280,500	7	0.25%	-	-	-
Individual Tax Payer #3	1,215,101	8	0.24%	-	-	-
US Bank Trust	1,189,900	9	0.24%	-	-	-
Individual Tax Payer #4	1,031,959	10	0.21%	-	-	-
Hackettstown Self Storage LLC	-	-	-	4,900,000	2	0.70%
First Hope Bank	-	-	-	1,944,200	4	0.28%
Individual Tax Payer #1	-	-	-	1,623,431	7	0.23%
Individual Tax Payer #2	-	-	-	1,606,200	8	0.23%
Individual Tax Payer #3	-	-	-	1,483,354	9	0.21%
Individual Tax Payer #4	-	-	-	1,314,400	10	0.19%
	<u>\$ 30,148,260</u>		<u>6.01%</u>	<u>\$ 32,842,885</u>		<u>4.71%</u>

Source: Municipal Tax Assessor

Note: Information prior to 2012 is unavailable

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Principal Property Taxpayers by Constituent District (continued)**  
**Township of Liberty**  
**Current Year and Six Years Prior**

	2018			2012		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Thirty Shades LLC	\$ 1,528,900	1	0.57%	\$ -	-	-
Individual Property Owner #1	1,148,100	2	0.43%	1,148,100	4	0.42%
Topp Orange LLC	1,032,200	3	0.39%	1,032,200	5	0.38%
Individual Property Owner #2	912,600	4	0.34%	-	-	-
Individual Property Owner #3	831,400	5	0.31%	-	-	-
Individual Property Owner #4	815,100	6	0.30%	-	-	-
Individual Property Owner #5	789,900	7	0.29%	-	-	-
Individual Property Owner #6	711,500	8	0.27%	-	-	-
Individual Property Owner #7	650,600	9	0.24%	650,600	9	0.24%
Individual Property Owner #8	634,200	10	0.24%	-	-	-
Wooded Valley Estates II LLC	-	-	-	1,448,800	1	0.53%
Pryslak Farms	-	-	-	1,436,500	2	0.53%
Individual Property Owner #9	-	-	-	1,278,000	3	0.47%
John E. Rogers Inc.	-	-	-	815,100	6	0.30%
Individual Property Owner #10	-	-	-	672,200	7	0.25%
Individual Property Owner #11	-	-	-	652,600	8	0.24%
Individual Property Owner #12	-	-	-	641,400	10	0.24%
	<u>\$ 9,054,500</u>		<u>3.38%</u>	<u>\$ 9,775,500</u>		<u>3.60%</u>

Source: Municipal Tax Assessor

Note: Information prior to 2012 is unavailable

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Property Tax Levies and Collections  
Township of Independence  
Last Ten Years**

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 7,398,483	\$ 7,398,483	100.00%
2010	7,472,585	7,472,585	100.00%
2011	7,675,912	7,675,912	100.00%
2012	7,827,349	7,827,349	100.00%
2013	8,018,233	8,018,233	100.00%
2014	8,266,020	8,266,020	100.00%
2015	8,520,575	8,520,575	100.00%
2016	8,932,297	8,932,297	100.00%
2017	9,095,701	9,095,701	100.00%
2018	9,533,608	9,533,608	100.00%

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

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

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Property Tax Levies and Collections (continued)**  
**Township of Liberty**  
**Last Ten Years**

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 4,516,708	\$ 4,516,708	100.00%
2010	4,627,092	4,627,092	100.00%
2011	4,701,282	4,701,282	100.00%
2012	4,822,537	4,822,537	100.00%
2013	4,881,099	4,881,099	100.00%
2014	4,886,829	4,886,829	100.00%
2015	4,934,695	4,934,695	100.00%
2016	4,846,435	4,846,435	100.00%
2017	5,121,110	5,121,110	100.00%
2018	4,894,546	4,894,546	100.00%

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

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

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 7,665,000	\$ -	\$ -	\$ -	\$ -	\$ 7,665,000	1.99%	\$ 889	
2010	7,365,000	-	-	-	-	7,365,000	1.96%	857	
2011	7,015,000	-	-	-	-	7,015,000	1.86%	818	
2012	6,600,000	-	-	-	-	6,600,000	1.69%	773	
2013	6,160,000	-	-	-	-	6,160,000	1.55%	726	
2014	5,695,000	-	581,789	-	-	6,276,789	1.58%	746	
2015	5,215,000	-	3,131,789	-	-	8,346,789	2.04%	991	
2016	4,735,000	-	2,931,208	-	-	7,666,208	1.81%	912	
2017	4,235,000	-	2,592,654	-	-	6,827,654	1.59%	816	
2018	3,570,000	-	2,249,058	-	-	5,819,058	N/A	696	

NOTES: (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-15 for personal income and population data.  
 These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 7,665,000	\$ -	\$ 7,665,000	0.79%	\$ 889
2010	7,365,000	-	7,365,000	0.76%	857
2011	7,015,000	-	7,015,000	0.72%	818
2012	6,600,000	-	6,600,000	0.68%	773
2013	6,160,000	-	6,160,000	0.64%	726
2014	5,695,000	-	5,695,000	0.74%	677
2015	5,215,000	-	5,215,000	0.68%	619
2016	4,735,000	-	4,735,000	0.62%	563
2017	4,235,000	-	4,235,000	0.55%	506
2018	3,570,000	-	3,570,000	0.46%	427

NOTES: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-7 for property tax data.
- (b) Population data can be found in Exhibit J-15.

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**Township of Independence**  
**As of December 31, 2017**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,825,000	100.00%	\$ 1,825,000
County general obligation debt	6,080,000	5.36%	<u>326,022</u>
Subtotal, overlapping debt			2,151,022
School district direct debt	4,120,000	67.56%	<u>2,783,494</u>
Total direct and overlapping debt			<u><u>\$ 4,934,516</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each 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 the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

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

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt (continued)**  
**Township of Liberty**  
**As of December 31, 2017**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 426,100	100.00%	\$ 426,100
County general obligation debt	6,080,000	2.57%	<u>156,541</u>
Subtotal, overlapping debt			582,641
School district direct debt	4,120,000	32.44%	<u>1,336,506</u>
Total direct and overlapping debt			<u><u>\$ 1,919,147</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each 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 the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

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

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis	
	2017	\$ 871,262,043
	2016	846,395,665
	2015	835,833,224
		<u>\$ 2,553,490,932</u>
 Average equalized valuation of taxable property		<u>\$ 851,163,644</u>
 Debt limit (3.0% of average equalization value)		\$ 25,534,909
 Total net debt applicable to limit		<u>3,570,000</u>
 Legal debt margin		<u>\$ 21,964,909</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 26,905,847	\$ 25,420,239	\$ 24,870,352	\$ 24,985,874	\$ 25,534,909
Total net debt applicable	<u>5,695,000</u>	<u>5,215,000</u>	<u>4,735,000</u>	<u>4,235,000</u>	<u>3,570,000</u>
Legal debt margin	<u>\$ 21,210,847</u>	<u>\$ 20,205,239</u>	<u>\$ 20,135,352</u>	<u>\$ 20,750,874</u>	<u>\$ 21,964,909</u>
 Total net debt applicable to the limit as a percentage of debt limit	21.17%	20.52%	19.04%	16.95%	13.98%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 32,991,708	\$ 32,835,631	\$ 31,625,604	\$ 30,201,653	\$ 28,613,919
Total net debt applicable	<u>7,665,000</u>	<u>7,365,000</u>	<u>7,015,000</u>	<u>6,600,000</u>	<u>6,160,000</u>
Legal debt margin	<u>\$ 25,326,708</u>	<u>\$ 25,470,631</u>	<u>\$ 24,610,604</u>	<u>\$ 23,601,653</u>	<u>\$ 22,453,919</u>
 Total net debt applicable to the limit as a percentage of debt limit	23.23%	22.43%	22.18%	21.85%	21.53%

Source: Equalized Valuation Basis were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Township of Independence Population (a)	Township of Liberty Population (a)	Township of Independence Personal Income (b)	Township of Liberty Personal Income (b)	Per Capita Personal Income (c)	Township of Independence Unemployment Rate (d)	Township of Liberty Unemployment Rate (d)
2009	5,682	2,911	\$ 247,860,204	\$ 126,983,642	\$ 43,622	3.3%	10.5%
2010	5,647	2,932	248,597,881	129,075,436	44,023	3.4%	10.8%
2011	5,620	2,922	256,592,340	133,409,754	45,657	3.1%	10.0%
2012	5,586	2,897	261,586,794	135,663,613	46,829	3.0%	9.7%
2013	5,549	2,869	262,267,936	135,600,416	47,264	5.6%	6.9%
2014	5,555	2,867	269,961,890	139,330,466	48,598	6.1%	6.3%
2015	5,547	2,860	279,435,672	144,075,360	50,376	5.1%	5.7%
2016	5,517	2,848	283,871,718	146,540,992	51,454	4.0%	4.3%
2017	5,514	2,843	N/A	N/A	N/A	3.6%	4.2%
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Principal Employers  
Current Year and Nine Years Ago**

2018

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2009

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Instruction										
Regular	77.0	77.0	71.0	65.6	65.6	65.6	65.6	65.6	65.6	65.6
Special education	23.0	23.0	20.0	17.6	17.6	17.6	14.6	14.6	14.6	15.6
Support services										
Student and instruction related services	21.0	21.0	20.0	17.6	23.0	23.0	23.0	23.0	23.0	23.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	13.0	13.0	12.0	3.0	12.0	12.0	11.0	11.0	11.0	11.0
Pupil transportation	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Total	<u>147.0</u>	<u>147.0</u>	<u>136.0</u>	<u>116.8</u>	<u>130.2</u>	<u>131.2</u>	<u>127.2</u>	<u>127.2</u>	<u>127.2</u>	<u>128.2</u>

Source: District Personnel Records

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	961	\$ 19,261,592	\$ 20,043	1.60%	86	1 to 11	951.0	912.0	-0.42%	95.90%
2010	962	19,474,202	20,243	1.00%	86	1 to 11	930.0	892.0	-2.21%	95.91%
2011	904	19,534,525	21,609	6.75%	81	1 to 11	888.0	847.0	-4.52%	95.38%
2012	873	19,439,749	22,268	3.05%	85	1 to 10	870.7	833.3	-1.95%	95.70%
2013	851	19,446,823	22,852	2.62%	85	1 to 10	846.1	809.9	-2.83%	95.72%
2014	811	19,647,235	24,226	6.01%	85	1 to 10	803.1	769.7	-5.08%	95.84%
2015	760	20,597,404	27,102	11.87%	85	1 to 10	754.9	723.8	-6.01%	95.89%
2016	714	20,952,367	29,345	8.28%	85	1 to 10	711.0	683.4	-5.82%	96.12%
2017	714	20,678,910	28,962	-1.31%	85	1 to 10	713.8	685.3	0.39%	96.01%
2018	690	21,817,309	31,619	9.17%	86	1 to 10	692.3	659.6	-3.01%	95.28%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years**

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Liberty School (1972)										
Square feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (students)	296	296	296	296	296	296	296	296	296	296
Enrollment	241	232	297	313	294	287	262	240	219	225
Central School (1918)										
Square feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (students)	438	438	438	438	438	438	438	438	438	438
Enrollment	393	396	277	247	233	229	200	199	221	205
Middle										
Great Meadows Middle School (1998)										
Square feet	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488	64,488
Capacity (students)	564	564	564	564	564	564	564	564	564	564
Enrollment	327	334	330	313	322	296	297	279	269	260

Number of Schools at June 30, 2018

Elementary = 2

Middle = 1

Source: District Facilities Office

N/A = Not Available

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of Required Maintenance Expenditures by School Facility**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ended	School Facilities*			Total
	Liberty Township School	Independence Central School	Great Meadows Middle School	
2009	\$ 43,929	\$ 64,011	\$ 71,362	\$ 179,302
2010	46,866	68,290	76,133	191,289
2011	47,117	68,656	76,541	192,314
2012	64,003	56,370	93,334	213,707
2013	88,513	82,517	74,093	245,123
2014	58,306	51,767	111,719	221,792
2015	48,322	70,541	68,444	187,307
2016	53,500	47,292	65,675	166,467
2017	64,943	52,784	94,075	211,802
2018	69,175	79,334	98,483	246,992
Total school facilities	<u>\$ 584,674</u>	<u>\$ 641,562</u>	<u>\$ 829,859</u>	<u>\$ 2,056,095</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

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2018**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Property Coverage's		
Blanket Building and Contents (Fund Limit)	\$ 450,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	1,000
Electronic Data Processing Equipment	475,000	1,000
Liability Coverage's		
Comprehensive General Liability	11,000,000	-
Automobile Liability	11,000,000	-
Employee Benefits Liability	11,000,000	1,000
Crime Coverage's		
Blanket Employee Dishonesty	100,000	500
Forgery	50,000	500
Theft/Disappearance/Destruction		
Inside the Premises	50,000	500
Outside the Premises	50,000	500
School Board Legal Liability - NJSIG		
Directors and Officers Policy	11,000,000	5,000
Workers Compensation - NJSIG		
Employers liability	5,000,000	-
Environmental Impairment Liability - NJSIG (Through Zurich Insurance Company)		
Incident Limit	1,000,000	10,000
Aggregate Limit	25,000,000	-
Public Employees' Faithful Performance - Selective Insurance		
Treasurer of School Monies	210,000	-
Public Employees' Faithful Performance - RLI Insurance Company		
School Board Secretary/Business Administrator	30,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Great Meadows Regional School District, County of Warren, the State of New Jersey, (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2019.

Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

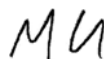
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

#### Purpose of this Report

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



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA

February 26, 2019  
Flemington, New Jersey



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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the  
New Jersey OMB Circular 15-08**

Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren, New Jersey

Report on Compliance for Each Major State Program

We have audited the Great Meadows Regional School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

### Opinion on Each Major State Program

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

### Report on Internal Control Over Compliance

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

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

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

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



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA

February 26, 2019  
Flemington, New Jersey



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards - Schedule A  
For the Fiscal Year Ended June 30, 2018**

Grantor/Program Title	Federal		Project Number	Program or Award Amount	Grant		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2018			
	CFDA Number	FAIN Number			Period From	Period To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education passed through State Department of Education																
Special revenue fund																
ESSA Title I A	84.010A	S020A170030	ESSA-1785-18	\$ 75,413	07/01/17	06/30/18	\$ -	\$ -	\$ 67,677	\$ 70,918	\$ -	\$ -	\$ (3,241)	\$ -	\$ -	
NCLB Title I A	84.010A	S010A160030	NCLB-1785-17	71,187	07/01/16	06/30/17	(8,721)	-	8,721	-	-	-	-	-	-	
ESSA Title II A	84.367A	S367A170029	ESSA-1785-18	18,968	07/01/17	06/30/18	-	-	18,715	18,715	-	-	-	-	-	
ESSA Title IV A	84.424	S424A170031	ESSA-1785-18	10,000	07/01/17	06/30/18	-	-	2,436	4,936	-	-	(2,500)	-	-	
IDEA basic	84.027	S013A170100	IDEA-1785-18	204,083	07/01/17	06/30/18	-	-	204,083	204,083	-	-	-	-	-	
IDEA basic	84.027	H027A160100	IDEA-1785-17	204,640	07/01/16	06/30/17	(88,469)	-	88,469	-	-	-	-	-	-	
IDEA preschool	84.173	H173A170114	IDEA-1785-18	5,048	07/01/17	06/30/18	-	-	5,048	5,048	-	-	-	-	-	
IDEA preschool	84.173	H173S160114	IDEA-1785-17	5,067	07/01/16	06/30/17	1,562	-	771	2,333	-	-	-	-	-	
Total special revenue fund							<u>(95,628)</u>	<u>-</u>	<u>395,920</u>	<u>306,033</u>	<u>-</u>	<u>-</u>	<u>(5,741)</u>	<u>-</u>	<u>-</u>	
U.S. Department of Agriculture passed through State Department of Agriculture																
Enterprise fund																
Child nutrition cluster																
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	14,102	10/01/17	09/30/18	-	-	14,102	11,874	-	-	-	2,228	-	
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	14,023	10/01/16	09/30/17	2,988	-	-	2,988	-	-	-	-	-	
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	49,085	10/01/17	09/30/18	-	-	45,865	49,085	-	-	(3,220)	-	-	
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	43,904	10/01/16	09/30/17	(2,416)	-	2,416	-	-	-	-	-	-	
Total enterprise fund							<u>572</u>	<u>-</u>	<u>62,383</u>	<u>63,947</u>	<u>-</u>	<u>-</u>	<u>(3,220)</u>	<u>2,228</u>	<u>-</u>	
Total Federal financial assistance							<u>\$ (95,056)</u>	<u>\$ -</u>	<u>\$ 458,303</u>	<u>\$ 369,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,961)</u>	<u>\$ 2,228</u>	<u>\$ -</u>	

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance - Schedule B**  
**For the Fiscal Year Ended June 30, 2018**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Transportation aid	18-495-034-5120-014	\$ 309,702	07/01/17	06/30/18	\$ -	\$ -	\$ 278,976	\$ 309,702	\$ -	\$ -	\$ -	\$ -	\$ 30,726	\$ 309,702
Equalization aid	18-495-034-5120-078	4,672,930	07/01/17	06/30/18	-	-	4,209,309	4,672,930	-	-	-	-	463,621	4,672,930
Special education aid	18-495-034-5120-089	763,471	07/01/17	06/30/18	-	-	687,724	763,471	-	-	-	-	75,747	763,471
Security aid	18-495-034-5120-084	105,232	07/01/17	06/30/18	-	-	94,791	105,232	-	-	-	-	10,441	105,232
PARCC readiness aid	18-495-034-5120-098	11,800	07/01/17	06/30/18	-	-	10,629	11,800	-	-	-	-	1,171	11,800
Per pupil growth aid	18-495-034-5120-097	11,800	07/01/17	06/30/18	-	-	10,629	11,800	-	-	-	-	1,171	11,800
Professional learning community aic	18-495-034-5120-101	10,770	07/01/17	06/30/18	-	-	9,701	10,770	-	-	-	-	1,069	10,770
Extraordinary special education costs aid	18-495-034-5120-044	117,713	07/01/17	06/30/18	-	-	-	117,713	-	(117,713)	-	-	-	117,713
Extraordinary special education costs aid	17-495-034-5120-044	105,661	07/01/16	07/01/17	(105,661)	-	105,661	-	-	-	-	-	-	105,661
Non-public transportation aid	18-495-034-5120-014	13,050	07/01/17	06/30/18	-	-	-	13,050	-	(13,050)	-	-	-	13,050
Non-public transportation aid	17-495-034-5120-014	9,222	07/01/16	06/30/17	(9,222)	-	9,222	-	-	-	-	-	-	9,222
Lead testing for schools aid	18-495-034-5120-104	2,930	07/01/17	06/30/18	-	-	2,930	2,930	-	-	-	-	-	2,930
On-behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	529,460	07/01/17	06/30/18	-	-	529,460	529,460	-	-	-	-	-	529,460
On-behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	19,422	07/01/17	06/30/18	-	-	19,422	19,422	-	-	-	-	-	19,422
On-behalf TPAF pension contribution - teachers' pension & annuity fund	18-495-034-5094-002	800,329	07/01/17	06/30/18	-	-	800,329	800,329	-	-	-	-	-	800,329
On-behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-001	1,323	07/01/17	06/30/18	-	-	1,323	1,323	-	-	-	-	-	1,323
Reimbursed TPAF social security contribution	18-495-034-5094-003	409,572	07/01/17	06/30/18	-	-	369,574	409,572	-	(39,998)	-	-	-	409,572
Reimbursed TPAF social security contribution	17-495-034-5094-003	408,558	07/01/16	06/30/17	(40,680)	-	40,680	-	-	-	-	-	-	408,558
Total general fund					<u>(155,563)</u>	<u>-</u>	<u>7,180,360</u>	<u>7,779,504</u>	<u>-</u>	<u>(170,761)</u>	<u>-</u>	<u>-</u>	<u>583,946</u>	<u>8,302,945</u>
Debt service fund														
Debt service aid - state support	18-495-034-5120-017	177,712	07/01/17	06/30/18	-	-	177,712	177,712	-	-	-	-	-	177,712
NJ School Development Authority														
Capital projects fund														
Security upgrades at the Great Meadows Regional Middle School														
Regional Middle School	1785-040-14-1001	23,226	07/01/14	06/30/16	-	-	23,226	23,226	-	-	-	-	-	23,226
Partial window replacement and security upgrades at Central Elementary School														
Partial window replacement and security upgrades at Central Elementary School	1785-050-14-1002	73,792	07/01/14	06/30/16	-	-	73,792	73,792	-	-	-	-	-	73,792
Partial roof replacement and security upgrades at Liberty Elementary School														
Partial roof replacement and security upgrades at Liberty Elementary School	1785-060-14-1003	271,158	07/01/14	06/30/16	-	-	271,158	271,158	-	-	-	-	-	271,158
Total general fund					<u>-</u>	<u>-</u>	<u>368,176</u>	<u>368,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,176</u>

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance - Schedule B**  
**For the Fiscal Year Ended June 30, 2018**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017			Budgetary Expenditure	Adjustments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise fund														
State school lunch program	18-100-010-3350-023	\$ 2,173	07/01/17	06/30/18	\$ -	\$ -	\$ 2,034	\$ 2,173	\$ -	\$ (139)	\$ -	\$ -	\$ -	\$ 2,173
State school lunch program	17-100-010-3350-023	1,916	07/01/16	06/30/17	(100)	-	100	-	-	-	-	-	-	1,916
Total enterprise fund					(100)	-	2,134	2,173	-	(139)	-	-	-	4,089
Total State financial assistance					\$ (155,663)	\$ -	\$ 7,728,382	8,327,565	\$ -	\$ (170,900)	\$ -	\$ -	\$ 583,946	\$ 8,852,922
Less: On-behalf TPAF pension system contributions								(1,350,534)						
Total for State financial assistance - major program determination								\$ 6,977,031						

See independent auditors' report.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Great Meadows Regional School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

The Basic Financial Statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,271) for the general fund and \$4,013 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**

Note 3 - Relationship to basic financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ -	\$ 7,773,233	\$ 7,773,233
Special revenue fund	8,878	310,613	-	319,491
Debt service fund	-	-	177,712	177,712
Food service fund	-	63,947	2,173	66,120
Total awards and financial assistance	<u>\$ 8,878</u>	<u>\$ 374,560</u>	<u>\$ 7,953,118</u>	<u>\$ 8,336,556</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2018.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs?

\_\_\_\_\_

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes  No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes     No

Internal Control Over Major Programs:

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

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?     Yes   X   No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>18-495-034-5120-078</u>	<u>State Aid Public Cluster:</u>
<u>18-495-034-5120-089</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-097</u>	<u>Security Aid</u>
<u>18-495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>PARCC Readiness aid</u>
<u>18-495-034-5094-003</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5120-014</u>	<u>Reimbursed TPAF Social Security Aid</u>
<u>Various</u>	<u>Transportation Aid</u>
	<u>NJ SDA Cluster</u>

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Sections II and III  
For the Fiscal Year Ended June 30, 2018**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2018.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2018.



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

There were no prior year findings or questioned costs